

European Investment Fund
Annual General Meeting 2008

Speech by
Mr. Peter Scott, Barclays Bank plc
Financial Institutions Coordinator

Mr President, Ladies and Gentleman,

On behalf of the Financial Institutional shareholders, I would like to congratulate the European Investment Fund on yet another year of outstanding performance in 2007.

Net profit for the year [as we have heard] is reported at EUR 50.4m [in 2007] against EUR 48.6m in 2006. Moreover, [as we have heard from Mr Maystadt], this produces a return on average equity of 6.15% - altogether an excellent result – and a year end equity position of EUR 985m.

The EIF continues to be very successful across the EU in ensuring SMEs have access to risk capital and in allowing European banks to increase their lending to businesses including those traditionally seen as too high risk. As we are aware from the accounts, in 2007 EIF's new commitments were EUR 2bn in 33 venture funds and 26 guarantees funded by EIF's own resources and resources under mandate.

These results continue to be testament to the strategy being followed, the resilient strength of EIF's operations and the strong management team. Over the five and a half years that Francis Carpenter has acted as Chief Executive, the EIF has gone from strength to strength, and would not be what it is today without his leadership.

I was delighted, and I must say, honoured to be part of a selection panel, to put candidates forward to the President, for the post of Chief Executive, and the new post of Deputy, which took place in Luxembourg late January/early February 2008. The process was demanding, rigorous, thorough and highly professional. This demonstrates excellent governance.

On behalf of the Financial Institutions I would like to congratulate Richard Pelly and Jean-Marie Magnette in their appointments, and we look forward to working with and supporting you over the coming years.

We welcome the addition of NRW.BANK and Raiffeisen International Bank-Holding AG as new financial shareholders to the EIF, since the last AGM, and are delighted that we have their representatives here today. This continues to broaden our representation across the EU bringing our total number to 31 covering 17 countries. Moreover, I am delighted that we have a more involved Financial Institution membership, not only through the products which EIF provides, but also as shareholders.

The Financial Institutions meet every 6 months - immediately before the AGM and then in September. In September 2007, Financial Institutions met in Valletta, Malta - hosted by Bank of Valletta - to discuss a number of issues, and to receive presentations from representatives of both EIF and EIB on various topics. The meeting was attended by nearly all FI members – for most the first time to Malta - and I would like to thank Tonio Depasquali and his colleagues – particularly Elvia George, Charles Azzopardi and Charles Mizzi - not only for their superb organisation but also their generous hospitality. In particular, the guided tour of the cultural heart of Valletta, and dinner overlooking the Grand Harbour will be very memorable.

In late September 2008 we are scheduled to meet in Edinburgh, Scotland at the kind invitation of Scottish Enterprise, and plans are already well advanced.

On the 1st February the Financial Institutions bade farewell to Francis Carpenter at a dinner in Paris hosted by Caisse des Dépôts et Consignations Enterprises (CDC), and also attended by colleagues from EIB and EIF, and I would like to thank Marc Auberger on behalf of CDC for their superb hospitality. We're certain that Francis and Sylvie will enjoy a well earned retirement.....whatever that means for Francis!

Additionally, I would like to thank Marc [Auberger] for his role in representing the Financial Institutions on the Board of Directors over the last two years, and to Mr Leinberger for being the alternate member. By rotation, Mr Werner Oerter, from KfW, who is with us today, will be our representative for the next two years, with Marc as the alternate, and we both welcome and thank Werner for his representation.

Mr Christian Ràkos has been the Financial Institutions nominated member of the Audit Board over the last two years, but is standing down after the AGM, and I would like to thank him for his valuable contribution and commitment to this very important role.

A strong audit board, in terms of ability, experience and commitment is vital in today's quickly changing and ever more complex world. Moreover as the role and scope of EIF evolves with greater geographic reach and an expanding suite of products, the maintenance of a strong and experienced audit board will be critical.

Indeed, within the Annual Activity Report of the EIF Audit Board there are comments about problems encountered in convening Audit Board meetings in 2007, the weaknesses of only having three, and the advantages of having a larger membership. Indeed, at this AGM two members of the Audit Board are standing down which is clearly not ideal. I believe that Mr Raimundo Poveda Anadón's speech may elaborate on some of these points later.

At present, as per Article 22 of the Statutes, the General Meeting can decide to increase the number of auditors on the Audit Board to five, and we believe that now is an appropriate time to consider doing so. We believe, as I am sure others do, that the Audit Board should be made up of those 'best qualified', not just on a representative basis from shareholders, and the Financial Institutions would like to play their part in not only supporting any changes which may be agreed to strengthen and improve the audit board, but also in providing resource and expertise. We believe this is an example of where the tri-partite nature of EIF's shareholders can really excel.

Mr President, on behalf of the Financial Institutions, I would respectfully like to table a discussion in open forum, after Mr Raimundo Poveda Anadón's presentation of the Audit report, to discuss ways of ensuring that a strong and consistent Audit Board is maintained.

In summary, the Financial Institutions look forward to continuing to work with the European Investment Fund throughout 2008 and beyond, led by its new Chief Executive, utilising the experience gained in our own markets, and very importantly to further improved profitability, and greater influence in assisting SMEs across the European Union.

Thank you.