

**FISG Speech for the European Investment Fund AGM**

Mr President, Ladies and Gentleman,

On behalf of the Financial Institutional shareholders, I would like to congratulate the European Investment Fund on another year of outstanding performance in 2006.

Under International Financial Reporting Standards (IFRS) net profit for the year [as we have heard] is reported at €48.6M. However, in comparison to the IFRS net profit of €36.7M in 2005 this produces an increase of 32.4%. Moreover, [as we have heard from Mr Maystadt], this produces an IFRS return on equity of 7.45%, which is a further increase on 2005, and which is an excellent result.

Together with the Aaa/AAA ratings reconfirmed by Standard & Poor's, Moody's and Fitch these results are testament to the strategy being followed, the resilient strength of EIF's operations and the strong management team.

So far as the management team is concerned, Financial Institutional Shareholders are delighted that the board has approved an extension to the Chief Executive mandate for Francis Carpenter, and that he will remain in this post - and where he has successfully led the team for many years - until at least the end of February 2008.... if not beyond.

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 2006 EIF's new commitments were €2.7Bn in 34 venture funds and 54 guarantees funded by EIF's own resources and resources under mandate.

EIF's future looks to be excellent both in terms of performance and innovative product delivery, and the Financial Institutions look forward to progress and possible involvement on both the Competitiveness and Innovation Framework Programme (CIP) and secondly the Joint European Resources for Micro to Medium Enterprises - known as JEREMIE.

In further enhancing EIF's future, and as a Group, the Financial Institutions are delighted to support the proposed Capital Increase, and which strengthens overall resources enabling EIF to continue to move forward positively and as importantly in a sustainable way. The majority of Financial Institutions will be taking up shares under this mechanism, and thus as a group, and with the likelihood of further new members it is hoped we will remain with an overall holding of between 8-10%.

We welcome the addition of new financial shareholders to EIF:

1. Industrial Development Bank of Turkey
2. IDEA, Spain
3. Croatian Bank for Reconstruction and Development (HBOR)
4. Scottish Enterprise

and are delighted that we have representatives here today. This continues to broaden our representation across the EU and which is welcomed.

I mentioned last year that although a number of Financial Institutions had left as a result of the RSPU - clearly short-sighted in view of ongoing trading results - we now had a more involved Financial Institution membership.

In support of this statement, and in September last year, Financial Institutions met in Lisbon, to discuss a number of issues - including the Capital Increase - and to receive presentations from representatives of both EIF and EIB on various topics. The meeting was attended by nearly all FI members and hosted by Banco BPI S.A. Portugal. I would like to record our thanks for their organisation of the event as well as their generous hospitality. In particular, I would like to thank Filipe Cartaxo and his colleagues, not only for the superb lunch - even though at 3 hours this reeked havoc with our afternoon agenda - but also for a tremendous guided tram tour around the cultural heart of city afterwards!

In late September or early October 2007 we are scheduled to meet in Malta at the kind invitation of Bank of Valetta.

I would like to thank Mr Mark Auberger for his role in representing the Financial Institutions on the Board of Directors during 2006, and to Mr Leinberger for continuing as the alternate member. Additionally, to Christian Rakos as our member of the Audit Board in 2006, following the retirement of Hannu Lipponen, in which capacity he has acted as Chairman, and for agreeing to continue as our member in the future.

So to end, the Financial Institutions look forward to continuing to work with the European Investment Fund throughout 2007 and beyond, ably led by its Chief Executive, utilising the experience gained in our own markets, and very importantly to further improved profitability, an increasing capital position, and greater influence in assisting SMEs across the European Union.

Thank you.