

EIB

STATEMENT FOR EIB GOVERNOR

First of all, I would like to thank the staff and management of EBRD for arranging this Annual Meeting despite the very adverse conditions imposed on us by the pandemic. You have not only managed to uphold your business activity in the lockdown situation but even accelerated it under the Solidarity Packages in order to support economies hit hard by the economic crisis. In addition, you have arranged this meeting in a new format that brought technical, logistical and legal challenges. You managed to overcome these challenges and I would like to thank all EBRD staff and management for their outstanding work in the past weeks and months. Congratulations to your successful business implementation so far and to arranging this meeting!

With regard to the important roundtable discussion on the future strategic options for the EBRD, we recognise the merits of the EBRD's business model and the significant results achieved so far in the implementation of the Bank's Strategic and Capital Framework 2016-2020. I support the Strategic Capital Framework 2021-2025 but would like to make the following comments:

First, we should not forget that EBRD's mandate is a transition mandate. The success of the EBRD is built upon its sharp focus on the private sector in order to mobilise private finance. The Bank's mandate of supporting transition towards modern, sustainable market economies remains fully relevant. It enables the Bank to have a special role in the system of IFIs: Transition is different from Development. It sometimes goes along with Development but not necessarily in every case as we can see from the Countries of Operation that are not Developing Countries.

Second, against the background of this transition mandate the EIB, as a shareholder, supports continuation of increasing and strengthening delivery in EBRD's existing countries of operations, within its limits of its financial sustainability. We have supported the Covid-19-Solidarity-Packages in the Board of Directors and welcome that the SCF 2021-2025 puts a focus on supporting EBRD's existing countries of operation rather than expanding into new regions. Against the dramatic situation we are facing it was the right decision to postpone the discussion about an expansion into new regions to 2022 or even 2023. The development of the economic crisis is unpredictable and for several years the focus of support must be our existing countries of cooperation.

Third, the Bank needs to retain its financial strength which requires a return to profitability. Value adjustments to the equity portfolio and loan impairments have come down since the peak of the crisis and the Bank predicts a return to profitability for 2021.

This return to profitability will be essential for EBRD's growth in lending.

And finally, I would like to encourage EBRD to be ambitious in its fight against climate change. Beyond the Covid-19 crisis climate change will remain as one of the main political topics. We welcome EBRD's climate finance ambition and the Board of Directors' approval of the new Green Economy Transition (GET) Policy in the summer 2020. The Strategic Capital Framework also follows the right approach and we welcome the 50% target foreseen in the paper. IFIs play an important role in the

fight against climate change and EBRD clearly expressed that it supports these efforts. But I would encourage EBRD to be even more ambitious, to further align their climate policy with other IFIs – including Paris Alignment in the near future.