Press release: EU Auditors to examine organic-food control system

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Bulgaria: EIB and Raiffeisen Leasing join forces to support corporate investment

- **EUR 30m intermediated loan will improve access of some 150 small and medium-sized companies to leasing services**
- **EIB funds will support smaller projects in agriculture, manufacturing, transportation and storage**

The European Investment Bank (EIB) has signed an intermediated loan agreement of EUR 30 million with Raiffeisen Leasing Bulgaria to finance projects of small and medium-sized enterprises and mid-cap companies. The loan will allow Raiffeisen Leasing Bulgaria to better address the needs of SMEs and mid-caps, which are the backbone of the Bulgarian economy.

The partners expect that the loan will benefit more than 150 companies operating in Bulgaria in agriculture, manufacturing, transportation and storage.

For the EIB, this operation takes forward its long-standing successful cooperation with the Bulgarian subsidiaries of Raiffeisen Bank International going back to 2002. This financial institution has proved to be a strong and reliable partner in intermediated lending, with a well-developed network of branches across Bulgaria and a profound knowledge of the country’s SMEs market.

EIB Vice-President Vazil Hudák said: *“Support to SMEs is crucial for further development of the Bulgarian economy. Improved access to long-term financing strengthens the competitiveness of recipient companies that employ 1.5 million Bulgarian citizens and create two thirds of the value added of the Bulgarian economy”.*

Dobromir Dobrev, Deputy CEO of Raiffeisenbank (Bulgaria), responsible for corporate banking, capital markets and the leasing company, said: *“Thanks to our good cooperation with the EIB, we will further expand our support to Bulgarian businesses. So far, the Raiffeisenbank (Bulgaria) Group and the EIB have signed global loan transactions for EUR 160 million for the bank and the leasing company. Under this last agreement with the EIB, through Raiffeisen Leasing Bulgaria, we will provide new lease financing in BGN and EUR for a* *wide range of customers for purchases of equipment, trucks and trailers, light commercial vehicles and passenger car fleets, etc."*

"Raiffeisen Leasing has traditionally supported small and medium-sized Bulgarian companies in their investment activities for over 14 years. This new credit facility from the EIB will enable our clients to enjoy leasing conditions similar to their competitors in Central Europe, and we believe this will not only support their investment plans but will also increase their competitiveness." Dobrev added.

Financial statements of the ECB for 2017

PRESS RELEASE

22 February 2018

- ECB profit increased by €0.1 billion to €1.3 billion in 2017 (2016: €1.2 billion) and is distributed in full to national central banks
- Net interest income on securities held for monetary policy purposes: €1.1 billion (2016: €1.0 billion)
- ECB's Balance Sheet grew to €414 billion (2016: €349 billion)

The European Central Bank's (ECB's) audited financial statements for 2017 show that the **net profit increased by €82 million, to €1,275 million**, mainly as a result of higher net interest income earned on the US dollar portfolio and the asset purchase programme (APP) portfolio.

Net interest income totalled €1,812 million in 2017 (2016: €1,648 million). Net interest income on foreign reserve assets increased to €534 million (2016: €370 million) owing to higher interest income earned on the US dollar portfolio. Net interest income arising from the APP increased by €140 million, to €575 million, as a result of the continuing securities purchases under this programme. Conversely, as a result of redemptions, net interest income earned under the Securities Markets Programme (SMP) decreased to €447 million (2016: €520 million). The ECB's interest income from its SMP holdings of Greek government bonds amounted to €154 million (2016: €185 million).

Realised gains arising from financial operations decreased to €161 million (2016: €225 million). The decrease in net realised gains was mainly due to lower price gains on US dollar securities.

Write-downs amounted to €105 million (2016: €148 million), primarily as a result of a decrease in the market value of a number of securities held in the US dollar portfolio alongside an increase in the relevant yields.

Impairment tests are conducted on the securities held by the ECB in its monetary policy portfolios, which are valued at amortised cost (subject to impairment). Based on the results of these tests, no impairment losses have been recorded for these portfolios.

The **fees charged to supervised entities amounted to €437 million** (2016: €382 million). These fees are charged in order to recover expenses incurred by the ECB in the performance of its supervisory tasks. The increase in 2017 relates predominantly to work associated with the targeted review of internal models (TRIM) and an increase in the number of ECB staff working in banking supervision.

Total staff costs and **other administrative expenses** increased to **€535 million** (2016: €467 million) **and €539 million** (2016: €487 million) respectively, mainly owing to the increase in expenses related to the ECB's supervisory tasks.

The ECB's net profit is distributed to the euro area national central banks (NCBs). **The Governing Council decided to make an interim profit distribution, amounting to €988 million, to the euro area NCBs on 31 January 2018**. At yesterday's meeting, the Governing Council decided to **distribute the remainder of the profit, amounting to €287 million, on 23 February 2018**.

The total size of the ECB's Balance Sheet increased by 19% to €414 billion (2016: €349 billion). This increase was almost exclusively due to the securities purchased under the APP.

The continuing purchases of securities under the APP led to an increase in the **consolidated balance sheet of the Eurosystem**, which rose by 22% to €4,472 billion (2016: €3,661 billion). The Eurosystem's holdings of securities held for monetary policy purposes increased by €732 billion to €2,386 billion (2016: €1,654 billion). The APP holdings increased by €754 billion to €2,286 billion, while securities held under the first two covered bond purchase programmes and the SMP declined by €9 billion and €13 billion respectively owing to redemptions.

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Notes:

1. *Accounting policies of the ECB and the Eurosystem:* Common accounting policies have been established by the Governing Council for the Eurosystem, including the ECB, in accordance with Article 26.4 of the Statute of the European System of Central Banks and of the European Central Bank (Statute of the ESCB), and have been published in the Official Journal of the European Union. Although generally based on internationally accepted accounting practice, these policies are designed with special regard to the unique circumstances of the central banks of the Eurosystem. Particular prominence is given to the principle of prudence, owing to the large foreign exchange exposures of most of

the Eurosystem central banks. This prudent approach applies particularly to the differing treatment of unrealised gains and unrealised losses for the purpose of recognising income, and to the prohibition on netting unrealised losses on one asset against unrealised gains on another. Unrealised gains are transferred to revaluation accounts. Unrealised losses exceeding the related revaluation account balances are treated as expenses at the end of the year. Impairment losses are taken to the profit and loss account in their entirety. All euro area NCBs are required to follow these policies for the purpose of reporting their operations as part of the Eurosystem, which are included in the Eurosystem's weekly consolidated financial statements and the consolidated annual balance sheet. Moreover, they apply broadly the same policies as the ECB in preparing their own annual financial statements.

2. *The securities currently held for monetary policy purposes* are accounted for at amortised cost (subject to impairment).
3. *Marketable securities, other than securities held for monetary policy purposes*, are revalued at market prices.
4. *Gold and all other on-balance-sheet and off-balance-sheet assets and liabilities denominated in foreign currency* are converted into euro at the exchange rate prevailing at the year-end.
5. *Profit distribution/allocation of losses:* Pursuant to Article 33 of the Statute of the ESCB, up to 20% of the net profit for any year may be transferred to the general reserve fund, subject to a limit equal to 100% of the ECB's capital. The remaining net profit is to be distributed to the euro area NCBs in proportion to their paid-up shares.
6. In the event of a loss incurred by the ECB, the shortfall may be offset against (a) the ECB's general risk provision and the general reserve fund; and (b) the monetary income for the relevant financial year, following a decision by the Governing Council. Finally, any remaining net loss may be recorded on the Balance Sheet as losses carried forward and be offset against any net income earned in subsequent year(s).
7. *Eurosystem SMP holdings:* The table below presents the breakdown by issuer of the outstanding amounts of the Eurosystem's SMP holdings as at 31 December 2017.

Total Eurosystem SMP holdings by issuer country as at 31 December 2017

Issuer country	**Nominal amount** (EUR billions)	**Book value**[1] (EUR billions)	**Average remaining maturity** (years)
Ireland	7.3	7.2	2.3
Greece	9.5	8.9	2.8
Spain	17.3	17.3	2.3
Italy	49.5	48.7	2.2
Portugal	7.3	7.1	2.0
Total[2]	**91.0**	**89.1**	**2.3**

[1] SMP holdings are valued at amortised cost.

[2] Totals may not add up due to rounding.

Cities and regions "central" to women's progress in Mediterranean region

Euro-Mediterranean local leaders support policies to reduce violence against women and to increase their access to education, employment and leadership.

Local and regional administrations should catalyse improvements in the position of women in the southern and eastern Mediterranean by taking a central role in extending access to education for women, promoting women to public office, and easing their entry to the labour market, the Euro-Mediterranean Regional and Local Assembly (ARLEM) argues in a set of recommendations adopted on 21 February.

The ten recommendations, which will be circulated to governments and supranational bodies in the region and in the European Union, also urge national governments to sign the Istanbul Convention, which was drawn up by the Council of Europe in 2011 with the aim of curbing domestic violence against women in the Mediterranean region. The ARLEM report, which was adopted in Giza, Egypt, at the assembly's annual plenary meeting, concludes that violence against women is both "endemic" and under-reported, with female genital mutilation common Egypt and Mauritania, rates of child marriage increasing in some countries, and rape by husbands remaining unpunishable in many countries.

Mary Freehill (IE/PES), a city councillor from Dublin, Ireland and ARLEM's rapporteur on " **Women's empowerment in the Mediterranean region** ", said: "There has been significant progress for women in the southern and eastern Mediterranean in law and there are encouraging signs that women are entering local and national politics in greater numbers. But, very clearly, meeting the United Nations Sustainable Development Goal of achieving gender equality and empowering women and girls is a huge challenge for the region."

She continued: "Local and regional administrations can be catalysts for change. They can use their central role in the provision of education to ensure that more girls finish school and enter university. They can help women find work, by offering targeted vocational training, providing child-care services, and by making public transport safer and more reliable. They can be roll out public-awareness campaigns against violence. And they can lead by example, by encouraging women to enter politics. I hope that, in future, International Women's Day – on 8 March – will be an annual opportunity to celebrate the progress of women in the southern and eastern Mediterranean."

The report emphasises that women in the European Union, as in the countries of the southern and eastern Mediterranean, are held back by many socio-economic, ideological and psychological obstacles. However, the report notes a range of specific problems related to education, leadership, violence, and stereotyping for women in the region, from Albania and Turkey in the east to Morocco in the western Mediterranean. It also points to international studies that enumerate the economic effects. A below-average percentage of employers are women (6%, compared with a global average of around 24%); the same is true for the percentage of self-employed people who are women (13%, compared to 31%-38% globally).

This report develops on a position paper adopted in June 2013 in which ARLEM underlined the need for women in political decision-making at the local and national level. In a separate report adopted on 21 February, ARLEM argued that the threat of violent radicalisation necessitates the integration of women "at all levels" and the training of female teachers. The report – entitled " **The role of the sub-national authorities from the Mediterranean region in addressing radicalisation and violent extremism of young people** " – was drafted by **Mohamed Kamal El Daly**, the Governor of Giza and host of the meeting.

ARLEM brings together representatives of local and regional government in the EU – most of them members of the European Committee of the Regions – and their counterparts from Mediterranean states from the western Balkans, the Middle East and North Africa.

Note to editors

- The European Committee of the Regions created the **Euro-Mediterranean Regional and Local Assembly** (ARLEM) in 2010 to provide a local and regional perspective on Mediterranean issues. It complements efforts made by the EU and non-EU Mediterranean states in the region to develop more channels and levels of dialogue and cooperation, including the **Union for the Mediterranean** . The EU delegation in **ARLEM** is comprised of 32 members of the European Committee of the Regions and eight representatives of EU associations of local authorities.

- ARLEM met on 20-21 February in Giza, Egypt, at the invitation of **Mohamed Kamal El Daly**, the Governor of Giza. Ahead of their meeting, ARLEM members visited an urban project in Giza.

- The reports – " **Women's empowerment in the Mediterranean region** " and " **The role of the sub-national authorities from the Mediterranean region in addressing radicalisation and violent extremism of young people** " – are the latest in a series of recommendations adopted by ARLEM on issues that are critical to the sustainable development of the southern and eastern Mediterranean. In recent years, ARLEM has also adopted reports on, for example, **climate change** , the **energy transformation** , **water management** and **waste management** .

- **Photos** are available via [Flickr](). [Background information]() on **Egypt** is available from the European Parliament.

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14/2018 : 21 February 2018 – Judgment of the Court of Justice in Case C-518/15

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