

European Investment Fund
Annual General Meeting 2015

Activity Report
by the Chairman of the Board of Directors,
Mr. Dario Scannapieco

President, Shareholders,

It gives me great pleasure to address you all at this year's Annual General Meeting

We value this yearly event as, in addition to the decision-making framework, it presents an occasion for shareholders and management to exchange views and further improve communication.

This meeting is also an opportunity to reflect on how our common efforts have helped to reduce the SME and midcap financing gap, providing added value and supporting growth in Europe.

Operational activity and key developments in 2014

Although 2014 came with its own set of challenges, we are particularly proud that, once again, we are able to report a **year of great achievements** for the EIF.

In fact, as you have seen in the annual report which was endorsed by the Board of Directors last month, it was perhaps the best year in EIF's history in terms of volumes, leverage and impact on the market.

155 transactions were signed across EIF's activities, **mobilising almost EUR 14bn** for the benefit of European businesses.

In 2014 alone, **175,000 businesses** benefited from financial resources deployed by EIF.

It was also an important year in terms of **new mandates**, notably the EIB Group Risk Enhancement Mandate or "EREM", the preparation for implementation of the SME Initiative, and the start of the new programming period for the EU facilities managed by the EIF, including COSME, InnovFin and Erasmus+.

2014 also saw the launch of **country-specific facilities** - the Technology Transfer Accelerator Turkey fund and the Cyprus Entrepreneurship Fund - and **sector-specific activity** under the Mezzanine Co-investment Facility.

Alongside the operational activity, the **shareholders' strong participation to the capital increase** was a significant milestone, as it gave EIF extensive scope to develop its operations and increase its transaction volumes.

I would also like to extend special thanks to the two new shareholders we welcomed in 2014: Banco Santander and Cassa Depositi e Prestiti.

Board of Directors

The Board of Directors evidently had to deal with a significant number of proposals, with some **120 transactions** being presented for approval last year.

In addition to the transactions, there were a number of **policy papers and strategic proposals** presented for the Board's consideration throughout the year.

Key issues included the capital increase at the beginning of the year, the implementation of EIF's concept for the portfolio management of tail-end funds, and the Corporate Operational Plan or "COP", both in the latter part of 2014. I will revert to the COP in a moment.

The Board also sought to enhance **EIF's decision-making framework** through a widening of the scope for submitting proposals via written procedures and, in December, through a more effective set of delegation of powers to the Chief Executive.

As highlighted in the latest shareholder newsletter, following the appointments at the last AGM, there were three further changes to the **composition of the Board** in the second part of the year.

I believe that we have achieved a good composition, including members and alternate members who are clearly motivated by, and dedicated to, their roles on the Board.

You may also recall that, in July last year, we revised our practice in terms of **participation at Board meetings by alternate members**. It was agreed that alternates could also attend meetings, and take part in the discussions, in their capacity as alternates, without their participation being subject to them replacing a full Board member at a given meeting. I think it is fair to say that this has been positive, allowing the alternates to follow developments more closely and to interact with the Board as relevant.

Financial results

Turning from operational activity to **financial performance**, you have seen that EIF generated a net income of EUR 84.4m in 2014, considerably increased from the EUR 47.5m of 2013. Even though this amount included EUR 22m in exceptional items, which is unlikely to be repeated, it was nevertheless a remarkable result.

At its meeting in March, the Board endorsed the proposal for the **appropriation of net income and distribution of dividends** as you have received for decision today.

This entails a 25% allocation of net profit to dividend payments, translating into a nominal payment of **EUR 5,972 per share** held for the full year, compared to EUR 5,220 per share for 2013.

The Board considers that this represents a balanced approach, developed to take account of different positions expressed across the group of EIF shareholders.

Latest developments and plans

Looking ahead, EIF's role is set to intensify.

The **COP** which was approved by the Board in December has since been revised. An updated version was approved by the Board this afternoon, adapted to take account of EIF's activities in connection with the new **European Fund for Strategic Investments** under **President Juncker's "Investment Plan for Europe"**.

The EIB Group is expected to play a key role in the plan's implementation, and EIF is prepared and ready to respond to the call for additional support to be delivered to SMEs and midcaps.

The new **EIB and EC mandates** are essential in scaling up EIF's support and in reinforcing EIF's cooperation with both institutions through blending various resources to maximise the impact at SME level.

Increased collaboration with **Member States** will help address the needs of local enterprises, enabling the creation and implementation of specific and tailor-made financial instruments.

EIF will continue its cooperation with its **financial institutions shareholders**, and is keen to develop opportunities where possible. The strengthening of the relationship with **national and regional promotional banks** is also foreseen, as part of our common mission to enhance access to finance for SMEs and midcaps.

EIF will also broaden its relationships with **private institutional investors** which have in the past provided a funding platform for EIF's securitisation guarantee activity and direct co-investment with EIF's guarantee on a number of transactions.

Conclusion

The coming months will be challenging, but I am convinced that **EIF will fulfil its ambitious objectives** by increasing the scale and impact of its risk financing activities.

The Board of Directors is fully supportive of these objectives and recognises the need for the appropriate financial and human resources to be adapted accordingly. We are also confident that we may count on the continued support of the shareholders as EIF pursues this key role.

I would like end with some words of **thanks**, firstly to you as **shareholders** for your support, and secondly to my colleagues on the **Board of Directors** for their dedication.

Finally, my thanks also, on behalf of the Board, to EIF's **management** and **staff**. I would like to give particular recognition to **Pier Luigi Gilibert** for the excellent way in which he has managed the EIF over the last year. My thanks also to **Marjut Santoni**, as she attends her last AGM, for her commitment and the capacity she has always demonstrated to communicate enthusiasm and ambition.

Thank you for your attention.