

European Investment Fund
Annual General Meeting 2017

Activity Report
by the Chairman of the Board of Directors,
Mr. Dario Scannapieco,
Vice President of the European Investment Bank

President, Shareholders,

It gives me great pleasure to be in a position to, once again, report on a year in which EIF performed very strongly.

You will be familiar with the headline figures, from your reading of the annual report and from the presentation of EIF's Corporate Operational Plan, or "COP", to shareholders in February.

Nevertheless, I take a moment to highlight that overall commitments last year reached an unprecedented 9.45 billion euros, estimated to result in total leveraged volumes of over 42 billion euros.

Both operational and financial results largely surpassed the initial COP forecasts.

Clearly, such results do not happen without the strong support of shareholders, mandators, stakeholders, management and staff, and should certainly not be taken for granted.

At the end of 2016, over 30.6 billion euros were under management, entrusted to EIF across almost 100 mandates and, alongside the EIB and the European Union represented by the European Commission, the number of financial institution shareholders had increased to 30.

EIF counted some 420 members of staff by the end of the year, the overwhelming majority of whom expressed "overall satisfaction and pride" when completing the 2016 EIF staff survey. The Board of Directors sees this as a real credit to EIF management, especially in times when the overall pace of delivery does not slow down and demands on staff remain high.

As highlighted by the Chairman, there are of course good reasons for satisfaction and pride when considering the latest figures, which indicate that EIF's operations under the Investment Plan for Europe alone are so far expected to benefit over 400,000 European SMEs under the SME Window.

EIF's EFSI resources received a 500 million euro boost in July of last year, and it has now deployed 70% of the SME Window's overall 5.5 billion euro budget. This is expected to translate into an estimated 70 billion euros of mobilised investments, against a target of 82.5 billion euros.

2016 saw an increase in the diversity of mandates under management. This is well illustrated by the Cultural and Creative Sectors Guarantee Facility, signed last June with the European Commission's Directorate-General for Communications Networks, Content and Technology, as well as through the implementation of financial support for the agricultural sector, which was further expanded at the beginning of this year through the Agri Multi-Regional Guarantee Platform for Italy. Similarly, new avenues have been opened thanks to the Cooperative Banks and Smaller Institutions Instrument under the EIB Risk Enhancement Mandate.

The SME Initiative continued to perform strongly in Spain and Malta and it was very satisfying to see similar initiatives being signed in Bulgaria last spring and in Finland, Romania and Italy in September and October. The extension of this joint financial instrument of the Commission and the EIB Group is something which has been very much welcomed by the Board.

In terms of financial results, for the first time, EIF registered a profit in excess of 100 million euros... 122 million euros to be precise. Benefitting in part from a release of provisions last year, it should be noted that profit is not forecast to be maintained at such a high level over the coming period.

At its meeting last month, the Board endorsed the proposal for the appropriation of net income and distribution of dividends, as presented for your approval today. The majority of the Board considered that it represented an acceptable and balanced approach, resulting in today's proposal to maintain the same nominal dividend payment of 5,770 euros per share held for the full year, and 40% of net income to the statutory reserve.

Looking ahead, a firm focus will remain on the continued deployment of the EFSI SME Window, hand-in-hand with the EIB and the European Commission.

We are keen to maintain our high degree of collaboration and dialogue with the financial institutions shareholders and we welcomed the admission of the Technology Development Foundation of Turkey and, in January, the Czech-Moravian Guarantee and Development Bank, bringing the total number to 31 institutions. We also look forward to seeing the value of our joint initiatives with National Promotional Institutions materialising, notably with the equity investment and securitisation platforms.

EIF seeks to implement financial instruments and mandates which can give tangible results and a measurable impact. The revitalisation of investments and lending in order to maintain and create jobs for the citizens of Europe is of real importance.

It is also important for EIF to remain a solid institution and financing counterpart. With economic and geo-political uncertainties at the forefront of our minds, there is a lot to be said for this institution providing a certain degree of predictability and stability. On the other hand, EIF's strength also lies in its ability to be flexible and reactive where necessary, and the Board of Directors is aware and supportive of the inherent value of EIF being able to respond in a timely way to market needs and market realities.

The Board is also very conscious of the fact that the impact of EIF's activities is many times greater when visible and understandable to a wider community. Consequently, the development of impact analysis and the continued reinforcement of various dimensions of EIF's external communications are areas of particular interest to the Board.

As anticipated last April, when the AGM appointed and re-appointed the members and alternate members of the Board, the resulting composition has offered continuity, whilst introducing different aspects of complementarity across the members. I would like to thank my colleagues on the Board of Directors for their commitment and valuable contributions.

I would also like to extend thanks to the shareholders, for their strong involvement and backing of EIF across its activities, as well as for their active participation and constructive contributions to both the larger shareholder meetings and the smaller scale workshops.

Our thanks to Bank of Valletta for the hosting of the annual financial institutions shareholder group meeting in Malta last September, which was, by all accounts, a very successful event. Likewise, thank you to Banco BPI and especially Filipe Cartaxo for the meetings taking place this October in Portugal.

Last but certainly not least, recognition is of course deserved with respect to EIF's management and staff for extremely good results.

We look forward to this being another year of successful collaboration.

Thank you.