

General Meeting

*Activity Report by the Chair
of the Board of Directors*

*Dr. Werner Hoyer,
President of the European Investment Bank*

Introduction

Shareholders, fellow members of the Board of Directors and dear colleagues from the Audit Board,

When I joined the EIF's Board of Directors at the middle of last year, I was already well aware of its commitment to deliver across ambitious objectives and substantial volumes. In that context, it was a good moment to take on the position of chairman and partake in the Board's active engagement.

Moreover, I have been impressed by the driving force that is the dedication and motivation of the EIF staff to exceed expectations even during the most challenging times.

Clearly, last year was demanding in a way that required remarkable resilience, flexibility and involvement not just to get through the peak of the COVID-19 crisis in 2021, but to deliver record operational and financial results. I am proud, as Chairman of the Board, to be presenting the shareholders with this outcome today.

Developments in 2021 and into 2022 have also allowed the Board of Directors to see opportunities and needs to strengthen the EIF.

2021 objectives and achievements

The Board saw the EIF pursue a number of important operational and strategic objectives in 2021.

We are all well aware of the stability and sustainability provided through the capital enhancement package, where the Board was pleased to witness the strong support by the EIF's shareholders.

From an operational perspective, the Board had a very busy year approving over 260 transactions, as well as 10 new mandates and almost as many increases to existing mandates. The EIB Group successfully deployed the Pan-European Guarantee Fund or "EGF", and there were concentrated efforts to launch the flagship InvestEU mandate.

At the end of 2021, the EIF had committed 30.5 billion euros, more than double the performance of 2020 and three times that of 2019, estimated to result in an overall mobilisation of 152 billion euros. Such a scale of activity will play a critical role in supporting over 390,000 SMEs and mid-caps and some 3.5 million jobs.

At the same time, we started to see the results of the EIB's Group Alignment Implementation Plan, which was launched in 2020. As you will know, the plan's *raison d'être* is to achieve increased consistency, collaboration and efficiencies within the Group, through some 70 projects, many of which are risk-related.

The Board has been pleased to see the good progress to date, with nearly half of the plan's projects successfully completed by the end of 2021. Overall, this has led to a strengthening of the EIB and EIF relationship within the Group, from both operational and governance perspectives, whilst ensuring that the general principles of accountability, autonomy and agility are duly respected in each entity.

Particularly as regards Risk Management and Compliance, the Board approved important Group policies last year, two of which are included on today's agenda, in order to formalise applicability to the Audit Board: the EIB Group Market Abuse Policy and the EIB Group Anti-Fraud Policy.

In financial terms, the EIF concluded the year with a net profit of 564 million euros. With the Board's endorsement, and in line with the Board's policy, a proposal for the appropriation and distribution of net income has been put forward for decision today, trusting that the shareholders will support a return to dividend payments for 2021.

2021 demands and challenges

Looking back on 2021, the Board acknowledges the fact that undertaking such an ambitious level of activity undoubtedly put a strain on many parts of the institution, stretching the EIF's human resources capacity, as well as the robustness of internal systems and processes.

Moreover, from a capacity perspective, the EIF's Digital and Data Strategy, developed last year and approved by the Board in February, is intended to bring longer-term efficiency gains through the digital transformation of systems and processes, to reduce manual input and labour-intensive practices.

The streamlining and strengthening of internal processes, not least as concerns risk management, is high on the current agenda, seeking both short-term and longer-term measures. The EIF has to be strengthened from within in order to adapt to existing *and* new demands. Robust internal controls are also to be underpinned by a strong risk culture across the institution.

The EIF and the EIB are increasingly scrutinised, across internal audits, external audit, the European Court of Auditors, as well as from a regulatory viewpoint and in accordance with applicable Best Market and Best Banking Practices.

I am pleased to say that the Board has also had constructive exchanges with the Audit Board, knowing that, as you will have read in their annual activity report, the Audit Board is equally invested in this subject.

Looking ahead

Looking ahead, the Board will be closely following an action plan that has been put in place, under the oversight of the Group Chief Risk Officer, and which is designed to reinforce EIF Risk Management and address deficiencies. This is part of a much broader need to continue towards the optimisation of synergies in order to achieve a fully efficient Group.

From a strategic and policy perspective, the Board will continue to focus on the shift from volumes towards a more thematic approach in the EIF's business model, driven by impact and policy priorities.

The Group's commitment to supporting climate action and environmental sustainability is resolute. As part of the EIB Group Climate Bank Roadmap, the Group's Paris Alignment of Counterparties Framework was adopted by the EIB and the EIF Boards in October 2021. That framework has become an integral part of the EIF's appraisal and due diligence process.

The Board also welcomed the introduction of information on Public Policy Goals as well as Climate Action & Environmental Sustainability contractual targets in relevant transactions presented for approval. In the shocking context of Russia's military invasion of Ukraine, we are reminded of the urgency to strive for energy efficiency and to develop renewable energy sources.

The Board recognises that the EIF's Digital and Data Strategy is a priority for medium-term efficiencies and it will equip the organisation with more sophisticated technology and IT infrastructure and enhanced data management to support the EIF's continued evolution in the markets where it operates. A dedicated workshop for the shareholders is also being organised, allowing a deeper dive into this important strategic topic.

Lastly, in a different vein, I would like to touch upon one further topic of importance to the Board, namely the promotion of diversity and inclusion, both within the EIF and through the EIF's operations. Internally, more progress needs to be achieved and measures are being taken in this respect. When it comes to EIF operations, such promotion includes fostering women's entrepreneurship, improving women's access to finance and actively focussing on balanced management teams amongst its counterparts. This concern features prominently in publications by the EIF's Research and Market Analysis team, on the EIF's media platforms and in the Annual Report presented for your approval today. Moreover, under InvestEU, the "gender smart" investment criteria will enable the EIF to focus on the economic empowerment of women notably in the venture capital and private equity markets.

I shall conclude at this point, with thanks to my colleagues on the Board and, on behalf of the Board, to once more congratulate the EIF for the exceptional year.