

BOARD OF DIRECTORS

Minutes of the meeting held in Luxembourg on 4 February 2019

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* http://www.eif.org/news_centre/publications/EIF_Transparency_policy.htm?lang=-en

BOARD OF DIRECTORS

Meeting held in Luxembourg on 4 February 2019

Agenda

A. Quorum

B. For decision

- | | |
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| 1. Adoption of the agenda | Doc. 19/011 |
| 2. Approval of minutes dated 10 December 2018 | BD/MIN/312/2018 |
| 3. Approval of confidential minutes dated 10 December 2018 | BD/MIN/CONF/312/2018 |
| 4. Approval of minutes of written procedure dated 9 January 2019 | BD/WP/MIN/313/2019 |

AGENDA A

Equity

- | | |
|--------------------------|-------------|
| 5. KD Growth Equity Fund | Doc. 19/012 |
| 6. Eureka! Fund | Doc. 19/013 |
| 7. <i>Item withdrawn</i> | |
| 8. Fil Rouge Capital II | Doc. 19/015 |

Guarantees

- | | |
|---|-------------|
| 9. Voba 7 (Italy)
Credit enhancement (own risk) / ABS direct investment (own risk) | Doc. 19/016 |
| 10. Credito Emiliano S.p.A. (Italy)
AGRI Multi-Regional Guarantee Platform for Italy | Doc. 19/017 |

Diversified debt funds

- | | |
|--|-------------|
| 11. Ver Capital Credit Partners SME Fund | Doc. 19/018 |
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AGENDA B

Equity

- | | |
|-------------------------------|-------------|
| 12. Digital East Fund II | Doc. 19/019 |
| 13. OTB Fund Coöperatief U.A. | Doc. 19/020 |

Guarantees

- | | |
|--|-------------|
| 14. Kosovo Credit Guarantee Fund (Kosovo)
COSME Loan Guarantee Facility | Doc. 19/021 |
| 15. UniCredit Bulbank AD (Bulgaria)
COSME Loan Guarantee Facility | Doc. 19/022 |
| 16. Banque Internationale à Luxembourg S.A. (Luxembourg) - increased allocation
InnovFin SME Guarantee Facility | Doc. 19/023 |

- Guarantees continued...
17. BRD - Groupe Société Générale S.A. (Romania) - increased allocation
SME Initiative Guarantee Facility - Romania Doc. 19/024
 18. CEC Bank S.A. (Romania)
SME Initiative Guarantee Facility - Romania Doc. 19/025
 19. Libra Internet Bank S.A. (Romania) - increased allocation
SME Initiative Guarantee Facility - Romania Doc. 19/026
 20. OMRO (Romania)
EaSI Capacity Building Investments Window - Subordinated Loan Doc. 19/027
 21. Patria Credit IFN S.A. (Romania)
EaSI Capacity Building Investments Window - Subordinated Loan Doc. 19/028
- Mandates and Products
22. European Scale-up Action for Risk capital pilot ("ESCALAR Pilot") Doc. 19/029
- C. Corporate and Institutional Matters**
1. EIF Annual Report 2018: first reading (text only) Doc. 19/030
- D. For information**
1. 2018 activity overview Doc. 19/036¹
 2. Unaudited Statement of Financial Position and Unaudited
Statement of Comprehensive Income at 31 December 2018 Doc. 19/031
 3. Quarterly Report Q4 2018 Doc. 19/032
 4. Foreign Exchange Risk Management Framework Doc. 19/033
 5. Impact assessment activity update Doc. 19/034¹
- E. Miscellaneous / Statements**
- F. Confidential session**
1. 2018 Performance Award envelope Doc. 19/035
- G. Date of next meeting: Wednesday 13 March 2019 in Luxembourg**

¹ Presentation to be made available at the meeting.

BOARD OF DIRECTORS

Those attending

<u>Members:</u>	D. SCANNAPIECO, Chairman ¹ E. MASSÉ ² M. DESCHEEMAECKER K. JORNA ³ J.-D. MALO ⁴ P. LAGARDE ²
<u>Alternate Members:</u>	J.-C. LALOUX E. KREIVI M. HEIPERTZ ⁵ A. EBERHARDS M. SCICLUNA BARTOLI
<u>Chief Executive:</u>	P.L. GILIBERT
<u>Deputy Chief Executive:</u>	R. HAVENITH
<u>Secretary:</u>	M. LEANDER
<u>Absent:</u>	A. FAYOLLE ¹

¹ Power of attorney issued by Mr. FAYOLLE to Mr. SCANNAPIECO.

² Present from item B.13 onwards.

³ The proposal for the appointment of Ms. JORNA as member of the Board of Directors was submitted to the General Meeting on 1 February 2019 for decision by written procedure on 21 February 2019.

⁴ Acting as full member following the resignation of Ms. SCHWIMANN.

⁵ Present from item B.20 onwards.

The meeting of the Board of Directors ("Board") opened at 10:10.

A. QUORUM

The CHAIRMAN welcomed Ms. JORNA who, in line with the EIF's statutory framework, was exercising her function as full member of the Board in advance of the General Meeting's decision on her appointment on 21 February 2019. He also welcomed Mr. EBERHARDS as newly appointed alternate member.

The CHAIRMAN noted that Mr. MALO was acting as full member, further to the resignation of Ms. SCHWIMANN, whose keen involvement and constructive approach as Board member had been highly valued. Lastly, Mr. FAYOLLE was not participating and had issued a power of attorney to the Chairman.

The SECRETARY noted that there was a quorum.

B. FOR DECISION

1. Adoption of the agenda

The Board of Directors adopted the agenda, as presented in document 19/011, including the withdrawal of item 7, as previously communicated to the Board¹.

2. Approval of minutes dated 10 December 2018

The SECRETARY drew the Board's attention to a marked-up section of item C.1, made available at the meeting, reflecting feedback received on the Board's discussion of the COP 2019-2021 second reading.

The Board of Directors approved the minutes of the Board meeting dated 10 December 2018, ref. BD/MIN/312/2018, including the aforementioned modification, and took note of the forthcoming publication on the EIF's website.

3. Approval of confidential minutes dated 10 December 2018

The Board of Directors approved the confidential minutes of the closed Board session dated 10 December 2018, ref. BD/MIN/CONF/312/2018.

4. Approval of minutes of written procedure dated 9 January 2019

The Board of Directors approved the minutes of the written procedure dated 9 January 2019, ref. BD/WP/MIN/313/2019 and took note of the forthcoming publication on the EIF's website.

¹ Withdrawal communicated by email from the Secretary dated 1 February 2019.

AGENDA A

EQUITY

5. **KD Growth Equity Fund** *Slovene Equity Growth Investment Programme, EFSI-SME Equity Product Sub-window 1, own resources*
Generalist private equity fund focusing on lower mid-market investments primarily in Slovenia.

The Board of Directors approved an investment in KD Growth Equity Fund, on the terms and conditions set out in document 19/012.

6. **Eureka! Fund** *ITATech (EIF – Cassa Depositi e Prestiti), Risk Capital Resources Future Stars Window, own resources*
Technology transfer fund focusing on proof-of-concept, seed and early stage investments in the material sciences and engineering sectors in Italy.

The Board of Directors approved an investment in Eureka! Fund, on the terms and conditions set out in document 19/013.

7. Item withdrawn

8. **Fil Rouge Capital II** *ESIF Croatia Fund of Funds*
Venture capital fund focusing on seed and early stage ICT companies established and operating in Croatia.

The Board of Directors approved an investment in Fil Rouge Capital II, on the terms and conditions set out in document 19/015.

GUARANTEES

9. **Voba 7 (Italy)** *Credit enhancement (own risk) / ABS direct investment (own risk)*
Securitisation transaction of a portfolio of loans to enhance access to finance for SMEs in Italy.

[...]

The Board of Directors approved principal guarantee amount for an EIF own risk credit enhancement transaction and a direct own risk investment for an ABS direct investment, on the terms and conditions set out in document 19/016.

10. **Credito Emiliano S.p.A. (Italy)** *AGRI Multi-Regional Guarantee Platform for Italy*
Direct uncapped guarantee to enhance access to finance for eligible farmers, SMEs and small mid-caps in the agricultural and agro-industrial sectors in contributing regions in Italy.

The Board of Directors approved a guarantee amount on the terms and conditions set out in document 19/017.

DIVERSIFIED DEBT FUNDS

11. Ver Capital Credit Partners SME Fund

Diversified debt fund providing senior financing predominantly to SMEs and small mid-caps in Italy, France and Germany.

The Board of Directors approved the transaction on the terms and conditions set out in document 19/018.

AGENDA B

EQUITY

12. Digital East Fund II

InnovFin Equity Facility for Early Stage

Venture capital fund focusing on early stage ICT companies, primarily in Central and Eastern Europe and Turkey.

The Board of Directors approved an investment in Digital East Fund II, on the terms and conditions set out in document 19/019.

13. OTB Fund Coöperatief U.A.

EFSI-SME Equity Product Sub-window 1, own resources

Venture capital fund focusing on expansion stage ICT companies primarily in Central and Eastern Europe.

The Board of Directors approved an investment in OTB Fund Coöperatief U.A., on the terms and conditions set out in document 19/020.

GUARANTEES

[...]

14. Kosovo Credit Guarantee Fund (Kosovo)

COSME Loan Guarantee Facility

Counter-guarantee to enhance access to finance for higher risk SMEs in Kosovo.

The Board of Directors approved a budgetary allocation on the terms and conditions set out in document 19/021.

15. UniCredit Bulbank AD (Bulgaria)

COSME Loan Guarantee Facility

Direct guarantee to enhance access to finance for SMEs, including higher risk start-ups, in Bulgaria.

The Board of Directors approved a budgetary allocation on the terms and conditions set out in document 19/022.

16. Banque Internationale à Luxembourg S.A. (Luxembourg) - increased allocation

InnovFin SME Guarantee Facility

Direct guarantee to enhance access to finance for innovative SMEs and small mid-caps in Luxembourg.

The Board of Directors approved an increase of the principal guarantee amount, on the terms and conditions set out in document 19/023.

17. **BRD - Groupe Société Générale S.A. (Romania) - increased allocation**

SME Initiative Guarantee Facility – Romania

Direct guarantee to enhance access to finance for SMEs in Romania.

The Board of Directors approved an increase of the maximum guarantee amount, on the terms and conditions set out in document 19/024.

18. **CEC Bank S.A. (Romania)**

SME Initiative Guarantee Facility – Romania

Direct guarantee to enhance access to finance for SMEs in Romania.

The Board of Directors approved a guarantee amount, on the terms and conditions set out in document 19/025.

19. **Libra Internet Bank S.A. (Romania) - increased allocation**

SME Initiative Guarantee Facility – Romania

Direct guarantee to enhance access to finance for SMEs in Romania.

[...]

The Board of Directors approved an increase of the maximum guarantee amount, on the terms and conditions set out in document 19/026.

20. **OMRO (Romania)**

EaSI Capacity Building Investments Window

Subordinated loan to support capacity building investment in a responsible social microfinance provider in Romania, with a view to further strengthening the capital structure of the intermediary and enhancing its catalytic impact.

[...]

The Board of Directors approved a principal amount on the terms and conditions set out in document 19/027, noting the confirmation, provided at the meeting, that the management and Board of Directors of OMRO had committed to reducing and capping the interest rates charged to customers at 18.5% p.a. with immediate effect.

21. **Patria Credit IFN S.A. (Romania)**

EaSI Capacity Building Investments Window

Subordinated loan to support capacity building investment in a small microfinance institution in Romania, focusing on microenterprises active in the agricultural sector and rural areas, with a view to supporting the institution's growth.

The Board of Directors approved a principal amount on the terms and conditions set out in document 19/028.

MANDATES AND PRODUCTS

22. European Scale-up Action for Risk capital pilot ("ESCALAR Pilot")

Pan-European pilot programme, supporting investments in late stage venture capital and private equity funds to enhance access to finance for growth and expansion stage SMEs and small mid-caps.

The Board expressed support for the pilot scheme, recognising the importance of the underlying policy objective to address identified shortcomings in growth finance and noting the value of testing and drawing conclusions through such a pilot. Further information was requested with respect to the mechanics of the structure, including the distribution cascade and the risk-reward balance which Limited Partners would find acceptable. The Board also queried whether research had taken previous comparable schemes into consideration, particularly in the US, where serious difficulties had been encountered.

The Board was provided with additional background information on the research undertaken, the mandate's design and market testing conducted with General Partners and still ongoing with Limited Partners.

At the Board's request, it was agreed that additional background information, as outlined verbally at the meeting, would be communicated via the Portal, whilst information on the mandate's implementation could be provided after the signature of the first funds.

The Board of Directors approved the pilot programme, including resources under the EFSI 2 SME Window, expected to be matched by contributions from private investors, as set out in document 19/029.

C. CORPORATE AND INSTITUTIONAL MATTERS

1. EIF Annual Report 2018: first reading (text only)

The Board of Directors took note of the text section of the Annual Report, as presented for first reading in document 19/030, and was invited to provide any additional feedback by 6 February, prior to the submission of the full report, including the financial section, for a second reading at the Board meeting of 13 March 2019.

D. FOR INFORMATION

1. 2018 activity overview

[...]

The Board of Directors took note of the 2018 activity overview, as presented in document 19/036 and congratulated EIF management and staff on the 2018 results.

2. Unaudited Statement of Financial Position and Unaudited Statement of Comprehensive Income at 31 December 2018

The Board of Directors took note of the Unaudited Statement of Financial Position and Unaudited Statement of Comprehensive Income at 31 December 2018, as presented in document 19/031.

3. Quarterly Report Q4 2018

The Board of Directors took note of the Quarterly Report Q4 2018, as presented in document 19/032.

4. Foreign Exchange Risk Management Framework

The Board of Directors took note of the Foreign Exchange Risk Management Framework, as presented in document 19/033.

5. Impact assessment activity update

The Board of Directors took note of the impact assessment activity update, as presented in document 19/034.

E. MISCELLANEOUS / STATEMENTS

The Board of Directors was briefed on a number of relevant issues.

F. DATE OF NEXT MEETING

The Board of Directors agreed that the next meeting would take place in Luxembourg on Wednesday 13 March 2019.

The main meeting was closed at 12:20 and was followed by a confidential session.

Luxembourg, 4 February 2019.

The CHAIRMAN

Dario SCANNAPIECO

The SECRETARY

Maria LEANDER