

BOARD OF DIRECTORS

Minutes of the meeting held in Luxembourg on 13 March 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 13 March 2019 at 10.00

Agenda

A. Quorum

B. For decision

- | | | |
|----|---|------------------------|
| 1. | Adoption of the agenda | Doc. 19/042 |
| 2. | Approval of minutes dated 4 February 2019 | BD/MIN/314/2019 |
| 3. | Approval of confidential minutes dated 4 February 2019 | BD/MIN/CONF-1/314/2019 |
| 4. | Approval of confidential minutes dated 4 February 2019 | BD/MIN/CONF-2/314/2019 |
| 5. | Approval of minutes of written procedure dated 20 February 2019 | BD/WP/MIN/315/2019 |

AGENDA A

Equity

- | | | |
|----|---|-------------|
| 6. | Feelsgood Social Impact Investment Fund I | Doc. 19/043 |
| 7. | BaltCap Private Equity Fund III | Doc. 19/044 |

Hybrid debt-equity

- | | | |
|----|-------|-------------|
| 8. | EMZ 9 | Doc. 19/045 |
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Guarantees

- | | | |
|-----|---|-------------|
| 9. | Bürgschaftsbanken (Germany) - increased allocation
COSME Loan Guarantee Facility | Doc. 19/046 |
| 10. | Cassa Depositi e Prestiti (CDP) Investment platform (Italy) - increased allocation
COSME Loan Guarantee Facility | Doc. 19/047 |
| 11. | Bpifrance Financement S.A. (France) - fourth agreement
InnovFin SME Guarantee Facility | Doc. 19/048 |

Diversified debt funds

- | | | |
|-----|--|-------------|
| 12. | CVI CEE Fund
EFSI SMEW Private Credit Tailored for SMEs (including own resources) | Doc. 19/049 |
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AGENDA B

Equity

- | | | |
|-----|-----------------------|-------------|
| 13. | [...] | |
| 14. | CapMan Buyout XI SCSp | Doc. 19/051 |
| 15. | <i>Item postponed</i> | |

Guarantees

- | | | |
|-----|---|-------------|
| 16. | Alpha Bank Albania Sh.A. (Albania)
COSME Loan Guarantee Facility | Doc. 19/053 |
| 17. | Banka Credins Sh.A. (Albania)
COSME Loan Guarantee Facility | Doc. 19/054 |
| 18. | Banca Monte dei Paschi di Siena S.p.A. (Italy)
AGRI Multi-Regional Guarantee Platform for Italy - Uncapped Guarantee | Doc. 19/055 |

Mandates and Products

- | | | |
|-----|---------------------------------|-------------|
| 19. | EaSI Funded Instrument - update | Doc. 19/056 |
| 20. | SME Initiative Italy - increase | Doc. 19/057 |
| 21. | ESIF - EAFRD Slovenia | Doc. 19/058 |

C. Corporate and Institutional Matters

- | | | |
|----|---|-------------|
| 1. | Draft agenda of EIF's Annual General Meeting 2019
Request for authorisation to submit to the General Meeting for approval | Doc. 19/059 |
| 2. | EIF Annual Report 2018: second reading
Request for authorisation to submit to the General Meeting for approval | Doc. 19/060 |
| 3. | EIF Financial Statements for the year ended 31 December 2018
Request for authorisation to submit to the General Meeting for approval | Doc. 19/061 |
| 4. | Appropriation of net income and distribution of dividends for 2018
Request for authorisation to submit to the General Meeting for approval | Doc. 19/062 |
| 5. | Proposal for the utilisation of pro-forma account as the basis for future performance measurement | Doc. 19/063 |
| 6. | EIB Group Policy Towards Weakly Regulated, Non-Transparent And Non-Cooperative Jurisdictions And Tax Good Governance ("EIB Group NCJ Policy") | Doc. 19/064 |
| 7. | EIF Internal Liquidity Adequacy Assessment Process ("ILAAP") Report 2018 | Doc. 19/065 |

D. For information

- | | | |
|----|---|-------------|
| 1. | Risk Report H2 2018 | Doc. 19/066 |
| 2. | Risk Appetite Framework Dashboard Q4 2018 | Doc. 19/067 |
| 3. | Board of Directors follow-up programme | Doc. 19/068 |

E. Miscellaneous / Statements

F. Confidential session

G. Date of next meeting: 8 April 2019 at 9.00 in Luxembourg

BOARD OF DIRECTORS

Those attending

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

¹ Present for items B.1 to B.12 and items C.1 to C.7. For all other items, delegation of authority given to Mr. MALO.

² Acting as full member following the resignation of Ms. SCHWIMANN. Also acting under a delegation of authority from Ms. JORNA for items B.13 to B.21 and item D.1 onwards.

The meeting of the Board of Directors ("Board") opened at 10:05.

A. QUORUM

The CHAIRMAN noted that Mr. MALO was acting as full member, following the resignation of Ms. SCHWIMANN.

The SECRETARY noted that there was a quorum.

B. FOR DECISION

1. Adoption of the agenda

In order to accommodate certain timing constraints, it was agreed that section C of the agenda would be discussed immediately after the Agenda A transactions.

The Board of Directors adopted the agenda, as presented in document 19/042, including the requested re-ordering and the withdrawal of item 15, as previously communicated to the Board.¹

[...]

2. Approval of minutes dated 4 February 2019

The Board of Directors approved the minutes of the Board meeting dated 4 February 2019, ref. BD/MIN/314/2019, and took note of the forthcoming publication on the EIF's website.

3. Approval of confidential minutes dated 4 February 2019 (part one)

The Board of Directors approved the confidential minutes of the closed Board session dated 4 February 2019, ref. BD/MIN/CONF-1/314/2019.

4. Approval of confidential minutes dated 4 February 2019 (part two)

The Board of Directors approved the confidential minutes of the closed Board session dated 4 February 2019, ref. BD/MIN/CONF-2/314/2019.

5. Approval of minutes of written procedure dated 20 February 2019

The Board of Directors approved the minutes of the written procedure dated 20 February 2019, ref. BD/WP/MIN/315/2019 and took note of the forthcoming publication on the EIF's website.

¹ Withdrawal communicated by email from the Secretary dated 12 March 2019.

AGENDA A

EQUITY

6. **Feelsgood Social Impact Investment Fund I** *InnovFin Equity Facility for Early Stage – EFSI 2, EFSI-SME Equity Product Sub-window 1, own resources*
Venture capital fund focusing on impact-oriented companies in Croatia and Slovenia.

The Board of Directors approved an investment in Feelsgood Social Impact Investment Fund I, on the terms and conditions set out in document 19/043.

7. **BaltCap Private Equity Fund III** *Baltic Innovation Fund 2, EFSI-SME Equity Product Sub-window 1, own resources, or, Baltic Innovation Fund 2, EIB-EIF SME Funds Investment Facility*
Generalist private equity fund focusing on lower mid-market investments primarily in Estonia, Latvia and Lithuania.

The Board of Directors approved an investment in BaltCap Private Equity Fund III, on the terms and conditions set out in document 19/044.

HYBRID DEBT-EQUITY

8. **EMZ 9** *Risk Capital Resources, own resources*
Generalist hybrid debt-equity fund focusing on investments primarily in France.

The Board of Directors approved an investment in EMZ 9, on the terms and conditions set out in document 19/045.

GUARANTEES

9. **Buergschaftsbanken (Germany) - increased allocation** *COSME Loan Guarantee Facility*
Counter-guarantee to enhance access to finance for SMEs in the agricultural sector in Germany.

The Board of Directors approved an increase of the budgetary allocation, on the terms and conditions set out in document 19/046.

10. **Cassa Depositi e Prestiti (CDP) Investment platform (Italy) - increased allocation** *COSME Loan Guarantee Facility*
(Counter-)counter-guarantee to enhance access to finance for SMEs in Italy.

The Board of Directors approved an increase of the budgetary allocation, on the terms and conditions set out in document 19/047.

11. **Bpifrance Financement S.A. (France) - fourth agreement** *InnovFin SME Guarantee Facility*
Direct guarantee to enhance access to finance for innovative SMEs and small mid-caps in France.

The Board of Directors approved a principal guarantee amount, on the terms and conditions set out in document 19/048.

DIVERSIFIED DEBT FUNDS

12. CVI CEE Fund *EFSI SMEW Private Credit Tailored for SMEs (including own resources)*

Diversified debt fund providing mainly senior financing to SMEs and small mid-caps primarily in Poland, and, to a lesser extent, other CEE countries.

The Board of Directors approved the transaction, on the terms and conditions set out in document 19/049.

AGENDA B

C. CORPORATE AND INSTITUTIONAL MATTERS

1. Draft agenda of EIF's Annual General Meeting 2019

[...]

The Board of Directors approved the draft agenda as presented in document 19/059, and authorised the submission, potentially also including a proposal for the admission of a new financial institution shareholder, for approval at the AGM taking place on 8 April 2019.

2. EIF Annual Report 2018: second reading

The Board of Directors adopted the text of the EIF Annual Report 2018, as presented for second reading in document 19/060 and, allowing for any final minor editorial comments to be provided by 12.00 on 15 March, authorised submission for approval at the forthcoming AGM.

In the context of the strategic orientations defined within the partnership for EU-China relations, and in consideration of the EIF's role from an international perspective, the Board discussed the scope of the EIF's current and future international outreach and requested that more detailed information be provided at a future meeting.

In the context of the Council of the European Union's conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes, as published the previous day, the Board discussed the importance of the fight against tax evasion and tax avoidance [...].

3. EIF Financial Statements for the year ended 31 December 2018

The DEPUTY CHIEF EXECUTIVE highlighted that, as per the respective report and statement incorporated in the document, KPMG would be issuing an unqualified audit opinion on the financial statements, as would the Audit Board, following its approval of the financial statements on 11 March 2019. [...]

The CHAIRMAN congratulated the EIF on the excellent operational and financial results.

The Board of Directors adopted the EIF financial statements for the year ended 31 December 2018, as presented in document 19/061, and authorised submission for approval at the forthcoming AGM.

4. Appropriation of net income and distribution of dividends for 2018

The Board of Directors endorsed the proposed appropriation of net income and distribution of dividends for 2018, as presented in document 19/062, and authorised submission for approval at the forthcoming AGM.

5. **Proposal for the utilisation of pro-forma account as the basis for future performance measurement**

The Board of Directors approved the proposal for the utilisation of the pro-forma account as the basis for future performance measurement, as presented in document 19/063. The Board agreed that, in the case of exceptional circumstances resulting in an extreme difference between the pro-forma account and the full IFRS accounts, it remained at the Board's discretion to re-assess the utilisation of the pro-forma account as the basis for the performance measurement of the financial Key Performance Indicators.

6. **EIB Group Policy Towards Weakly Regulated, Non-Transparent And Non-Cooperative Jurisdictions And Tax Good Governance ("EIB Group NCJ Policy")**

The DEPUTY CHIEF EXECUTIVE introduced the EIB Group NCJ Policy. He underlined that, subject to the Board's approval, it would immediately replace the EIF's existing policy, whilst entering into full effect once the EIF's implementing procedures had been agreed, taking into consideration the EIF's specificities and its activities, as well as the Board's risk appetite. He noted the objective for the implementing procedures to achieve Group alignment to the greatest extent possible. [...]

In the presentation made available at the meeting², the Board noted that the 10% ceiling on the shareholders of a parent company being located in a restricted jurisdiction was a reflection of the threshold applicable under the fifth Anti-Money Laundering Directive.

The Board discussed the European Union's strong political ambition to continue delivering results in the fight against tax avoidance, tax evasion, and anti-money laundering, through the systematic application of such requirements across all financial institutions partnering with the European Commission for the deployment of EU funds.

The Board of Directors approved the EIB Group NCJ Policy, as presented in document 19/064, noting that it would enter into effect once the EIF's implementing procedures had been established.

7. **EIF Internal Liquidity Adequacy Assessment Process ("ILAAP") Report 2018**

The DEPUTY CHIEF EXECUTIVE introduced the item, noting that a summary of the EIF ILAAP report would be included as an independent chapter in the EIB Group's ILAAP report. He outlined the conclusions presented in section 1.2 of the report. [...]

The Board of Directors approved the EIF Internal Liquidity Adequacy Assessment Process ("ILAAP") Report 2018, as presented in document 19/065.

EQUITY

13. [...]

² Presentation of the draft EIB Group NCJ Policy, doc. 19/070.

14. **CapMan Buyout XI SCSp** *EFSI-SME Equity Product Sub-window 1, own resources*
Generalist private equity fund focusing on lower mid-market investments primarily in Finland and Sweden.

The Board of Directors approved an investment in CapMan Buyout XI SCSp, on the terms and conditions set out in document 19/051.

15. *Item postponed*

GUARANTEES

16. **Alpha Bank Albania Sh.A. (Albania)** *COSME Loan Guarantee Facility*
Direct guarantee to enhance access to finance for SMEs in Albania.

The Board of Directors approved a budgetary allocation, on the terms and conditions set out in document 19/053.

17. **Banka Credins Sh.A. (Albania)** *COSME Loan Guarantee Facility*
Direct guarantee to enhance access to finance for SMEs in Albania.

The Board of Directors approved a budgetary allocation, on the terms and conditions set out in document 19/054.

18. **Banca Monte dei Paschi di Siena 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 total maximum guarantee amount, on the terms and conditions set out in document 19/055.

MANDATES AND PRODUCTS

19. **EaSI Funded Instrument – update**
Mandate managed by the EIF to facilitate access to finance for micro-enterprises (including self-employed individuals) and social enterprises, with a view to countering unemployment and promoting social and financial inclusion in eligible countries.

The Board of Directors approved the envisaged final structure of the mandate, including contributions from EIB own resources, the European Commission's EaSI Programme and EIF own resources, as set out in document 19/056.

20. **SME Initiative Italy – increase**
Increase of the existing mandate managed by the EIF, further enabling regulatory capital relief (or a funding source) to selected financial intermediaries, which in turn provide new debt finance to SMEs located in the South of Italy.

[...]

The Board of Directors approved the increase of the mandate with additional ESIF resources, as set out in document 19/057.

21. ESIF - EAFRD Slovenia

New mandate to enhance access to finance for farmers and agribusinesses with a view to supporting investments in the agricultural sector and the rural economy in Slovenia.

The Board of Directors approved the new mandate, including a contribution under EAFRD and national co-financing, and potential additional contribution from the EIF under EFSI, as set out in document 19/058.

D. FOR INFORMATION

1. Risk Report H2 2018

The Board of Directors took note of the Risk Report H2 2018, as presented in document 19/066.

2. Risk Appetite Framework Dashboard Q4 2018

The Board of Directors took note of the Risk Appetite Framework Dashboard Q4 2018, as presented in document 19/067.

3. Board of Directors follow-up programme

The Board of Directors took note of the Board of Directors follow-up programme, as presented in document 19/068.

E. MISCELLANEOUS / STATEMENTS

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

F. CONFIDENTIAL SESSION

The confidential session was held after the main meeting had closed and was subject to separate confidential minutes.

G. DATE OF NEXT MEETING

The Board of Directors agreed that the next meeting would take place in Luxembourg on Monday 8 April 2019, starting at 8.00am, with a view to allowing sufficient time for discussions, before the Annual General Meeting to start at 10.00am..

The main meeting was closed at 12:00 and was followed by a confidential session.

Luxembourg, 13 March 2019.

The CHAIRMAN (signed)

Dario SCANNAPIECO

The SECRETARY (signed)

Maria LEANDER