

BOARD OF DIRECTORS

Minutes of the meeting held in Luxembourg on 8 March 2017

Parts of this document that, at the time of the meeting, fall under the exceptions for disclosure defined by the EIF Transparency Policy, notably under articles 5.4, 5.5 and 5.6, have been redacted.*

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

BOARD OF DIRECTORS

Meeting held in Luxembourg on 8 March 2017

Agenda

A. Quorum

B. For decision

- | | | |
|----|---|----------------------|
| 1. | Adoption of the agenda | Doc. 17/044 |
| 2. | Approval of minutes dated 30 January 2017 | BD/MIN/273/2017 |
| 3. | Approval of confidential minutes dated 30 January 2017 | BD/MIN/CONF/273/2017 |
| 4. | Approval of minutes of written procedure dated 15 February 2017 | BD/WP/MIN/274/2017 |

AGENDA A

Equity

- | | | |
|-----|---|-------------|
| 5. | [...] | |
| 6. | Balderton Capital VI - <i>late dispatch</i>
Risk Capital Resources, own resources | Doc. 17/046 |
| 7. | Acto Mezz III
Risk Capital Resources, own resources | Doc. 17/047 |
| 8. | Axcel V
Risk Capital Resources, own resources | Doc. 17/048 |
| 9. | Portobello Fund IV
Risk Capital Resources, own resources | Doc. 17/049 |
| 10. | Orange Growth Capital II - <i>late dispatch</i>
Risk Capital Resources, own resources | Doc. 17/050 |
| 11. | Innovation Industries Fund IV
InnovFin Equity Facility for Early Stage, Risk Capital Resources,
own resources | Doc. 17/051 |
| 12. | [...] | |
| 13. | HPE Co-Investment Fund
ERP-EIF Co-Investment Growth Facility | Doc. 17/053 |

Guarantees

- | | | |
|-----|---|-------------|
| 14. | KMU Portfolio S.A., Compartment 2015-1 (Germany)
Credit enhancement (own risk) | Doc. 17/054 |
| 15. | Voba 6 (Italy)
Credit enhancement (own risk) | Doc. 17/055 |
| 16. | [...] | |
| 17. | Crédit du Nord, S.A. (France)
InnovFin SME Guarantee Facility | Doc. 17/057 |
| 18. | Austria Wirtschaftsservice GmbH (Austria) – second agreement
COSME Loan Guarantee Facility | Doc. 17/058 |

AGENDA B

Equity

19. Epique Kotouttaminen I Ky Doc. 17/059
EFSI - SME Equity Product Sub-window 1, own resources

20. [...]

Guarantees

21. [...]

C. Mandates and Products

1. Western Balkan Enterprise Development and Innovation Facility ("WB EDIF") – Doc. 17/062
Guarantee Facility increase

D. Corporate and Institutional Matters

1. Draft agenda of EIF's Annual General Meeting 2017 Doc. 17/063
Request for authorisation to submit to the General Meeting for approval
2. Annual Report 2016: second reading Doc. 17/064
Request for authorisation to submit to the General Meeting for approval
3. EIF Financial Statements for the year ended 31 December 2016 - *late dispatch* Doc. 17/065
Request for authorisation to submit to the General Meeting for approval
4. Appropriation of net income and distribution of dividends for 2016 - *late dispatch* Doc. 17/066
Request for authorisation to submit to the General Meeting for approval
5. Delegation of powers to the Chief Executive - update Doc. 17/067
6. Policy for the Use of Written Procedures - update Doc. 17/068
7. Ceiling applicable to EIF's equity participations Doc. 17/069
8. EIB Group Communications strategy

E. For information

1. Board of Directors follow-up programme Doc. 17/070
2. Erasmus+ Master Loan Guarantee Facility– update on implementation Doc. 17/071
3. EIB Operations Evaluation Report: Doc. 17/072
EIF's credit enhancement activity for SME Securitisation

F. Miscellaneous / Statements

G. Confidential session

- H. Date of next meeting: 3 April 2017 in Luxembourg

BOARD OF DIRECTORS

Those attending

<u>Members:</u>	D. SCANNAPIECO, Chairman A. FAYOLLE M. DESCHEEMAECKER ¹ E. MASSÉ B. ANGEL ² H. WIRTH
<u>Alternate Members:</u>	M. SANTONI J.-C. LALOUX M. HEIPERTZ ³ F. CARTAXO
<u>Chief Executive:</u>	P. L. GILIBERT
<u>Deputy Chief Executive:</u>	R. HAVENITH
<u>Secretary:</u>	M. LEANDER
<u>Absent:</u>	P. DELSAUX ²

¹ Present from item B.19 onwards.

² Power of attorney issued by Mr. DELSAUX to Mr. ANGEL.

³ Present from item B.19 up to and including item D.8.

The meeting of the Board of Directors ("Board") opened at 14:10.

A. QUORUM

The CHAIRMAN noted that Mr. DELSAUX was unable to attend the meeting and had issued a power of attorney to Mr. ANGEL.

The SECRETARY noted that there was a quorum.

B. FOR DECISION

The SECRETARY reminded the Board that, as of the March meeting, the minutes of Board meetings would be published, once signed and approved.

1. Adoption of the agenda

The Board of Directors adopted the agenda as presented in document 17/044.

2. Approval of minutes dated 30 January 2017

The Board of Directors approved the minutes of the Board meeting dated 30 January 2017, ref. BD/MIN/273/2017.

3. Approval of confidential minutes dated 30 January 2017

The Board of Directors approved the confidential minutes of the Board meeting dated 30 January 2017, ref. BD/MIN/CONF/273/2017.

4. Approval of minutes of written procedure dated 15 February 2017

The Board of Directors approved the minutes of the written procedure dated 15 February 2017, ref. BD/WP/MIN/274/2017.

AGENDA A

EQUITY

5. [...]

6. Balderton Capital VI

Risk Capital Resources and own resources

Venture capital fund focusing on early-stage ICT investments primarily in Western Europe.

The Board of Directors approved an investment in Balderton Capital VI, on the terms and conditions set out in document 17/046.

7. Acto Mezz III

Risk Capital Resources and own resources

Generalist hybrid debt-equity fund focusing on lower mid-market investments primarily in France.

The Board of Directors approved an investment in Acto Mezz III, on the terms and conditions set out in document 17/047.

8. **Axcel V** *Risk Capital Resources and own resources*
Generalist private equity fund focusing on lower mid-market investments primarily in Denmark and Sweden.

The Board of Directors approved an investment in Axcel V, on the terms and conditions set out in document 17/048.

9. **Portobello Fund IV** *Risk Capital Resources and own resources*
Generalist private equity fund focusing on lower mid-market investments primarily in Spain.

The Board of Directors approved an investment in Portobello Fund IV, on the terms and conditions set out in document 17/049.

10. **Orange Growth Capital II** *Risk Capital Resources and own resources*
Venture capital fund focusing on early-stage FinTech investments primarily in Europe.

The Board of Directors approved an investment in Orange Growth Capital II, on the terms and conditions set out in document 17/050.

11. **Innovation Industries Fund IV** *InnovFin Equity Facility for Early Stage, Risk Capital Resources and own resources*
Generalist technology transfer fund focusing on proof of concept-stage and/or (pre-) seed-stage and other early stage investments primarily in the Netherlands.

The Board of Directors approved an investment in Innovation Industries Fund IV, on the terms and conditions set out in document 17/051.

12. [...]

13. **HPE Co-Investment Fund** *ERP-EIF Co-Investment Growth Facility*
Co-investment fund focusing on growth-stage ICT and high tech investments in Germany.

The Board of Directors approved an investment in HPE Co-Investment Fund, on the terms and conditions set out in document 17/053. One Board member stated a conflict of interest and abstained.

GUARANTEES

14. **KMU Portfolio S.A., Compartment 2015-1 (Germany)** *Credit enhancement (own risk)*
Securitisation transaction of loans to enhance access to finance for SMEs in Germany.

The Board of Directors approved a guarantee on the terms and conditions set out in document 17/054. One Board member stated a conflict of interest and abstained.

15. **Voba 6 (Italy)** *Credit enhancement (own risk)*
Securitisation transaction of loans to enhance access to finance for SMEs primarily in the Italian regions of Trentino Alto Adige and Veneto.

The Board of Directors approved a principal guarantee on the terms and conditions set out in document 17/055. One Board member stated a conflict of interest and abstained.

16. [...]

17. **Crédit du Nord, S.A. (France)**

InnovFin SME Guarantee Facility

Direct portfolio guarantee to enhance access to finance for SMEs and small mid-caps in France.

The Board of Directors approved a principal guarantee on the terms and conditions set out in document 17/057.

18. **Austria Wirtschaftsservice GmbH (Austria) – second agreement**

COSME Loan Guarantee Facility

Counter-guarantee to enhance access to finance for SMEs in Austria.

The Board of Directors approved a budgetary allocation on the terms and conditions set out in document 17/058.

AGENDA B

EQUITY

19. **Epiqus Kotouttaminen I Ky**

EFSI SME Window Equity Product Sub-window 1 and own resources

Payment by Results scheme focusing on the integration of migrants and refugees in Finland.

The Board was presented with additional explanations on payment-by-result instruments.

The Board of Directors approved an investment in Epiqus Kotouttaminen I Ky, on the terms and conditions set out in document 17/059.

20. [...]

GUARANTEES

21. [...]

C. MANDATES AND PRODUCTS

1. **Western Balkan Enterprise Development and Innovation Facility ("WB EDIF") – Guarantee Facility increase**

Additional resources for the WB EDIF Guarantee Facility under the Instrument for Pre-Accession Assistance II to support youth employment lending and SME financing in the Western Balkans.

The Board of Directors approved (i) an additional EUR 10m to support Youth Employment lending in the Western Balkans and (ii) an additional EUR 20m to support access to finance for Serbian SMEs, funded by the Instrument for Pre-Accession Assistance II, as proposed in document 17/062. One Board member stated a conflict of interest and abstained.

D. CORPORATE AND INSTITUTIONAL MATTERS

1. Draft agenda of EIF's Annual General Meeting 2017

The SECRETARY stated that the dispatch of the agenda and corresponding documents would take place on 14 March 2017.

The Board of Directors approved the draft agenda as presented in document 17/063, and authorised the submission for approval at the Annual General Meeting ("AGM") taking place on 3 April 2017.

2. Annual Report 2016: second reading

The Board was invited to submit any final comments by close of business the following day.

The Board of Directors adopted the text of the EIF Annual Report 2016, as presented for second reading in document 17/064 and, subject to some editorial changes to be communicated for information, the Board authorised submission for approval at the AGM.

3. EIF Financial Statements for the year ended 31 December 2016

Information was presented as concerned the main modifications which had been introduced following the unaudited statements submitted to the Board in January.

In reply to questions from the Board, explanations were given with respect to the calculation of guarantee provisions and reporting on corporate bonds.

The Board of Directors adopted the EIF financial statements for the year ended 31 December 2016, as presented in document 17/065, and authorised submission for approval at the AGM.

4. Appropriation of net income and distribution of dividends for 2016

The Board discussed different considerations relevant to the appropriation of net income and distribution of dividends and recalled the approaches which had been adopted over previous years.

Having reflected on the different considerations, the majority of the Board considered that the proposal represented an acceptable approach, whilst one Board member would have favoured a lower appropriation of net income to the payment of dividends so as to increase resources for the support of EIF's activities.

The Board of Directors endorsed the proposed appropriation of net income and distribution of dividends for 2016, as presented in document 17/066, and authorised submission for approval at the AGM. Two members of the Board voted against the proposal.

5. Delegation of powers to the Chief Executive - update

The Board of Directors approved the updated delegation of powers to the Chief Executive, as presented in document 17/067.

6. Policy for the Use of Written Procedures - update

The Board of Directors approved the updated policy for the use of written procedures, as presented in document 17/068, including an editorial update discussed at the meeting.

7. Ceiling applicable to EIF's equity participations

Responding to questions from the Board, the CHIEF EXECUTIVE and the DEPUTY CHIEF EXECUTIVE further explained the background and the wider context of the applicable ceiling.

The Board of Directors approved the application of a ceiling of 70% of EIF's own funds for EIF's equity participations, as presented in document 17/069.

8. EIB Group Communications strategy

On the basis of a presentation on "EIB Group synergies and the new Communications strategy"¹ made by the EIB's Director of Communication, the Board discussed various communications-related considerations.

E. FOR INFORMATION

1. Board of Directors follow-up programme

The Board of Directors took note of the Board of Directors follow-up programme, as presented in document 17/070.

2. Erasmus+ Master Loan Guarantee Facility – update on implementation

The Board of Directors took note of the update on the implementation of the Erasmus+ Master Loan Guarantee Facility, as presented in document 17/071.

3. EIB Operations Evaluation Report: EIF's credit enhancement activity for SME Securitisation

On the basis of a presentation made by the EIB's Inspector General and Head of Operations Evaluation, the Board discussed the main conclusions of the report.

EIF services stated that the report's recommendations were largely agreed, with the notable exception of a full review of the value added methodology, which was not currently foreseen, given that the methodology had only been revised two years previously.

The Board had a general discussion on the respective EIB and EIF methodologies, and the assessment of the extent to which securitisation transactions resulted in banks increasing their lending to SMEs.

The Board of Directors took note of the EIB Operations Evaluation Report: EIF's credit enhancement activity for SME Securitisation, as presented in document 17/072.

¹ Document 17/080, made available at the meeting.

F. MISCELLANEOUS / STATEMENTS

The CHIEF EXECUTIVE and the DEPUTY CHIEF EXECUTIVE briefed the Board of Directors on a number of relevant issues.

G. CONFIDENTIAL SESSION

The Board of Directors held a confidential session, after the main meeting had concluded.

H. DATE OF NEXT MEETING

The Board of Directors agreed that the next meeting would take place in Luxembourg on 3 April 2017.

The meeting was closed at 17:00.

Luxembourg, 8 March 2017.

The CHAIRMAN (signed)

Dario SCANNAPIECO

The SECRETARY (signed)

Maria LEANDER