

BOARD OF DIRECTORS

Minutes of the meeting held in Luxembourg on Thursday, 21 March 2024

Parts of this document that, at the time of the meeting, fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...]

In attendance

Chairperson: Ms N. CALVIÑO

EIB Vice Presidents:

Mr A. FAYOLLE	Ms N. BEER
Mr T. ÖSTROS	Mr R. de GROOT
Ms G. VIGLIOTTI	Vacant position
Mr K. KAKOURIS	

Directors:

Mr M. ARGHYROU	Mr M. POLÓNYI
Ms A. BJÖRNERMARK	Mr M. PRECUP
Mr F. CARTAXO	Mr E. RUIZ de VILLA SAIZ
Mr D. CARVILLE	Ms K. RYSAVY
Mr C. CONSTANTINIDES	Ms K. SARJO
Mr H. D'HONDT	Mr L. SIPOS-TOMPA
Mr A. EBERHARDS	Mr A. ŠKOBERNE
Mr A. JACOBY	Mr T. SKURZEWSKI
Ms E. KALLENBACH	Ms J. SONNE
Ms M. LACOUE-LABARTHE	Mr M. SPITERI
Mr M. METHODIEV	Mr D. TRAKELIS
Mr P. PAVELEK	Mr R. UYTERLINDE
Mr M. PÖDER	Mr D. ZORIČIĆ

Expert Member:

Vacant positions

Alternate Directors:

Ms A. af URSIN	Mr M. MARQUES
Ms S. BLOMENHOFER	Ms F. MERCUSA representing Ms UTILI
Ms R. CAETANO	Mr Q. NAVARO-AUBURTIN
Ms E. CARLSSON	Mr M. PHILIPPOT
Ms B.F. CUCU	Ms E. PITTA
Mr J. de BOER	Mr C. REININGER
Mr P. FRÖHLICH	Mr M. TABACZAR
Ms I. GARAYO ORBE	Mr M. TAGGART
Ms B. GIANNINI	Ms J. UZIELIENE
Ms L. HALBRECQ	Ms S. VALTONEN representing Ms FLORES GUAL
Mr R. HŘEBÍK	Ms I. ZÁTROK
Mr H. KAELBLE	Mr M. ZDOVC
Ms R. LAIGO	Ms A. ZITCERE
Mr C. LAMBROPOULOS	Vacant position
Mr J. LICARI	

Alternate Expert Members:

Vacant positions

Secretary (*only item 16):

Mr S. ABELEND A MALLON

Mr D. MURPHY

Ms B. BALKE

Mr F. SCHUSTER*

Ms E. BOIS-WILLAERT

Ms A. VATIKIOTI

Mr M. DOWGIELEWICZ

Absent**EIB Vice Presidents:**

Ms T. CZERWIŃSKA

Directors:

Ms E. FLORES GUAL

Ms F. UTILI

Alternate Directors:

Ms G. BEREMSKA

Ms I. ŠPIRIĆ

The Chairperson declared the meeting open at 09:00.

1. Quorum

The Chairperson recorded that there was a quorum.

2. Agenda and declaration of conflicts of interest

The agenda (Doc 24/051) was adopted.

Mr Felipe Cartaxo, Ms Francesca Mercusa and Mr Martin Polonyi declared a conflict of interest for the topics discussed on item 5a [...].

3. Approval of minutes of previous meeting (BoD/569/24)

The Board of Directors approved the draft minutes of the meeting held on 6 February 2024 (PV/24/02) including the comments made by Ms Karin Rysavy.

4. Statements by the Chairperson

EIB Group strategic priorities

The Chairperson briefed the Board on the reflection paper on priorities for the EIB Group which had been shared with Board members following the informal ECOFIN meeting in Ghent on 23 February 2024. The Chairperson highlighted the positive and constructive discussions with ministers based on the eight priorities for the EIB Group. Work was currently ongoing at the technical and political levels to develop a roadmap that would be shared and discussed with the Board at its meeting in May 2024, before submitting formal proposals to the Board of Governors meeting in June 2024. A dedicated Board seminar will also be organised to facilitate more detailed discussion and exchange between the EIB management and the Board members.

In the ensuing discussion, the Board of Directors broadly expressed its in principle support for the reflection paper on the priorities for the EIB Group, emphasized the need for more information and requested to be kept closely involved in the preparation of the roadmap being developed for the Board of Governors. Work going forward should be taken, both on the technical level, including the organisation of dedicated seminars, and on the political and strategic level. Board members welcomed the reflection paper's focus on impact and the mobilisation of private sector capital. Board members requested consistency in the EIB's priorities going forward by keeping climate and cohesion at the highest level of priority, and that the recommendations of the EIB Review and Evaluation (REP) be taken into consideration in the roadmap. Some Board members referred to the need for prioritization considering the Bank's implementation capacity, capital consumption, and constraints such as the gearing ratio.

In terms of the Group's capacity to deliver and in order to reach a decision in relation to the Group's gearing ratio, the Board stated that any development to the lending volumes should be supported by detailed assumptions and figures. The Chairperson pointed out that the EU cannot reach its policy goals and close the investment gap with a shrinking EIB Group. Referring to internal

processes, she stressed the importance of pursuing greater agility, reduced time to market and efficiency to meet the growing demand for investments.

Replying to Board members' comments on activity outside the EU, the Chairperson stressed the importance of mandates and guarantees.

Several Board members called for an increase in the Group's support to the security and defence industry while safeguarding EIB financing capacity and credit status. In this context, references were made to the recent letter from fourteen EU leaders calling on the EIB to take on a stronger role in supporting the EU's defence. At the same time, the Chairperson noted Board members' call for a cautious approach to preserve the financial capacity and AAA rating of the Group, and the importance of preliminary consultations and closely monitoring of reactions from the market as well as cautiousness in outside communication.

Thanking the Board members for their support and contributions to the discussion, the Chairperson confirmed that the EIB Group was actively engaging with key stakeholders including the European Commission, NATO and investors, to calibrate its actions. The Chairperson recalled that at the informal ECOFIN meeting held in Ghent in February, the Group committed to do more and better: to update the scope and definition of dual-use, and ensure the Group accelerates its investments, for example through a one-stop-shop to streamline access and speed up deployment under the Strategic European Security Initiative (SESI) and the EIF Defence Equity Facility.

EIB management would keep the Board of Directors informed of next steps. A follow-up discussion would take place at the Board meeting in May.

Pan-European Guarantee Fund – Results and Expected Impact

The Chairperson briefed the Board of Directors on the Pan-European Guarantee Fund (EGF) Mandate – EIB Group Results and Expected Impact information report that had been shared with Board members. The Chairperson highlighted this as an important success story that contributed to a fast and strong recovery after the pandemic. In establishing the EGF mandate, the EIB Group had set up one of the largest and most complex mandates in its history and in a short period of time. The objective of the EGF was to deploy a set of high-risk products to help businesses, particularly SMEs, weather the economic impact of the Covid-19 crisis. The EGF was specifically designed to provide complementary EU-level support next to other EU and national instruments.

In terms of performance, all Key Performance Indicators were met, with total signatures of EUR 21 billion, and an Expected Investment Mobilised (EIM) of EUR 185.8 billion, resulting in a multiplier of 8.85x relative to the size of the guarantee.

While the EGF implementation was still ongoing, the information report was aimed at providing a brief analysis of the experience to date. A more thorough assessment would be carried out by the EIB Group Evaluation function, foreseen to start in the second half 2024.

In her concluding remarks, the Chairperson highlighted that a similar guarantee could be reproduced to respond to future crises and that the EIB Group is uniquely placed to provide such a Pan-European instrument, ensuring a level playing field in the EU single market and availability of a response at EU level.

Strategy and Policy

FOR DISCUSSION

5. Gender Equality & Women's Economic Empowerment: progress to date

The Management Committee invited the Board of Directors to discuss the presentation on Gender Equality & Women's Economic Empowerment: progress to date.

The EIB management briefed the Board of Directors on the progress to date on the EIB Group's support to gender equality and women's economic empowerment. It was recalled that the Board had approved the EIB Group Gender Action Plan 2021-2024. The plan would be extended by one year, taking into account lessons learned from the evaluation of the action plan that was currently ongoing.

It was pointed out that in 2023, the EIB Group financed 63 projects for a total investment amount of EUR 5.8 billion. Furthermore, the high impact of the EIB's activities in gender equality was emphasized, for example, new cancer detection technologies, and social and affordable housing including childcare facilities. High impact projects outside the EU included women entrepreneurship in the bioeconomy. The contribution of the EIB Advisory services to gender equality projects was highlighted.

The EIB management also briefed the Board on progress inside the EIB Group, for example the proportion of women in management had increased from 20% to 38% in the past 10 years. Dedicated training, mentoring programmes and networking groups are being supported and the EIB Group's EDGE certification has been extended.

In the ensuing discussion, Board members acknowledged the good progress to date, and called for further action, e.g. the target for women in management was considered to be modest and could be increased. More could be done to ensure the EIB's gender tag is adequately measuring the true level of gender diversity in the EIB's investments, in particular under programme loans. Board members asked if conditions could be applied to EIB supported projects related to gender diversity. The economic rationale for gender equality should be further emphasized. Generally, Board members referred to the large body of evidence suggesting that diverse management, including in the Board room, leads to better economic outcomes. Further progress should also be made in relation to male parental leave for EIB staff and a more progressive legal framework should be considered by the EIB as an employer.

EIF Chief Executive provided insights into the EIF key performance indicator aiming at 25% of equity and venture capital funds supported having diverse management teams. She also announced a new programme to support women's networks and mentoring schemes in the private equity and venture capital sector.

The College of Staff Representatives provided an overview of the current provisions for parental and leave for EIB staff, pointing out that the financial incentive decreased over time.

The Chairperson concluded that the Board of Directors took note of the Gender Equality & Women's Economic Empowerment: progress to date and informed that a follow-up discussion would take place later in the year when the Board would discuss the new EIB Group Diversity Strategy.

FOR APPROVAL

5.a [...]

Operations/Other operational questions

Operations within the European Union

Investment Loan

6. [...]

7. Helen - Green Transition CAPEX (FI) (Doc 24/075)

Borrower: HELEN OY

Max. amount: EUR 150m

The Chairperson recorded that the Board of Directors approved the financing proposal.

8. [...]

9. [...]

10. Novo EV Battery Production (SE) (Doc 24/078)

Borrower: NOVO ENERGY PRODUCTION AB

Max. amount: USD 500m (approx. EUR 459m)

The Chairperson recorded that the Board of Directors approved the financing proposal.

Operations outside the European Union

Framework Loan

11. Ukraine Energy Efficiency Repair of Residential Buildings (Ukraine) (Doc 24/079)

Borrower: UKRAINE
Max. amount: EUR 230m

In the opening remarks, the Chairperson highlighted the importance of this framework loan to support the rapid rehabilitation and repair of war-damaged multiapartment buildings in selected cities in Ukraine with the implementation of energy efficiency measures. She pointed out that this is the second operation to receive support from the EU for Ukraine (EU4U) Fund.

The Chairperson recorded that the Board of Directors approved the financing proposal.

Other Operational Questions

12. The New Lending Delegation Framework (LDF) – Lessons Learnt from the First Year (2023) of Implementation (Doc 24/081)

The EIB Management Committee requested the Board of Directors to i) take note of the outcome of the lessons learned analysis of the Lending Delegation Framework and consequently of the appropriateness of the framework; and ii) approve the only proposed adjustment to the LDF in the form of a new definition and name change proposed for the High Physical Project Risk criterion.

In her introductory remarks, the Chairperson made reference to prior discussions where the proposal had received strong support as it led to better streamlining and improved responsiveness to clients.

In the ensuing discussion, the Board members welcomed the proposed amendment to the high physical risk criterion, provided that the Board remains duly informed wherever these risks may also trigger reputational risks for the Bank.

The Board member nominated by the European Commission (EC) highlighted the importance of close interaction and information sharing between the Bank's services and the EC through the Article 19 consultation procedure, stating that it could help reduce reputational risk in decisions taken under the delegation framework.

It was clarified in the meeting that the reference to "court proceedings" in the proposed new definition of High Physical Impact Risk criterion refers to appeals or proceedings before the European Court of Justice (ECJ) and national courts. It was also clarified that in cases where material residual reputational risks are identified, the Management Committee may refer the operation to the Board of Directors for approval, for example in cases of compensatory measures under EU environmental law or as the result of relevant infringement procedures.

In reply to a question from a Board member, the EIB management recalled that regular reporting (monthly, semi-annual and annual) was provided to the Board. The feasibility of producing online dashboard reporting could be looked into.

Board members enquired about the possible increase in thresholds within framework loans for operations inside the EU. In reply, the EIB management recalled that these thresholds are approved by the Management Committee and, based on the positive feedback received in the Working Group on Governance, a proposal to increase framework loan thresholds for operations inside the EU would be submitted to the Management Committee soon.

In the absence of any further comments, the Chairperson recorded that the Board of Directors approved the adjustment to the Lending Delegation Framework in the form of a new definition and name change proposed for the High Physical Project Risk criterion, and in accordance with the clarifications provided in these minutes.

13. Ren-Gas Green Liquid Fuels Production (FI) and sub-operations to LAHTI and TAMPERE (Doc 24/082)

Borrower: SPECIAL PURPOSE ENTITY(IES)/FUND

Max. amount: EUR 231m

The Chairperson recorded that the Board of Directors approved the financing proposal.

14. [...]

Reporting

FOR APPROVAL

15. EIB Group Internal Liquidity Adequacy Assessment Process (ILAAP) 2023

(Doc 24/085)

[...]

16. Introduction to the Financial Statements as at 31 December 2023 (Doc 24/057)

16.1 Analytical Report as at 31 December 2023 (Doc 24/058)

16.2 Financial Report as at 31 December 2023 – Initial Sections (Doc 24/059)

16.3 EIB Statutory Financial Statements of the Bank as at 31 December 2023

(Doc 24/060)

16.4 EIB Group Consolidated Financial Statements under EU Directives as at 31 December 2023 (Doc 24/061)

16.5 EIB Group Consolidated Financial Statements under IFRS as at 31 December 2023 (Doc 24/062)

16.6 Investment Facility Financial Statements as at 31 December 2023 (Doc 24/063)

The Management Committee invited the Board of Directors to:

- i) take note of the Analytical Report on the 2023 Financial Statements,*
- ii) approve the Bank's three (3) sets of Financial Statements for the year 2023 and approve their transmission to the Board of Governors for approval,*
- iii) approve the 2023 Financial Statements for the Investment Facility and approve their transmission to the Board of Governors for approval,*
- iv) approve the proposal for the appropriation of the EIB statutory result for the year 2023 as set out under section 4 of Document 24/058 for submission to the Board of Governors, and*
- v) approve the initial sections of the Financial Report 2023 that precede the financial statements of the EIB and the EIB Group. The Audit Committee, within its statutory role and as per established practice, participated to the meeting, as well as the representative from the Bank's external auditor and the representative from the College of Staff Representatives.*

The Chairperson recalled that for 2023 the Bank's surplus after provisions amounts to EUR 2,274m. The consolidated surplus under the European Union Accounting Directives amounts to EUR 2,407m, and the consolidated result under IFRS standards shows a profit of EUR 2,272m. Furthermore, she explained that the EIF Board of Directors adopted the EIF Financial Statements for the year 2023 on 20 March 2024 for their submission to the EIF Annual General Meeting.

The Bank's management presented the key elements of the analytical report. With respect to the evolution of the net banking income, the overall increase of 11.9% compared to 2022 and an overall surplus before provisions of EUR 57m higher than the previous year were highlighted. The negative impact of net provisions was noted, mainly explained by the increase in specific provisions of the loan portfolio, as were the increase of the operating expenses by 14.6%, mainly due to the headcount evolution, other operating expenses, influenced by the rise of consultancy costs and external services, and the decrease in the net results from Risk Capital Resources and other equity operations. Finally, the proposed appropriation of result was explained.

Board members thanked the Bank's Services, the members of the Audit Committee and the Bank's external auditor for the work performed and welcomed the Financial Statements presented, highlighting that they show a solid financial position and an effective operational management allowing Bank to be sustainable, resilient, and profitable despite the unprecedented multiple world crises.

In the ensuing discussion, Board members enquired about the risks related to the Bank's loan portfolio, the evolution of the disbursements, the issuance of green and climate awareness bonds and on the evolution of the Bank's profitability, and the impact of the increase in the interest rates on the net banking income over time. Furthermore, clarification was sought on the articulation of the Bank's reserves, the cost of hedging compared to the cost of credit management and operational cost, and the timeline for the rotation of the external auditor.

During the discussion, some Board members requested joint deliberations of the Audit Committee and the Board on the future delineation of risk management. Some Board members requested the Audit Committee opinion on the development of risk-weighted assets and on the biggest risks with respect to the Bank's loan portfolio. Several Board members expressed their concern with respect to the increase of the operating expenses and the deterioration of the cost-to-income ratio and stated the need for a discussion on efficiency and cost reduction including a discussion on the headcount evolution and pension scheme in the Board Committee on Staff Remuneration and Budget. The importance of the implementation of Best Banking Practice and to advance on automatisisation was also raised. Finally, making reference to the flat profile of assets at consolidated level and to a downward trend, several Board members emphasised the difficulty for the EIB Group to increase its ambition and to deal with growing needs with a shrinking balance sheet.

The Bank's management clarified that the absolute amount of green and climate awareness bonds issued remained unchanged. On the evolution of the disbursements, it was explained that the year-end bunching caused by the increase in activity in 2022 and 2023 affected the disbursement pattern, the imbalance in the stock of undisbursed loans to the public sector in comparison to the private sector was also noted. To questions relating to the Bank's profitability, it was explained that EIB has a different business model from commercial banks. Moreover, the legal and accounting framework of the legal reserves was outlined. Finally, it was confirmed that 2026 is the last financial year to be audited by the current external auditor.

In reply to the several questions on the pensions scheme, the Bank's management explained that the pension scheme faces actuarial deficit due to the current interest rate situation and to the level of provisioning achieved. The situation in relative terms remains favourable. The College of Staff Representatives clarified that the financial long-term sustainability of the pension scheme is assessed separately and should not be mixed up with the accounting representation which is based on the pension liabilities only and does not reflect the investments made with the pension contributions collected by the Bank. He also explained that the financial sustainability of the scheme had been recently confirmed by external actuaries. Furthermore, the Bank's external auditor confirmed that from an audit and accounting point of view, the pensions are in line with the accounting framework and that the assumptions taken by the Bank are in line with the market as well as with peers.

Addressing questions from several Board members, the chair of the Audit Committee explained the provisioning process in the context of portfolio asset quality, affirming that there is no deficiency of the internal control system that would affect the fairness of the presentation of the financial statements and confirmed that the members of the Audit Committee systematically assess the implications of the internal audit reports on the financial statements and operations.

The representative from the Bank's external auditor confirmed on behalf of the external auditor that they had completed the audit procedures on the three sets of Financial Statements for the year 2023 and on the 2023 Financial Statements for the Investment Facility and that they are ready to issue unmodified audit opinions on all four sets of financial statements with the date of the meeting, subject to the approval of the Board of Directors.

The chair of the Audit Committee informed the Board that the Audit Committee intended to issue the Audit Committee statement to the EIB President confirming that i) the three sets of Financial Statements for the year 2023 and the 2023 Financial Statements for the Investment Facility give a true and fair view of the financial position of the Bank, ii) that the activities of the Bank are conducted in a proper manner, in particular with regard to risk management and monitoring, and iii) that the activities of the Bank conform to best banking practice applicable to it.

The Chairperson took note of the confirmation provided by the representative of the external auditor on the issuance of an informal and provisional audit clearance and their readiness to sign off on the three sets of Financial Statements for the year 2023 and on the 2023 Financial Statements for the Investment Facility. Furthermore, the Chairperson took note of the provisional clearance provided by the Audit Committee for the aforementioned financial statements.

The Chairperson recorded that the Board of Directors:

- took note of the Analytical Report on the mentioned financial statements;
- approved the Bank's 3 sets of Financial Statements for the year 2023 and approved their transmission to the Board of Governors for approval;
- approved the Financial Statements for the year 2023 and approved their transmission to the Board of Governors for approval for the Investment Facility;
- approved the proposal for the appropriation of the EIB statutory result for the year 2023 as set out under section 4 of Doc 24/058 for submission to the Board of Governors;
- approved the initial sections of the Financial Report 2023 that precede the financial statements of the EIB and the EIB Group.

FOR DISCUSSION

17. [...]

18. Implementation of Evaluation's Recommendations - 2023 End-of-Year Report

(Doc 24/087)

The Management Committee invited the Board of Directors to take note of the Implementation of Evaluation's Recommendations - 2023 End-of-Year Report.

In her opening remarks, the Chairperson reported the good progress made on implementing the Evaluation's recommendations within the timeline set.

Addressing some Board members' comments on the overdue recommendations on the evaluation on climate adaptation referring also to the underperforming climate adaptation targets, the Bank's management explained the ongoing work to improve the results framework for adaptation projects alongside other Multilateral Development Banks (MDBs) as co-chair of the MDBs Working Group on Climate Adaptation.

Referring to the overdue recommendations of the Special Activities evaluation, the Bank's management stressed the evaluation's positive correlation of impact and value added for riskier

projects, while ensuring cost coverage. The Bank’s management elaborated on the dichotomy between regular and special activities which is not fully reflecting the merits of the projects but rather the borrower’s credit ratings. The impact on capital and profitability of expanding special activities volumes was also mentioned. The Board of Directors would be kept informed on progress made to the outstanding recommendations touching upon the definition of special activities and refinement of the pricing elements.

In the absence of any further comment, the Chairperson recorded that the Board of Directors took note of the Implementation of the Evaluation’s Recommendations – 2023 End-of-Year Report.

19. Complaints Mechanism Semi-Annual Report - Second Semester 2023 (Doc 24/088)

[...]

20. Update on the Efficiency Project

[...]

Miscellaneous

21. Date of the next meeting:

The Chairperson announced that the next meeting would be held on Monday, 15 April 2024 in virtual format starting at 09:00.

The Chairperson declared the meeting closed at 14:40.

Annexes

Annex 1: Proposals submitted by written procedure

[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]

Proposals submitted by written procedure

Approval by the Board of Directors, of the following proposals submitted by written procedure during the period since the previous meeting held on 06 February 2024 was recorded:

Approval on 26 February 2024

Other operational questions

- i. SRIW COVID19 Response Loan for SMES and Midcaps (BE) - Change(s) after Board Approval** **Doc 24/053**
 Borrower: WALLONIE ENTREPRENDRE
- ii. PAN-EU Wind Power Package Risk Sharing (Regional - EU Countries) - Change(s) after Board Approval** **Doc 24/054**
 Borrower: ACCEPTABLE BANKS
- iii. Greek Universities PPP - Programme Loan (EL) - Change(s) after Board Approval** **Doc 24/055**
 Borrower: SPECIAL PURPOSE VEHICLES
 Max. amount EUR 260m
- iv. Signature of the Contribution Agreement of the Technical Assistance and Partial Portfolio Guarantee for the Tanzania Gender and Blue Economy Facility under the Africa Investment Platform (Tanzania)** **Doc 24/056**

Approval on 21 March 2024

Miscellaneous

- v. The Lending Base Rates (the “Blue Curve”) applicable in March 2024** **Doc 24/097**