

We're the European Investment Fund

*PLAN EUROPEO DE RECONSTRUCCIÓN
«NEXT GENERATION EU»
Oportunidades para la Región de Murcia*

WebinarsUE, 7 July 2020

*We share risk with FIs**

Backed by the EU, our role is to improve small business access to finance across Europe. We do this through equity and debt risk sharing solutions.

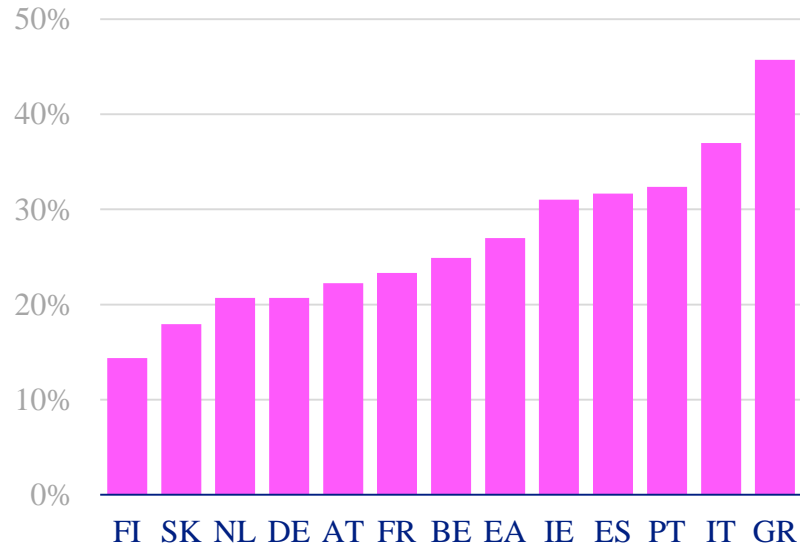
We understand small businesses are a high risk lending proposition for financial intermediaries, we offer solutions that alleviate a portion of the risk.

** Financial intermediaries include banks, leasing companies, micro finance institutions, funds, universities and other financial intermediaries able to lend.*

1 in 4* SMEs fail to access the financing they need

We help improve the funding environment for small businesses by addressing financing gaps

SMEs experiencing significant problems in finding suitable finance solutions, of any nature*



■ HY1/2019

Factors adversely affecting access to finance

- Information asymmetry** → Hard to assess SMEs' risk proposition
- Scarcity of capital** → Due to capital adequacy requirements
- Underserved sectors** → Lack of sector specific financing and targeted financing terms

We deliver market driven solutions for lenders in SMEs

- Sharing risk
- Providing capital relief
- Building ecosystem

Our unique approach

We design financial instruments that share risks with our partners multiplying public resources and increasing the supply of finance

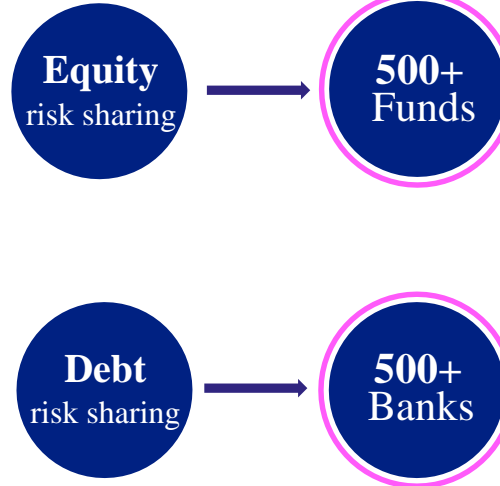
Our resources

- European Commission
- European Investment Bank
- Local authorities & National Promotional Institutions
- Other investors*

Our approach



Our partners



Small businesses



5x leverage of public resources**

*Includes EIF's own resources and other external resources including private investors.

**On aggregate based on 2019 transactions. Depending on the instrument and the transaction, the leverage achieved can range from 4x to 40x.

Source: EIF Annual Report 2019.

Our statutes and ownership

We have a unique status, policy and return objectives

Own resources



Public-private partnership



AAA credit rating**



Policy & return objective

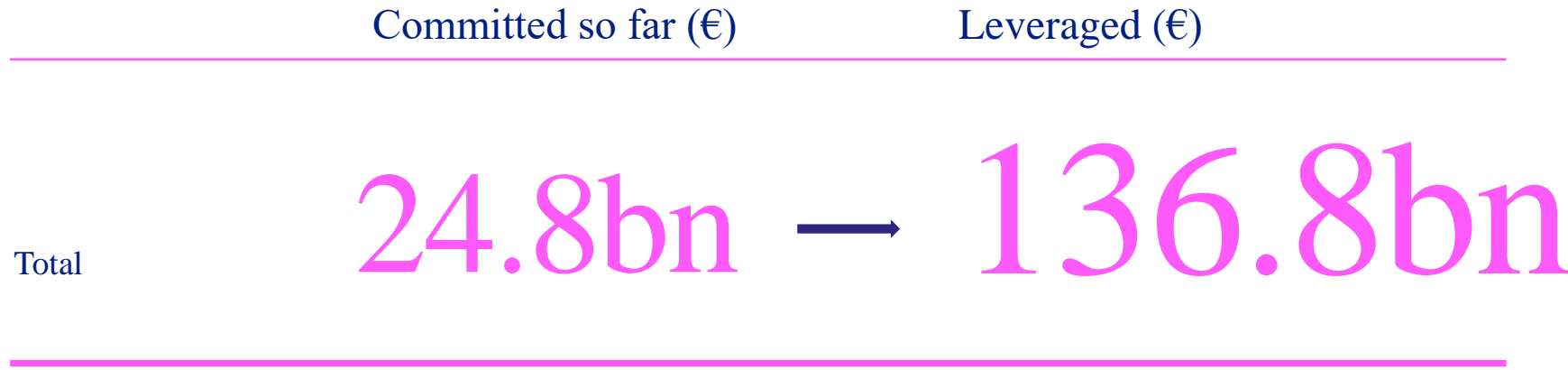


*20% paid-in.

**AAA-rated by three major rating agencies. EIF has a preferred creditor status. ("Multilateral Development Bank") allowing a 0% risk weighting to assets guaranteed by EIF.

Our collective achievements so far

Together with our partners we have financed more than 1.8m SMEs and mid-caps with EU backed guarantee instruments

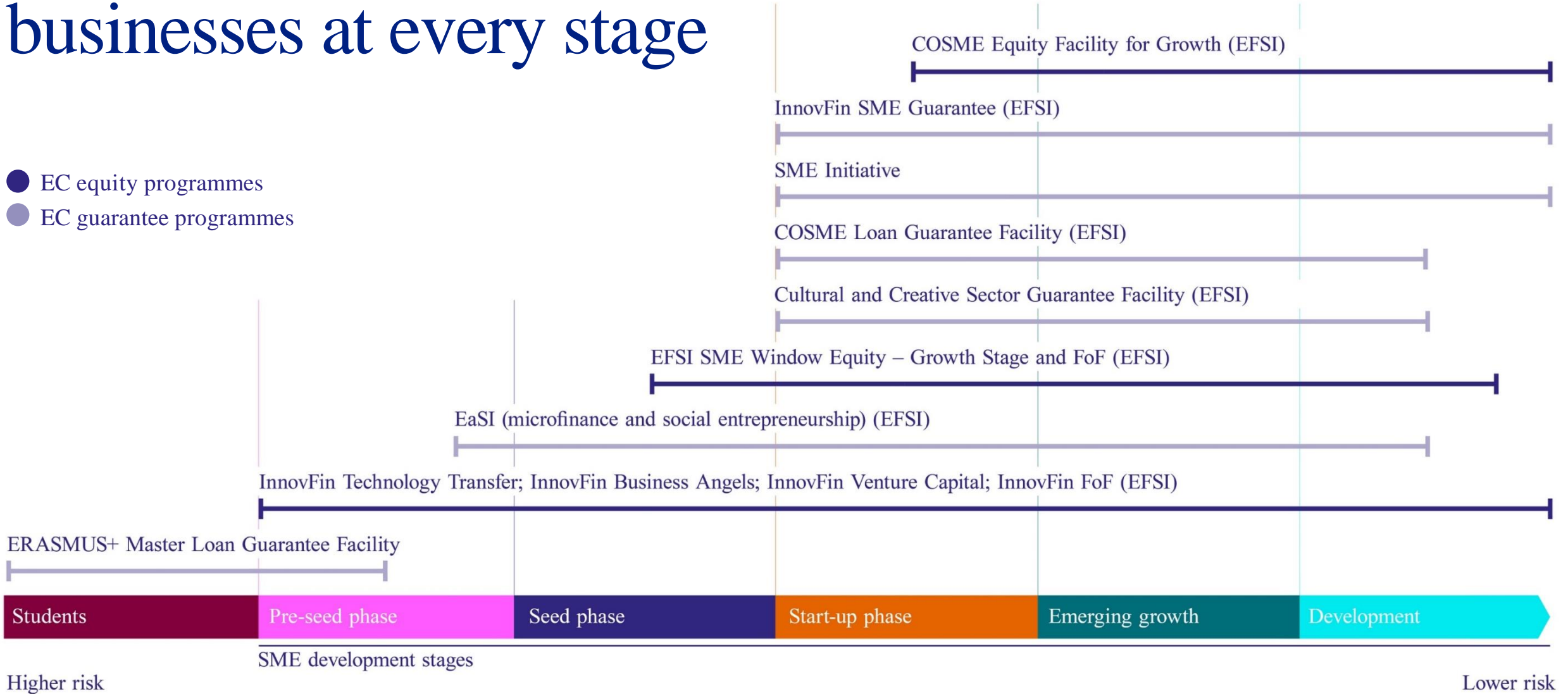


Debt risk sharing with financial intermediaries



EC programmes helping businesses at every stage

- EC equity programmes
- EC guarantee programmes



Current EU backed guarantees available

Differentiated loan terms to suit different client types

EU mandates target clients	Students, adult learners Skills & Education Pilot	Micro enterprises EaSI	Social enterprises EaSI	High risk & high growth SMEs COSME LGF	Cultural and creative sectors SMEs CCS LGF	Innovative SMEs, small mid-caps & mid-caps INNOVFIN SMEG
Client size	Students SMEs	< 10 FTE < €2m turnover	< €30m turnover	<250 FTE	N/A	<3,000 FTE
Loan size	Students < €30K	< €25K	< €500K	< €3m	< €2m	< €7.5m
Eligible financing**	Student financing Training projects	• Working capital • Tangible & intangible investments • M&A				

Summary of key guarantee terms

Differentiated terms addressing different market failures

EU mandates target clients	Students, adult learners, training organisations Skills & Education Pilot	Micro & social enterprises EaSI	High risk & high growth SMEs COSME LGF	Cultural and creative sectors SMEs CCS LGF	Innovative SMEs, small mid-caps & mid-caps INNOVFIN SMEG
Financial instruments	Capped portfolio guarantee	Capped portfolio guarantee	Capped portfolio guarantee	Capped portfolio guarantee	Uncapped portfolio guarantee
Guarantee rate	<80%	< 80%	< 50%	< 70%	< 50%
Guarantee fee	Free of charge	Free of charge	Free of charge	Free of charge	0.5%-1.3%*
Guarantee tenure	15 yrs	6/10 yrs	10 yrs	10 yrs	10 yrs
Lending conditions	Tailored to each individual transaction (e.g. reduction in collateral or increased volumes)	Transfer of benefits	New riskier product (e.g. collateral reduction, increased maturities, start-up financing) or substantial increase in lending volumes	New riskier product (e.g. collateral reduction, increased maturities, start-up financing) or substantial increase in lending volumes	Reduced cost of SME & small mid cap lending. Limit on the number transactions with mid-caps
Type of financial intermediary	Universities, vocational training centres, banks, funds, foundations	Microfinance FIs. Small Banks, Co-op banks, foundations, banks, NPIs	---- Banks, NPIs, leasing companies, guarantee institutions, debt funds ----		

* In the form of senior and/or subordinate debt

Summary of key guarantee terms Covid-19 enhancements

EU mandates target clients	Students, adult learners, training organisations Skills & Education Pilot	Micro & social enterprises EaSI	High risk & high growth SMEs COSME LGF	Cultural and creative sectors SMEs CCS LGF	Innovative SMEs, small mid-caps & mid-caps INNOVFIN SMEG
Financial instruments	Capped* portfolio guarantee	Capped portfolio guarantee	Capped portfolio guarantee	Capped portfolio guarantee	Uncapped portfolio guarantee
Guarantee rate	<80%	< 80%	< 50%	< 70%	< 50%
Improved Covid-19 guarantee rate	< 80%	< 90%	< 80%	< 90%	< 80%
Key enhancements	<ul style="list-style-type: none"> Improved guarantee terms for companies investing in skills and education and providers of education 	<ul style="list-style-type: none"> Coverage of capitalised interest allowed Increase of the outstanding exposure per client to EUR 50,000 / EUR 1,000,000, with the individual transaction remaining capped at EUR 25,000/EUR 500,000 1y extension of the guarantee coverage 	<ul style="list-style-type: none"> Postponement, rescheduling or credit holiday period covered (**) Coverage of accrued or capitalised interest extended up to 360 days(***) Extended roll-over period for revolving transactions Increased cap rate (****) 	<ul style="list-style-type: none"> Postponement, rescheduling or credit holiday period covered (**) Coverage of accrued or capitalised interest extended up to 360 days(***) Extended roll-over period for revolving transactions Increased cap rate (****) 	<ul style="list-style-type: none"> Postponement, rescheduling or credit holiday period explicitly allowed (**) Coverage of accrued or capitalised interest extended up to 360 days(***) Innovation eligibility criteria more flexible Extended roll-over period for revolving transactions

* In the form of senior and/or subordinate debt **Applied to existing or new transactions to be covered by the guarantee until the validity of the guarantee. *** provided that no default has been declared no acceleration instilled, this creating incentive for intermediaries to support repayment flexibility **** subject to EIF board approval

EaSI Financial Instruments

The Employment and Social Innovation financial instruments aim at increasing the availability of and access to finance for vulnerable groups.

The EaSI financial instruments comprise EaSI GFI (portfolio guarantee), EaSI funded and EaSI capacity building.

EaSI financial instruments

Three instruments, one goal

EIF

3 EaSI financial instruments

FIs

Final recipients



- Portfolio guarantee:**
Free-of charge first-loss capped portfolio guarantee
EIF acting as guarantee provider
- Funded instrument:**
Unsecured long-term debt and sub-debt for loan portfolio financing
EIF acting as lender
- Capacity building:**
Equity and quasi equity to eligible FIs to reinforce their institutional and / or indebtedness capacity
EIF acting as investor



Provide access to loans

- Micro enterprises
- Social enterprises
- Self-employed

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