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EIB financial tools for SMEs

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Providing finance and expertise for sound
and sustainable investment projects



Leading developer of risk financing
for innovative SMEs

The European Investment Bank at a glance

- Policy driven EU long term financial institution, created by the Treaty of Rome, share capital held by 28 member states, rated AAA
- Largest multilateral lender and borrower in the world
- Raises funds on the international capital markets
- Passes on favourable borrowing conditions to clients
- Some 440 projects financed each year in over 160 countries
- More than 90% of lending is inside the EU
- Headquarters in Luxembourg and 30 local offices
- Around 2 400 staff:
 - Not only finance professionals, but also engineers, sector economists and socio-environmental experts
 - More than 50 years of experience in financing projects

Lending priorities: 2014 achievements



LENDING : Standard products

PMI e Mid-caps < 3000 dipendenti	Mid- Caps < 3000 dipendenti	Grandi Aziende > 3000 dipendenti
Linee di credito intermedie da partner bancari	Linee di credito intermedie e/o linee dirette BEI	Linee dirette BEI

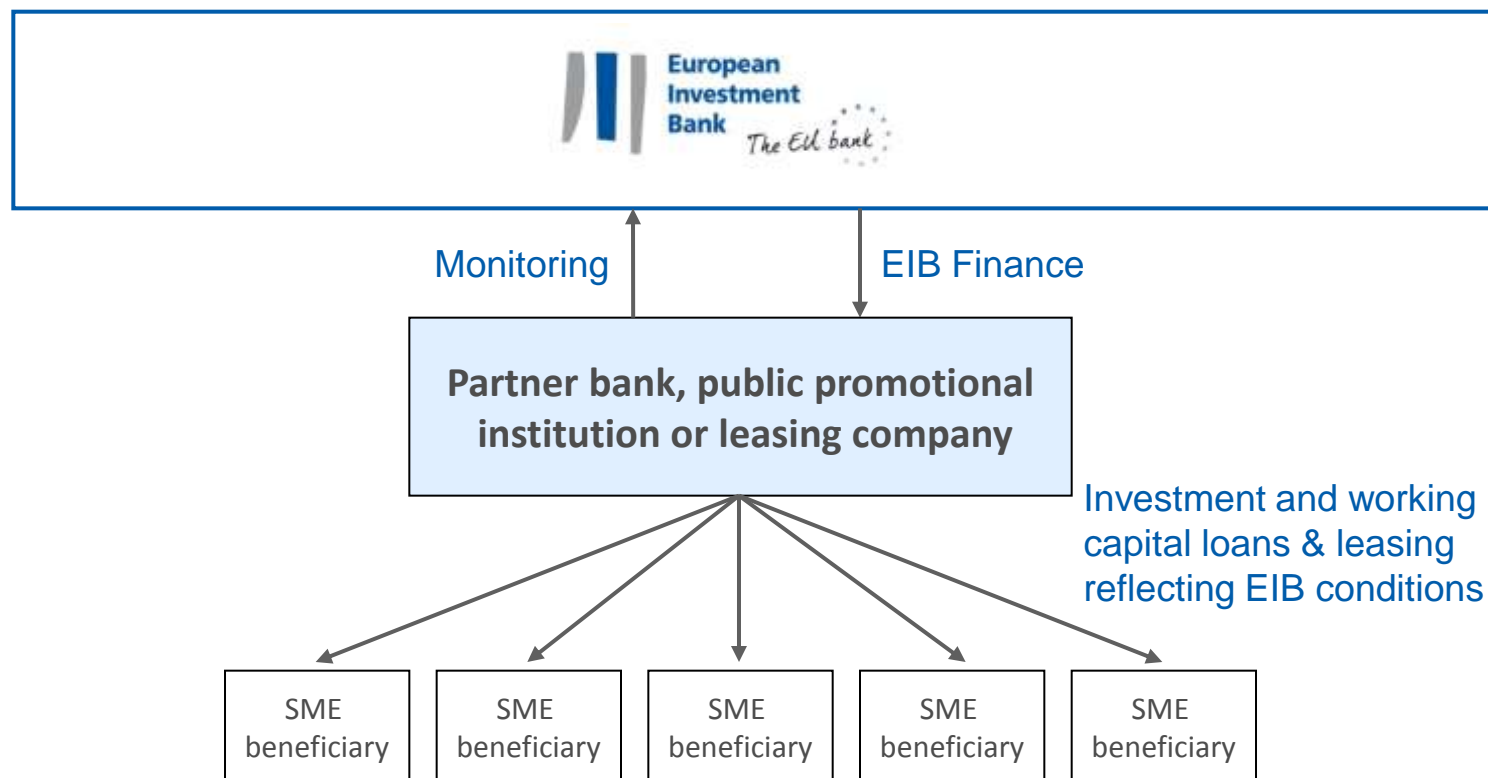
- **SME, small midcap and multi-beneficiary loans**
(investment cost < EUR 25m)
 - Small and medium-scale projects (particularly to SMEs and small infrastructure) via national and regional intermediary banks
 - Lending decision remains with the financial intermediary
- **Midcap loans** (investment cost < EUR 50m)
 - Lending decision remains with the financial intermediary
- **Framework loans** (investment cost < EUR 50m)
 - Sector specific loans in particular renewable energy and energy efficiency
- **Direct loans** for large-scale projects (investment cost > EUR 50m)

SMEs and midcaps, a lending priority, many invest in innovation

Loan for SMEs and small midcaps has permitted the Bank to increase its lending volumes to SMEs and midcaps and to increase transparency in the utilisation of EIB funds:

- simplification of the definition of SME (up to 250 employees), midcap (up to 3,000 employees) and of sectors financed (all economic sectors financed with limited exceptions such as arms, gambling, tobacco, real estate etc);
- up to 100% financing of investments, incl R&D;
- leasing also eligible;
- financing of permanent working capital;
- simplification of allocation procedures;
- transparency in the utilisation of EIB funds and requirement to transfer a significant quota of the financial valued added to the SME;
- additionality requirement;
- loans for SMEs and midcaps are provided through the banking system;
- list of EIB intermediaries on EIB website;
- terms applied (tenor, amortisation period, interest rate and security) are determined by the intermediary

EIB loans for SMEs and Midcaps: how does it work?



Main features



FACILITATING: Innovative financing options

- **Range of financial instruments to enhance the impact of EIB funding, also through blending with resources from the European Commission and / or Member States, such as:**
 - InnovFin SME Guarantee
 - InnovFin MidCap Guarantee (portfolio guarantees benefitting innovative Midcaps)
 - InnovFin MidCap Growth Finance (direct lending to innovative Midcaps)



European
Investment
Bank



InnovFin – EU finance for innovators

EUROPEAN INVESTMENT FUND		European Investment Bank The EIB bank	
SMEs	Mid-Caps	Large Caps	Advisory
InnovFin SME Guarantee	InnovFin MidCap Guarantee	InnovFin Large Projects	InnovFin Advisory
InnovFin SME Venture Capital	InnovFin MidCap Growth Finance		
SMEs and small Mid-Caps < 500 Employees	Mid-Caps < 3,000 Employees	Large Caps Typically > 3,000 Employees	Public & Private sector promoters
Intermediated SME/Mid-Cap Financing	Intermediated and/or direct Corporate lending	Direct Corporate Lending	Financial Advisory

direct products

indirect products



**European
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InnovFin SME Guarantee

This guarantee instrument covers the risk related to losses of a portfolio

**Up to 50% loss
coverage
(Principal +
Interest 90D)**

**Full Delegation
to Financial
Intermediaries**

**Automatic
Coverage/Inclusion**

**Attractive
Guarantee
Terms**

**Favourable
Capital
Treatment**

**Guarantee
and
Counter-Guarantee**

What transactions can be supported?

Purpose of Financing: Loans, Credit Lines, Leases and Bonds

**Tangible &
Intangible
Assets**

**Working
Capital**

**Business
Transfers**

- Loan amount: min EUR 25k – max EUR 7.5m (only Senior Debt)
- Loan maturity : min 1 year – max 10 years
- Currency : EUR and local currency
- Max Portfolio : EUR 400m per intermediary – EUR 1bn per intermediary group
- See www.eif.org

Two products for Innovative Mid-Caps

1. Indirect Financing (Risk Sharing) for Senior Loans: Mid-Cap Guarantee



2. Direct Growth Financing (Mezzanine): Mid-Cap Growth Finance



How does MidCap Growth Finance work?



- Direct long term debt and mezzanine finance: EUR 7.5m – EUR 25m
- For innovative Mid-Caps and SMEs (eligible counterparty concept)
- EIB can finance up to 50% of all investments over 3 years
- Streamlined EIB approval process & English law

➤ **In Friuli Venezia Giulia (Italy)**

- 1,659 SMEs have been financed between 2010 and 2014 for EUR 492m. The average loan size was EUR 300,000.

➤ **In Slovenia**

- Loans for SMEs and small infrastructure have financed some 3,482 small and medium sized projects between 2010 and 2014 for EUR 816m with an average loan size of EUR 230,000.

➤ **In Croatia**

- Loans for SMEs have financed 3,705 projects between 2010 and 2014 for EUR 1,344m. The average size of loans was EUR 360,000.

➤ **In Serbia**

- 2,882 SMEs financed between 2010 and 2014 for EUR 863m with an average loan size of EUR 300,000.

Thank you!

More information at: www.eib.org

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