

Semaine européenne des PME 2013

Chambre de Commerce, Luxembourg

25 novembre 2013

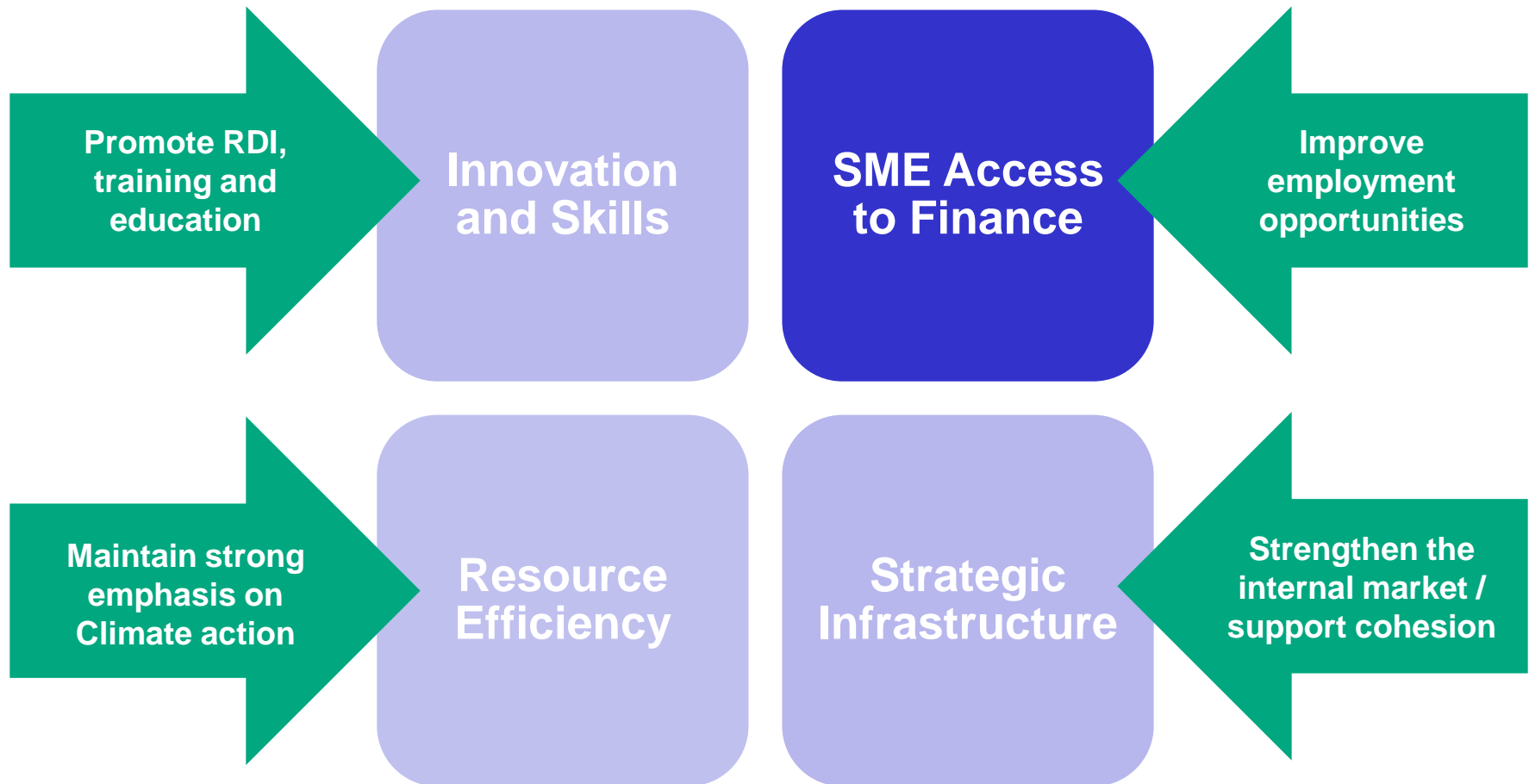
Romualdo Massa Bernucci
BEI - Directeur

- **EIB Group overview and strategy**
- **SME financing: instruments and results**
- **EIB group activity in Luxembourg**
- **Enhanced support to SME finance and the EU economy**
- **New Initiatives for Innovative SME financing:**
 - EIB Trade finance initiative
 - Risk Sharing Initiative for innovative SMEs
 - “Jobs for Youth” and “Investing in Skills”
 - SME loan securitisation initiatives

The EIB - The EU bank

- EIB Group = EIB (MLT Finance) + EIF (Guarantees/Equity)
- EIB provides finance and expertise for sound and sustainable investment projects – benefit of AAA rating
- Natural financing partner for the EU institutions
- EU's long-term lending bank set up in 1958
- Shareholders: 28 EU Member States
- Largest multilateral lender and borrower in the world
- Some 90% of lending is inside the EU
- Headquarters in Luxembourg and 30 local offices
- Around 2,000 staff members

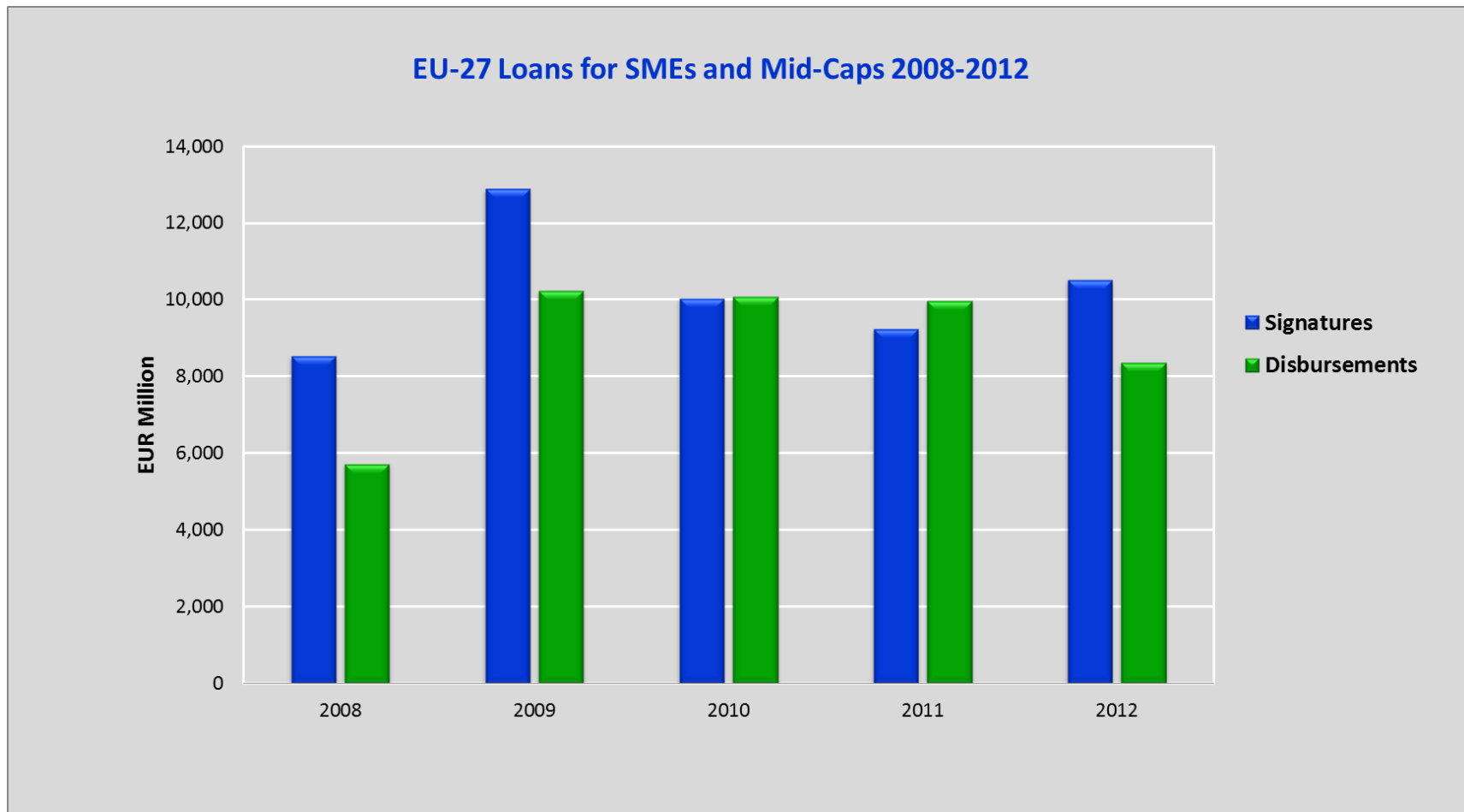
The EIB strategy: growth and employment in Europe



EIB Group SME lending and microfinance



EIB SME and Midcaps financing

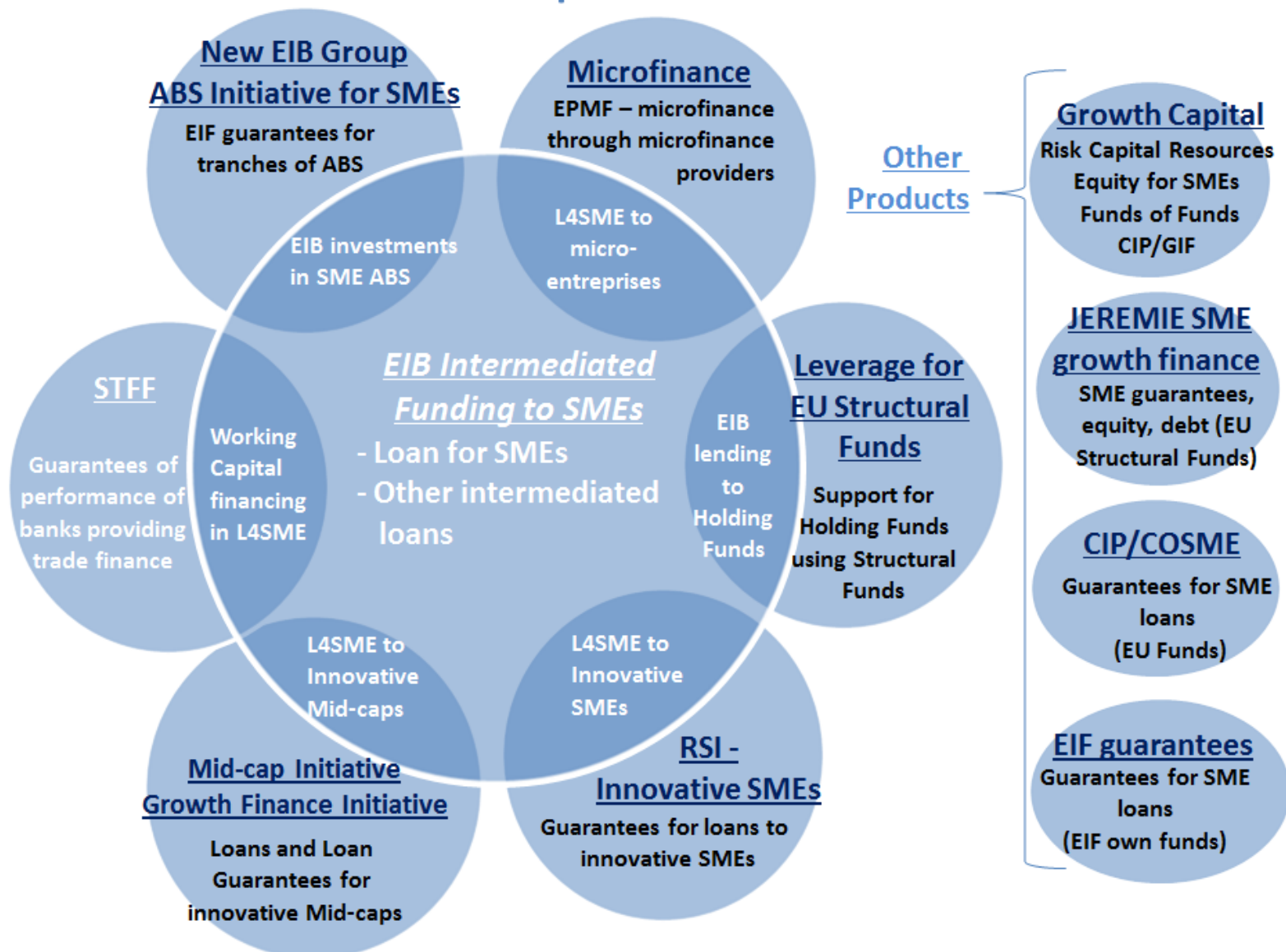


Over 61,000 SMEs and Midcaps as beneficiaries (in 2012)

EIB Group activity in Luxembourg

- Total EIB operations reached EUR 334 m in 2012 (EUR 6m in 2011).
- Structured EUR 237m loan for the new European Parliament Building signed in early 2012
- Contribution to the development of the Luxembourgish financial market through to the EIF activities (EIF Equity activity and Microfinance activity) which are often managed via Luxembourg based vehicles.
- **Active SME financing activity** through BGL BNP Paribas and ING - signatures in Luxembourg between 2009 and 2012: tot 101 MEUR
- EIB actively looking for new private sector lending operations

EIB Group SME Product Portfolio



Enhanced support to SME finance and the EU economy

- **Increase** EIB lending operations by at least 40% - over 2013-2015;
- **Expand joint risk-sharing financial instruments** in cooperation with European Commission and Member States - use EIB funds together with Structural Funds to leverage investments in SMEs (operational in 2014);
- **Increase EIF's credit enhancement** capacity;
- **Strengthen cooperation** with national development banks and Member States.
- **Extend range** of financial intermediaries where possible
- Contribute to the **fight against Youth Unemployment**
- **Widen** eligibility and allocation **criteria** for Loans for SMEs
 - Allocations for loans granted up to 2 years in the past (from up to 6 months previously)
 - Capital expenditure investment: fixed assets, intangible assets: now including purchase of patents and licenses (not issued by the public sector) as part of the project
 - Medium and long-term working capital investment: subject to min. 2 year commitment

Innovative SME financing

- **EIB Trade Finance Initiative**

- Purpose: address the gap in trade finance for SMEs.
- How? EIB provides guarantees (on a revolving basis) to geographically distributed international Counterpart Banks (confirming banks) covering their risk on selected issuing banks in relation to trade finance facilities provided to SMEs and Mid-caps. The guarantees provide 85% cover for several trade products for both imports and exports (e.g. confirmation of letters of credit, advance payment guarantees, bid bonds).
- Status:
 - Pilot project for Greece up to EUR 500m approved in December 2012 and signed in June 2013 with Eurobank, NBG and Piraeus bank; first operations covered;
 - Cyprus EUR 150m approved;
 - Extension to other programme countries underway (survey for market-gap analysis).

Innovative SME financing

- **Risk Sharing Facility for innovative SMEs (RSI)**
 - Purpose: joint financial instrument to improve access to debt finance for innovative SMEs and Small Mid-caps (< 500 employees) in support of their research, development and innovation (RDI)
 - How? EIF provides direct (and indirect) financial guarantees - thereby offering capital relief - to selected financial intermediaries based on portfolio analysis and review of operations. EIF provides 50% guarantee on individual transactions. Initiative falls under the Risk Sharing Finance Facility (RSFF) and benefits from EU budget allocation.
 - Status: joint pilot scheme launched end 2011 and rolled-out in 2013. Covers 12 EU MS so-far through 18 counterparties for guaranteed amounts over EUR 950m; +170 transactions covered. Serving as ground for the 2014-2020 programming period.

Innovative SME financing

- **“Skills for Jobs – Investing in Youth” programme**
 - Purpose: EU allocation of EUR 6bn contribution to the EU effort to support youth employment by improving access to finance for SMEs (“Investing in youth”) and to enhance employability via projects focused on education, vocational training and student loans (“Investment in Skills”).
 - How? Under the “Investing in Youth” window for SMEs, the EIB is developing pricing incentive schemes for SMEs and Mid-caps that confirm compliance with set criteria to hire young people (15-25yrs) or offer training to young people.
 - Status: first loans for SMEs with dedicated amounts for SMEs employing youth have been signed.

Innovative SME financing

- **SME Loan securitization initiatives**

JOINT EIB-EIF ABS for SMEs

- Purpose: re-open the market for ABS supported by SME loans
- How? the EIB purchases senior tranches (AAA/AA+ rated) of SME ABS notes, which are complemented by EIF guarantees of similar ranking tranches purchased by third party investors. The due diligence and rating is based on an EIB Group internal risk assessment based of underlying portfolios and securitisation structure.
- Status: first operations expected by year-end 2013

“SME initiative”

- Aims at utilizing EIB funds together with available structural funds under the next Multi-annual financial framework in order to support financing in favor of SMEs. Ongoing discussions wit European Commission and Member States should lead to definition of the initiative in coming weeks

Conclusion

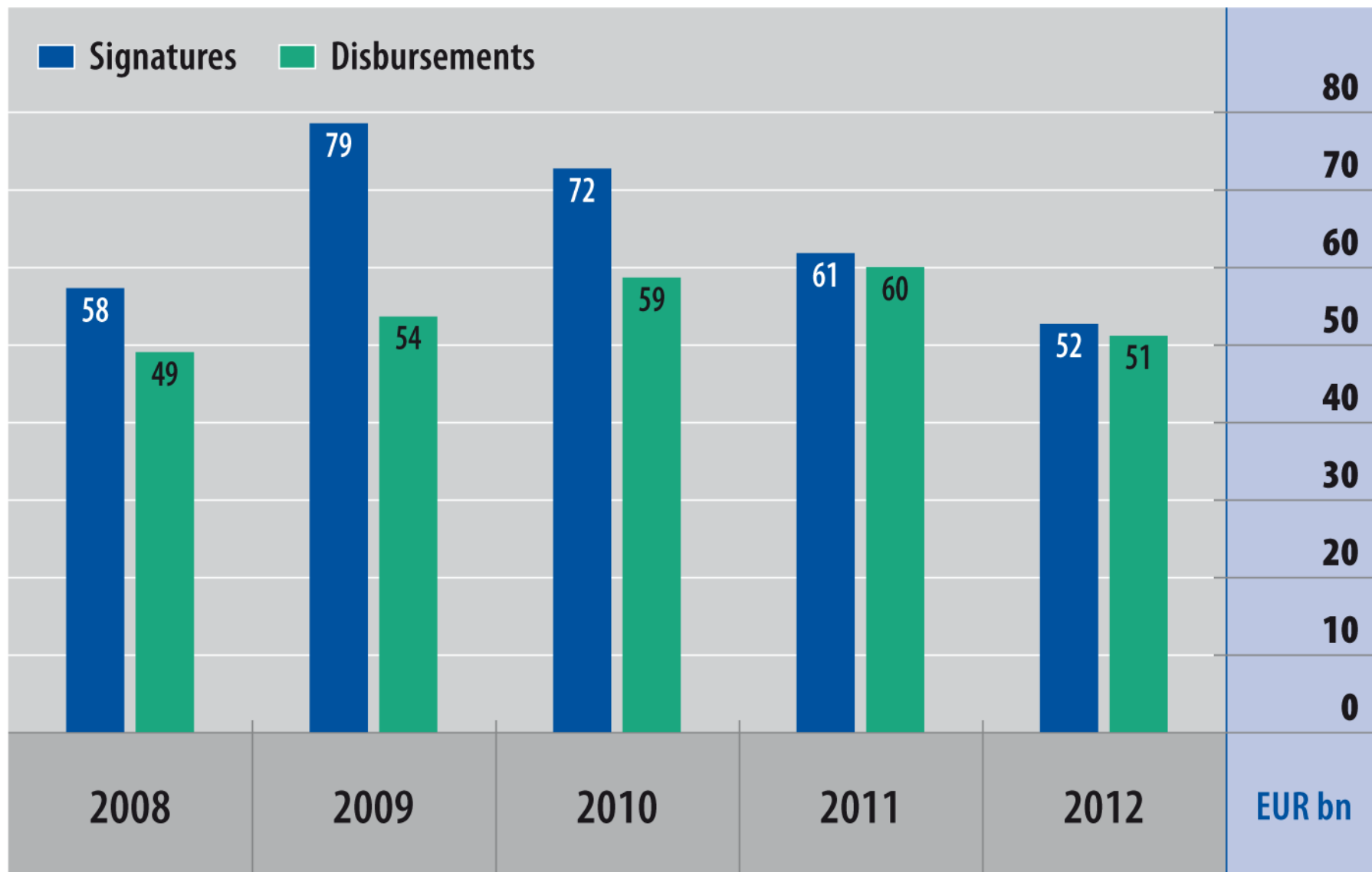
We are all aware of the important challenges ahead of us in our efforts to support and promote development of SMEs.

The EIB in close cooperation with EU Commission and Member States is ready to continue to do its utmost to reach this strategic goal

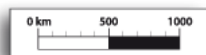
Thank you!

Annex

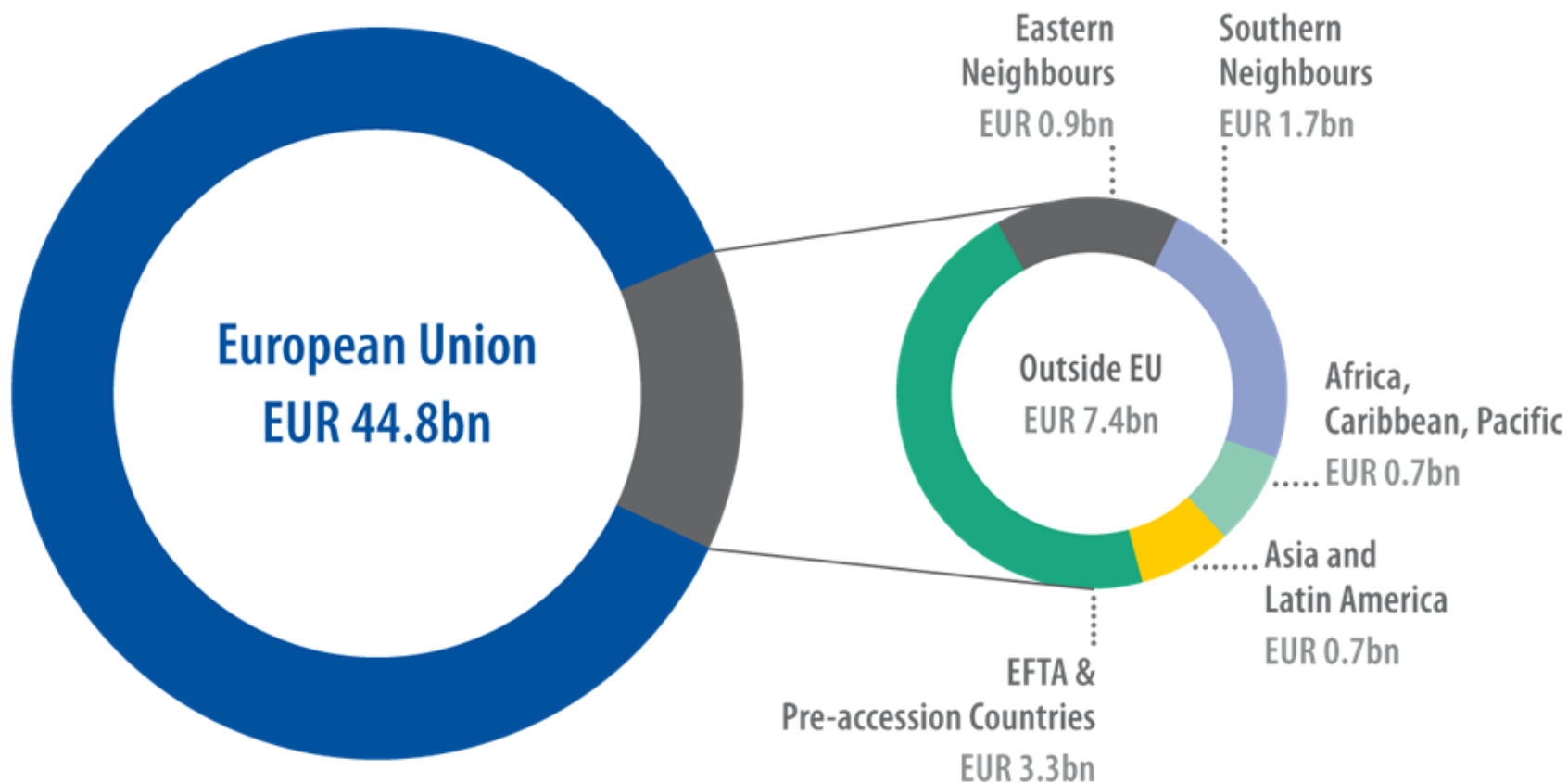
The EIB: loans signed and disbursed from 2008 to 2012



Loan signatures in the EU in 2012 (EUR m)



The EIB: loans signed in 2012: EUR 52.2bn



Pre-accession Countries include: Candidate Countries: Croatia, Iceland, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey.

Potential Candidate Countries: Albania, Bosnia and Herzegovina, Kosovo.

Our priorities: economic and social cohesion

Adapting to exceptional circumstances -
Special efforts in programme countries in 2012

Ireland

Disbursements: **EUR 533m**

Signatures: EUR 505m

(for SMEs, energy, infrastructure,
health, education)

Portugal

Disbursements: **EUR 741m**

Signatures: EUR 871m

(for SMEs, infrastructure, health,
education, industry, communication)

Greece

Disbursements: **EUR 909m**

Signatures: EUR 705m (for
SMEs, health, education, energy)

Trade finance pilot