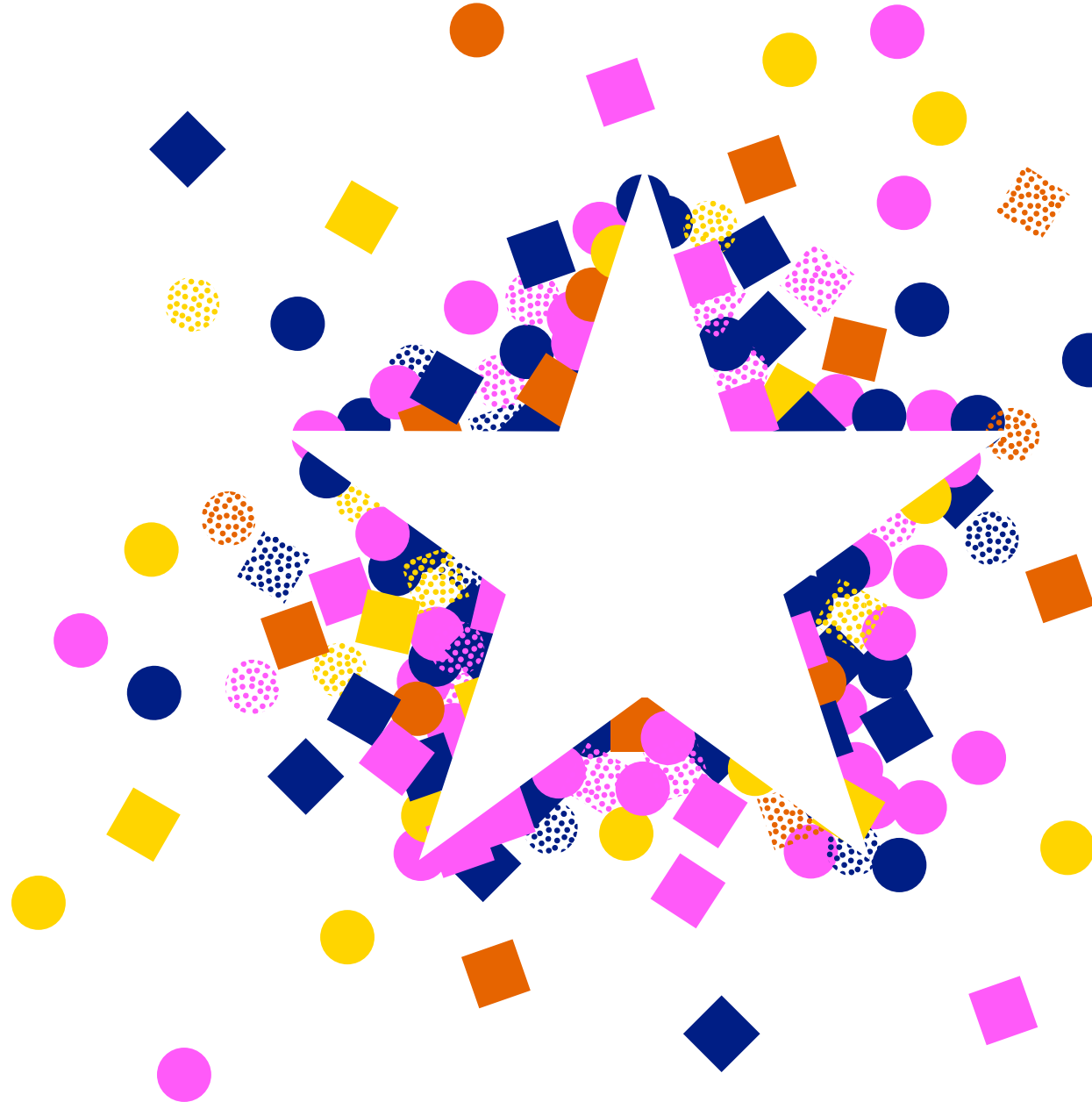


InvestEU *and the EIF in* Iceland

Reykjavik, 10 January 2024



EIF's investment approach

Crowding in private investment to maximize the reach & impact of public resources whilst ensuring sustainability and climate focus

Risk sharing instruments

The EIF's proven risk sharing instruments to mobilise private resources



€11bn

InvestEU Fund deployed by the EIF



Products & target areas

A range of products & target areas to address different policy areas

- | | |
|-------------------------------------|--|
| <i>Sustainability</i> | <i>Innovation & Digitalisation</i> |
| <i>Competitiveness & Growth</i> | <i>Culture & Creative Sectors</i> |
| <i>Skills & Education</i> | <i>Social Impact & Inclusive Finance</i> |

- | | |
|--------------------------|--|
| <i>Enabling sectors</i> | <i>Climate & environmental solutions</i> |
| <i>Digital & CCS</i> | <i>Capital markets union</i> |
| <i>Social impact</i> | <i>Climate & infrastructure</i> |

Intermediaries

Rigorous due diligence and impact assessment in the area of ESG

Banks

Non banks

VC Funds

PE Funds

Debt Funds

Climate & Infra Funds

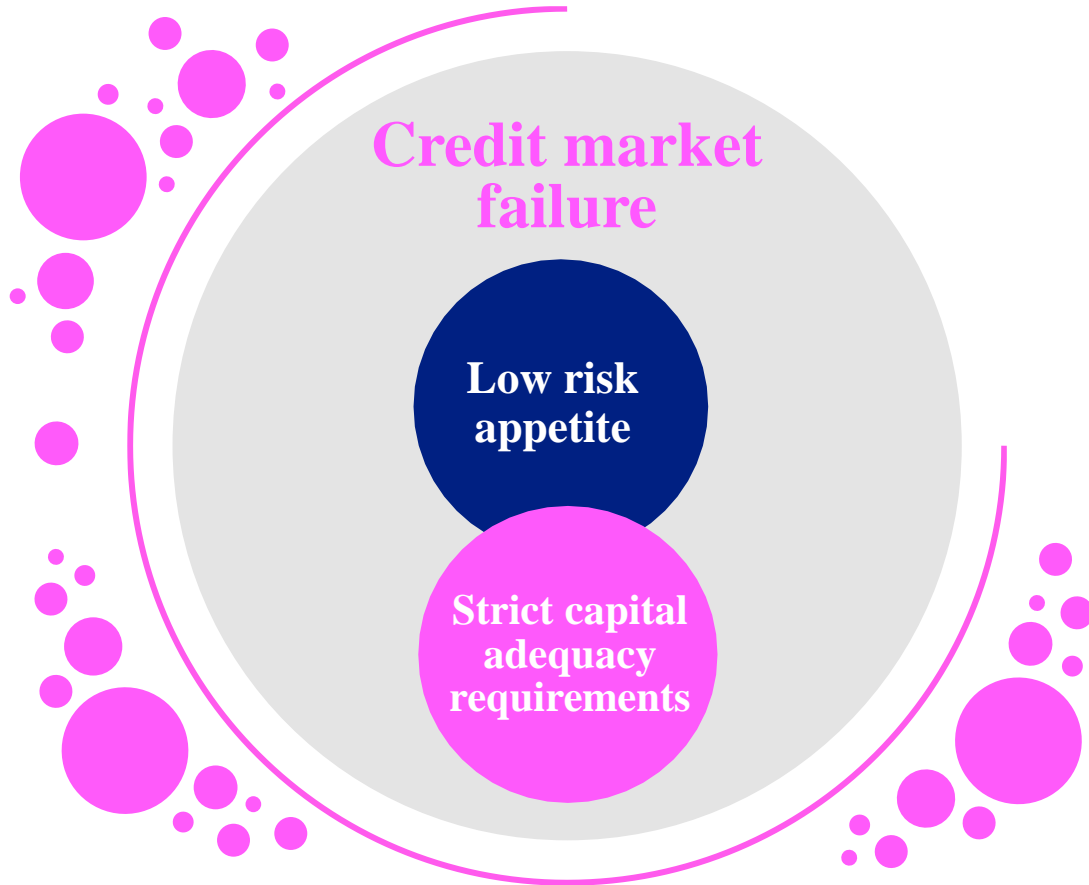
Social Impact Funds

Reach & impact

A 13x leverage of public resources to improve access to finance for SMEs, small mid-caps & mid-caps, infrastructure projects & individuals



Alleviating credit market failures with portfolio guarantees



Portfolio guarantees used to share risk



The EIF *guarantees an agreed portion* of the losses

Our *MDB status and AAA rating results in a 0% risk weighting* for this portion

The benefits of sharing risks through portfolio guarantees

Boosting the lending capabilities of our financial intermediaries

Reduce the cost of risk

Reduce capital consumption

Increase in financing volumes

Offer new and riskier debt products

Unlocking finance for final recipients



Broader client reach

Extended maturities

Start-up targeted financing

Interest rate reduction

New sectors

Reduced collateral requirements

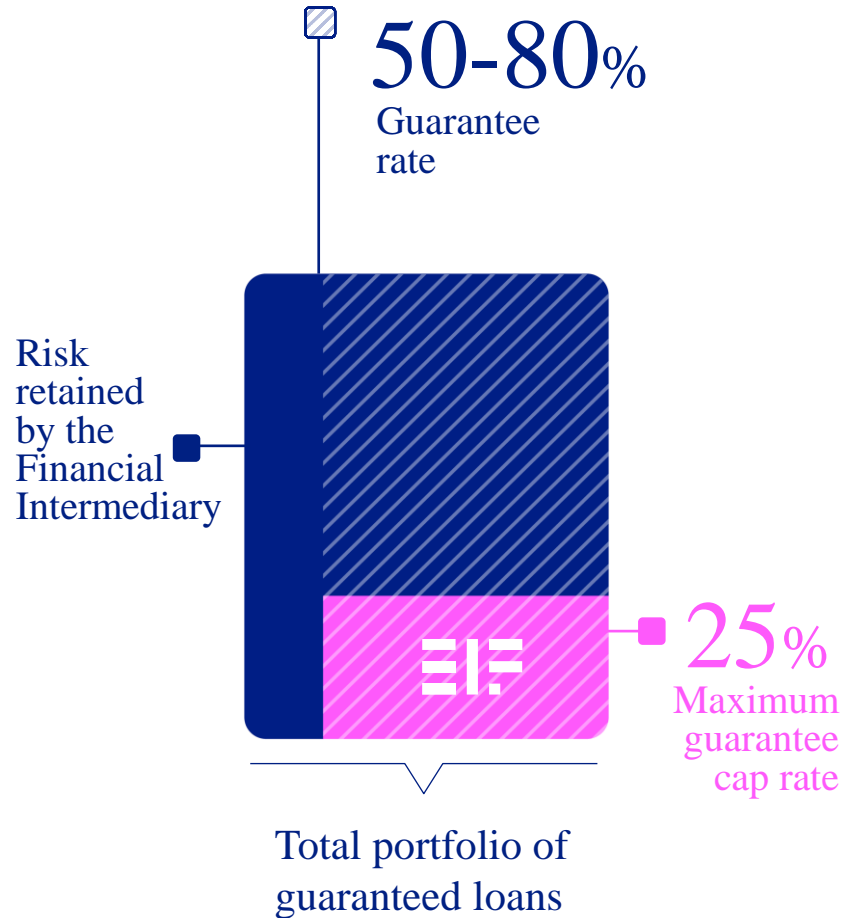
Note: Different instruments result in different SME benefits



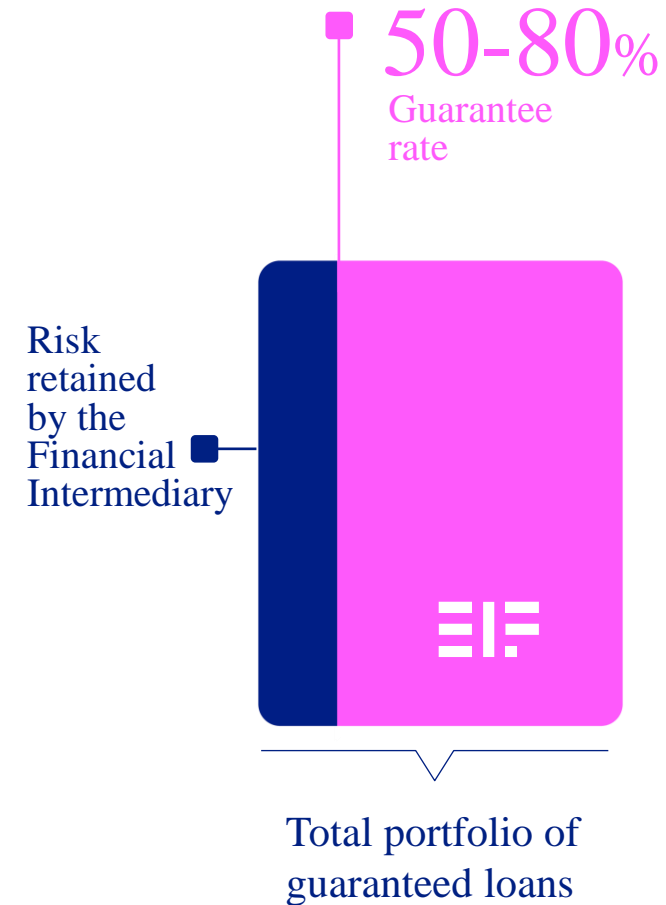
Capped versus uncapped guarantees

Example of different degrees of risk sharing

Capped guarantee



Uncapped guarantee



Guarantee products (1/2)

Final recipient and defined criteria to reach defined policy goals

Types of final recipients

Sustainable enterprises as well as **green investments** which contribute to the **green and sustainable transformation** of Europe



Innovation and digitalization-driven enterprises to help drive Europe's economic growth and global competitiveness



Enterprises perceived as **high risk** (or lacking collateral) to **improve the competitiveness of European enterprises**



Summary of eligibility

- **Climate change** mitigation & adaptation
- Transition to **circular economy**
- **Water resources & pollution prevention** and control
- Protection & restoration of **biodiversity** and ecosystems
- **Sustainable forests & agricultural practices**

Innovation • Products, processes, services, IP investment or organizational approach • Fast growing or R&I-intensive enterprises

Digitalisation • In business models, supply chain management • CRM • Business development • Cybersecurity • training, upskilling & more

- Finance for **higher risk** and underserved sectors
- **Improved conditions** (increased maturities, reduced collateral)
- New types of financing (**subordinated loans**)
- **Solvency & recapitalization** support for **SMEs affected by the COVID19 pandemic**

Guarantee products (2/2)

Final recipient and defined criteria to reach defined policy goals

Types of final recipients

Enterprises to **support a thriving, agile and profitable European creative and cultural space**, and one which is adaptable to change



- Heritage, archives, libraries
- Books & press • Visual arts
- Architecture • Performing arts
- Audiovisual & multimedia
- Education

Summary of eligibility

Students and learners as well as enterprises providing training & organisations in order to develop a nascent market for education finance



Skills, education & training • boost access to learning & foster a more robust and adaptable labour market

Microenterprises, social enterprises – to contribute to a **caring and inclusive European social ecosystem**



Microfinance • provide sustainable employment and social inclusion (especially for vulnerable groups)
Social enterprises • support active labour market participation & job creation in this still nascent market – for a more inclusive Union

Sustainability Guarantee

Summary of the Eligibility Criteria

The Financial Intermediary shall ensure that the Final Recipients and/or Final Recipient Transactions, as applicable, comply with one of the following **Eligibility Criteria**:

Sustainable Enterprise (*Section A*) – SME or Small Mid-Cap satisfying at least one of the criteria below:

- it has been awarded within the last 3 years a **clean-tech or "green" prize, grant or funding** from an EU/National institution/body/support scheme
- **it has registered** within the last 3 years, at least **one renewable or clean-tech intellectual property rights** related to climate and environmental sustainability
- **it has registered an eco-label** from an EU, national or international environmental labelling scheme
- its main activity falls into one or more of the specified **green activities**, representing at least 90% of its turnover
- it has incorporated in its business model **"green" practices** with externally verifiable climate and environmental positive impact
- it has been certified with an **environmental certificate** from a pre-defined list, valid at the time of application for the Final Recipient Transaction

Green Investment in Agriculture and Forestry (*Section C*) – A Final Recipient Transaction having as purpose an investment one or more of the following areas

- Investments in **afforestation, reforestation, forest rehabilitation/restoration** including related equipment, sustainable forest management
- Investments in the **development or adoption of sustainable and organic agricultural practices**

Green Investment (*Section B*) – A Final Recipient Transaction having as purpose an investment one or more of the following areas:

- **Climate change mitigation**
- **Climate change adaption**
- Transition to a **circular economy**
- Investments related to **environmental impact and sustainable management of natural resources**:
- **Protection and restoration of biodiversity and ecosystems**

Social Accessibility Investment (*Section D*) – A Final Recipient Transaction having as purpose an investment in the following area

Enhancing accessibility of services, products and infrastructures and developing assistive technologies as well as for making the organisation and its premises accessible **for customers and employees with disabilities and/or impaired function**

Innovation & Digitalisation Guarantee

Summary of the Eligibility Criteria

Guarantee Transactions are addressed to SMEs or Small Mid-Caps respecting at least one of the following Eligibility Criteria:

Innovation Criteria

The Final Recipient:

- invests in implementing **new or improved products, processes or services that are innovative**,
- is a “**fast growing enterprise**”, or
- shall have a significant innovation potential or be an “**R&I-intensive enterprise**” satisfying specific criteria (selected below):
 - In the past 36 months the SME:
 - Awarded grants, loans or guarantees from European R&I support scheme
 - Awarded Innovation prized by EU institution/body
 - Registered at least on technology right
 - Recognized as innovative company by EU institution/body
 - Received VC financing
 - R&I expenses equal or greater than 20% of Guarantee Final Recipient Transaction amount;
 - R&I costs are at least 10% of total operating costs in one of the last 3 years
 - 80% of the Guarantee Final Recipient Transaction to be spend on R&I;
 - Risk finance for new market / product, +50% higher Ø5y sales

Digitalisation Criteria

The Final Recipient declares to use the financing transaction for at least one of the following purposes:

- Innovative business models through adoption and **integration of digital technologies**
- Introducing or enhancing **digitalization in supply chain management**
- Enhancing existing products or services by making use of, or by integrating digital technologies into products and services and/or by **adopting or integrating digital technologies** to develop new products and services
- Integrating or making use of **digital technologies in customer relationship management**
- Business development and customer acquisition based on adoption or integration of **digital technologies**
- **Cybersecurity/data protection**
- Improvements to business processes through the integration of **innovative deep technologies**
- **Training and upskilling in digital skills** of existing workers and employees
- Supporting the **digitalization process** of the enterprises

Or

SME Competitiveness Guarantee

Summary of the Eligibility Criteria

Guarantee Transactions, addressed to SMEs, shall fall within one of the three below categories:

Higher risk category 1

- **Debt Financing to Start-ups** or categories of Start-ups that were previously excluded
- **Debt Financing** with existing features to previously excluded categories of SMEs
- **Debt Financing** with new features not currently provided by the Financial (Sub-) Intermediary
- **Debt Financing** which have previously not been offered by the Financial (Sub-) Intermediary due to their perceived **high credit risk**

Higher risk category 2

Final Recipient Transactions or Intermediary Transactions, as applicable, which comprise **the most risky Debt Financing in the Financial (Sub-) Intermediary's SME loan book**

This option allows the Financial (Sub-) Intermediary to **substantially increase its Debt Financing or guarantee volume, as applicable, however the guarantee is conditional on such volume increase**

Higher risk category 3

Guarantee Transactions covering **Solvency Support Final Recipient Transactions (Subordinated Debt Transaction)**

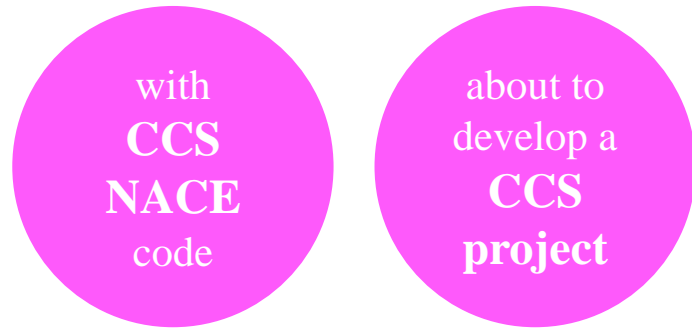
which shall additionally comply with the following eligibility criteria:

- The Final Recipient was established prior to 31 December 2019
- The Final Recipient's turnover in the financial year 2020, or in the financial year 2021, was at least 5% lower than the turnover in the preceding financial year

Culture and Creative Sectors Guarantee

Summary of the Product Eligibility Criteria

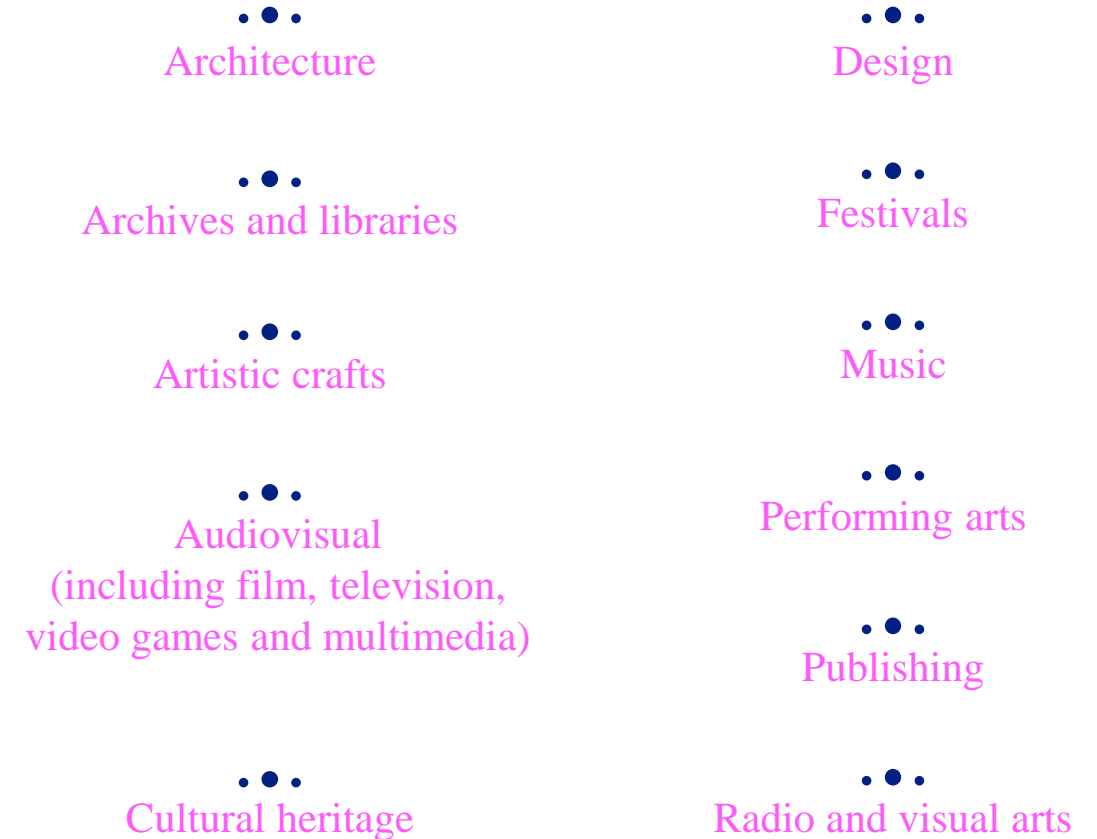
SMEs, Small Mid-Caps and Small Public Enterprises



Or for the past 36 months:

- Operating in the CCS
- Received debt financing for a CCS project by European or national CCS institution/association
- Awarded a CCS prize
- Filed copyrights, trademarks, distribution rights, etc. in the CCS
- Benefitted from tax credit/exemption for IP rights or CCS activities











Cultural and creative sectors examples



Comparison of guarantee key features (1/2)

	SME Competitiveness	Sustainability	Innovation & Digitalisation	Cultural & Creative Sectors
Type of instrument	<p style="text-align: center;">Capped Portfolio Guarantee</p> <p>All Higher Risk Categories All eligibility criteria All eligibility criteria All eligibility criteria</p> <hr/> <p style="text-align: center;">Uncapped Portfolio Guarantee</p> <p>Higher Risk Category 3 only All eligibility criteria All eligibility criteria All eligibility criteria</p>			
Guarantee rate	Up to 50% Higher risk category 1&2 Up to 70% Higher risk category 3	Up to 70% SMEs & Small mid-caps Up to 80% Natural persons and housing associations	Up to 70%	Up to 70%
Cap rate	Up to 25%			
Guarantee fee	0.2% p.a. Capped Portfolio Guarantee	0.75% p.a.	Uncapped Portfolio Guarantee for any Final Recipient Transaction that is not in the form of Subordinated Debt 1.2% p.a. Uncapped Portfolio Guarantee for Subordinated Debt	

Comparison of guarantee key features (2/2)

	SME Competitiveness	Sustainability	Innovation & Digitalisation	Cultural & Creative Sectors
Target final recipients		   	 	  
Maximum debt financing principal amount	<p>€7.5m Private Financial Intermediary</p> <p>€2m Where Financial (Sub-) Intermediary is National Promotional Bank or Institution</p>			
Debt financing maturity range	<p>12m Higher Risk Category 1&2</p> <p>3yrs Higher Risk Category 3</p>	<p>12 months</p>		
	<p>Without maximum maturity provided that the coverage of the Final Recipient Transactions shall not extend beyond the (Counter-) Guarantee Termination Date.</p>			

The ultimate benefit is passed onto the final recipient

An overview of the Enhanced Access to Finance Measures

SME Competitiveness

Higher risk category 1 (start-ups, previously excluded SMEs and higher credit risk financing)

Higher risk category 2 (increase in volumes to the most risky debt financing in the Financial (Sub-) Intermediary's SME loan book)

Higher risk category 3 (final recipients established prior to 2019 which suffered a 5% turnover decrease in 2020 or 2021)

Sustainability, Innovation & Digitalisation, Culture & Creative Sectors

Reduction of **cost of financing**

Reduction of **collateral requirements** (not applicable for Cultural & Creative)

Reduction in **down-payment** (in case of leases)

Increase in **financing volumes**

Support to **excluded segments**

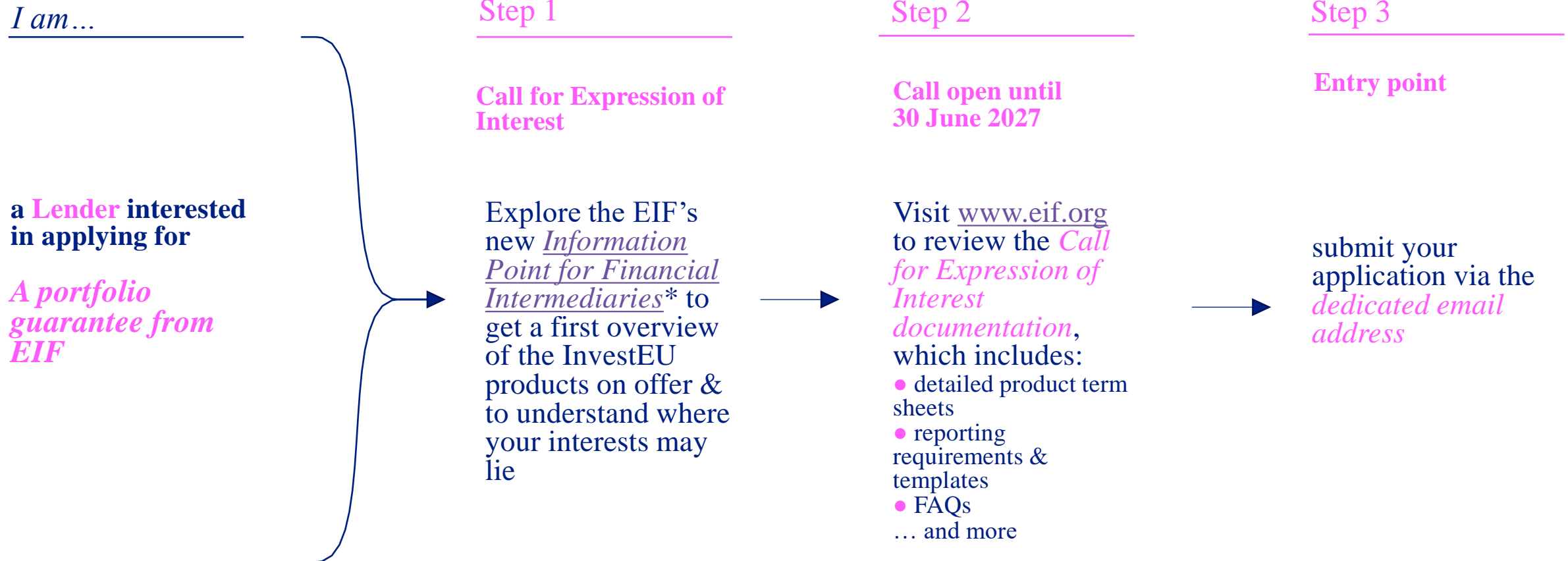
Financing at **longer maturities**

Bespoke financing arrangements

Subordinated Debt Transactions

InvestEU – how to apply

The application process in three steps



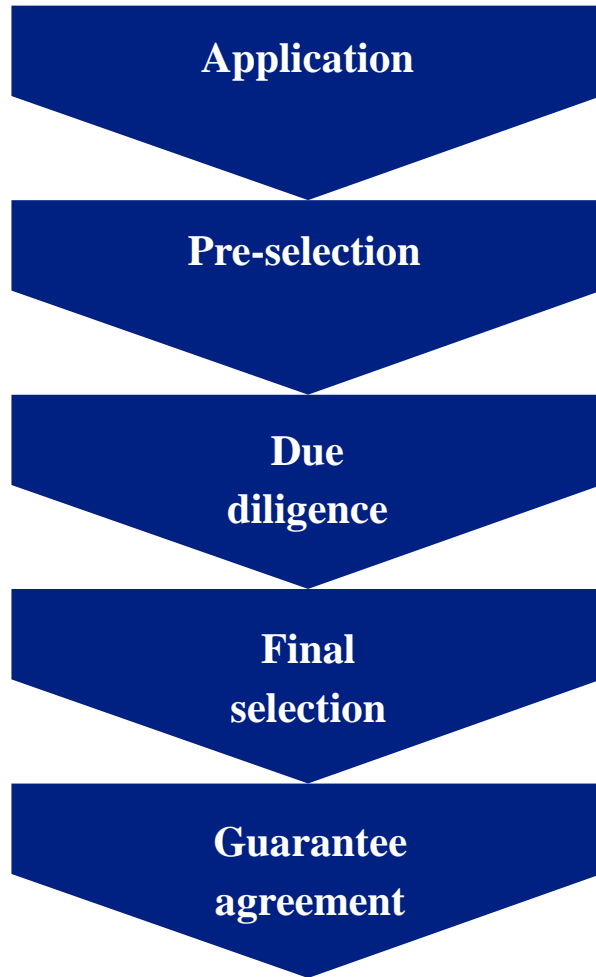
* <https://engage.eif.org/investeu/guarantees>



InvestEU – how to apply

The screenshot shows the InvestEU website interface. At the top right, there are links for 'Data protection', 'Privacy Notice', 'Cookie policy', and 'Contact us'. A search bar is located below these links. The main navigation bar includes 'Who we are', 'What we do', 'InvestEU', 'ETCI', 'News & Publications', and 'Working at the EIF'. The 'InvestEU' dropdown menu is open, listing various options such as 'Overview', 'Past and upcoming events', 'Guarantee products', and 'Guarantee products – calls for expression of interest'. The 'Guarantee products – calls for expression of interest' option is highlighted with a pink border and a star icon. Below the navigation bar, there is a large banner for the 'EUROPEAN TECH CHAMPIONS INITIATIVE' and a 'News' section with several articles. The main content area is divided into columns with various informational text and lists of funding opportunities.

Overview of our deployment process



- Call for expression of interest published on website
- Eligible countries

if full Expression of Interest is submitted

- First assessment/screening based on compliance with formal criteria* and contribution of the proposal towards the mandate objectives
- First-come, first-assessed principle of application review

if the financial intermediary is pre-selected

- Due diligence meeting and analysis
- Requirement of further information if necessary

if the additionality requirements are met

- Proposal for approval by relevant decision making bodies

if EIF decision making bodies approve the transaction

- Legal implementation and signature
- Availability period starts at or shortly after the signature
- Availability period is usually 2 to 3 years

* Signed expression of interest and complete application package submitted