



**European  
Investment  
Bank**

*The EU bank*

A circular arrangement of twelve blue stars, similar to the European Union flag, positioned to the right of the text 'The EU bank'.

**High level EFSI event Vilnius**

**18th September, 2015**

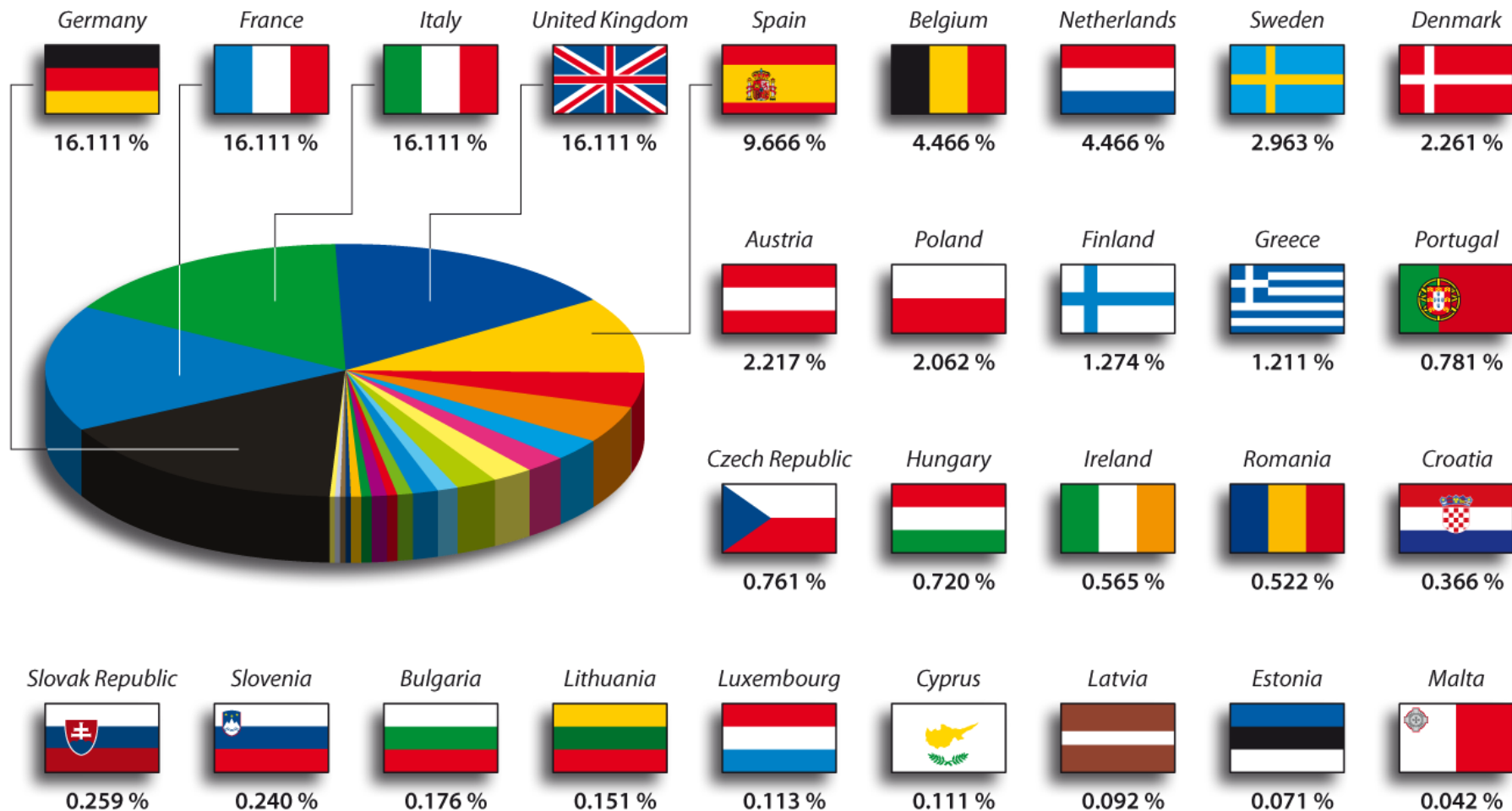
# The EU bank



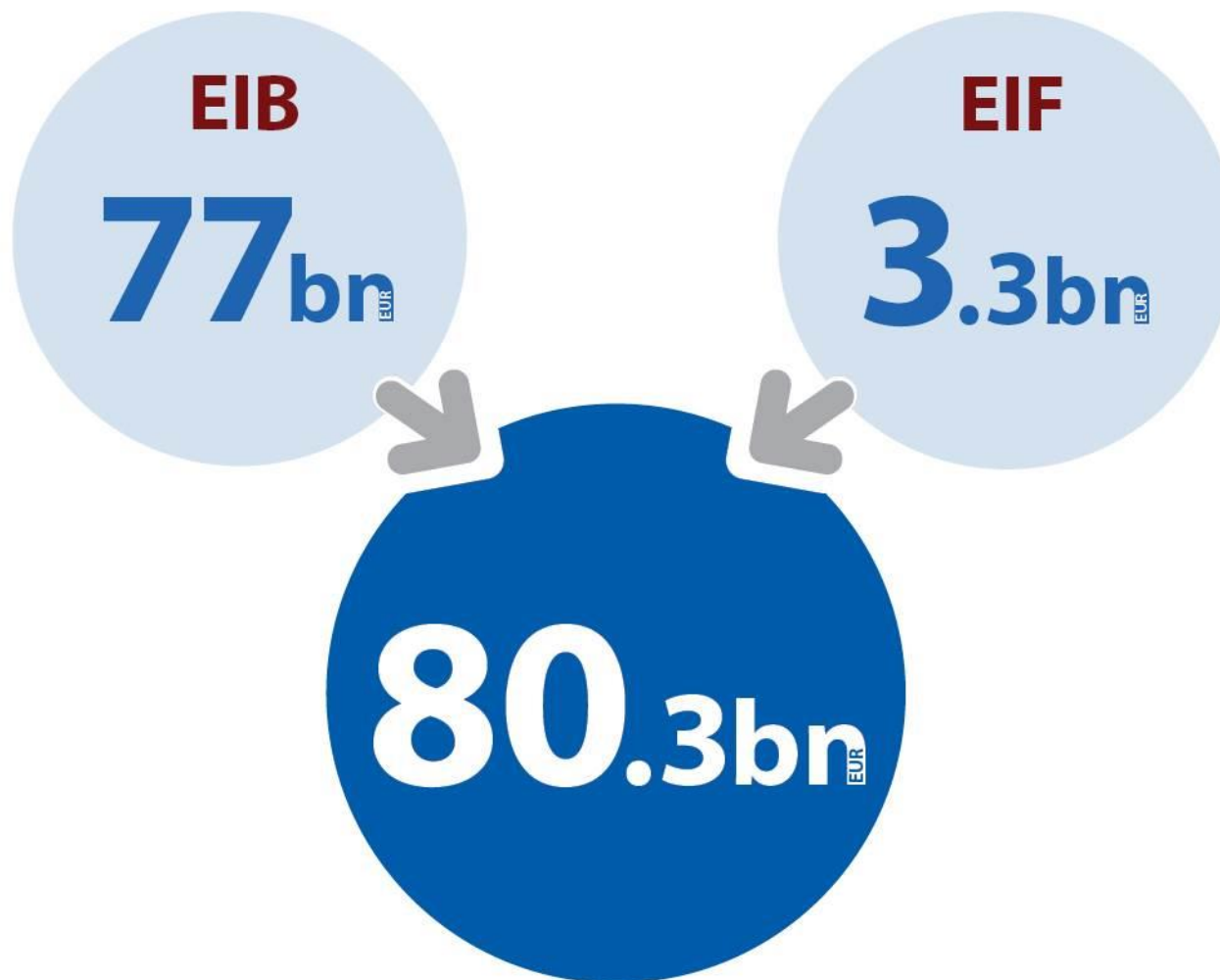
- Natural financing partner for investments in the EU since 1958
- Around 90% of lending is within the EU
- Shareholders: 28 EU Member States

Investing in Europe's growth

# The EIB: capital breakdown



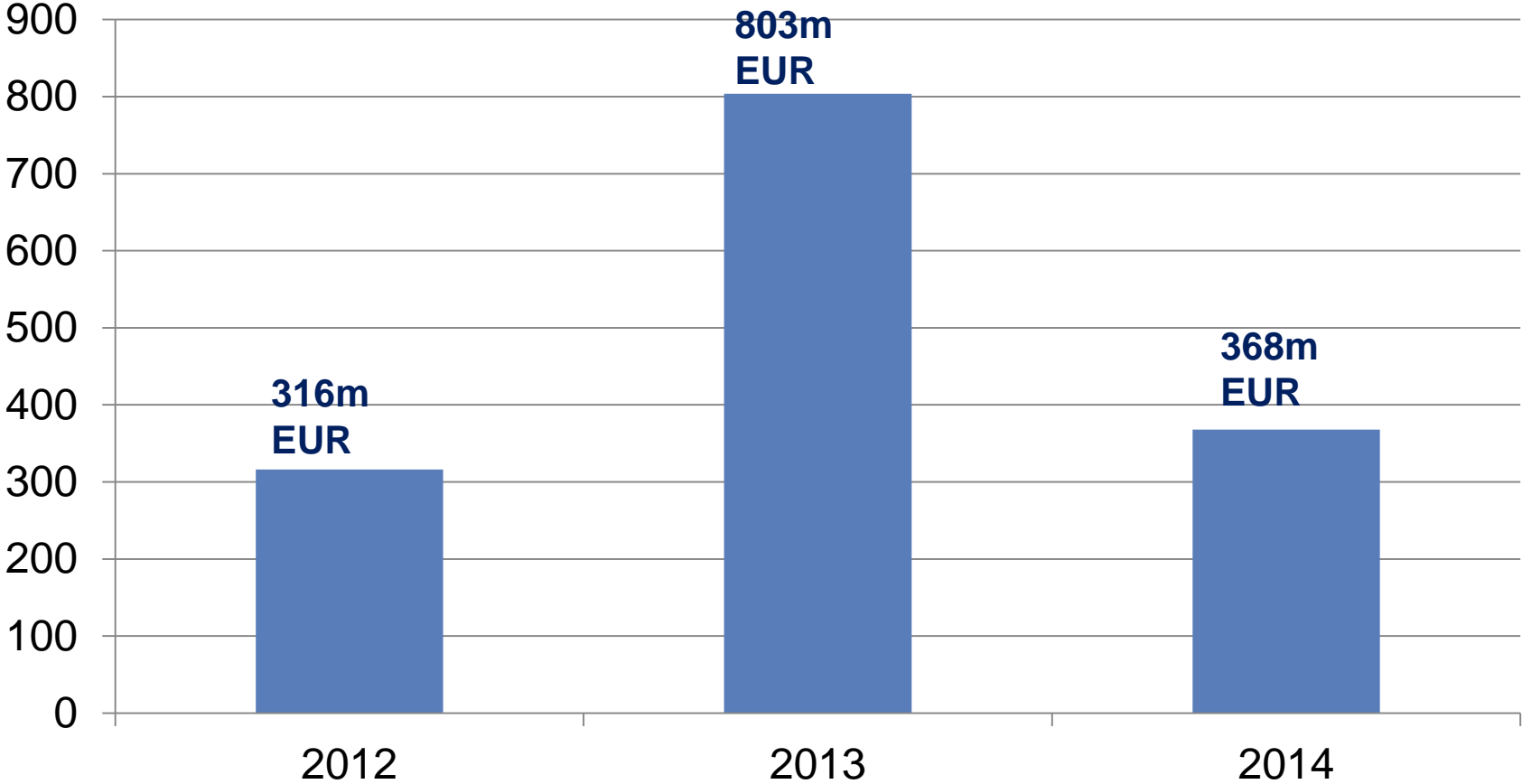
# EIB Group lending and guarantees in 2014



# EIB in Lithuania



## Loan signatures



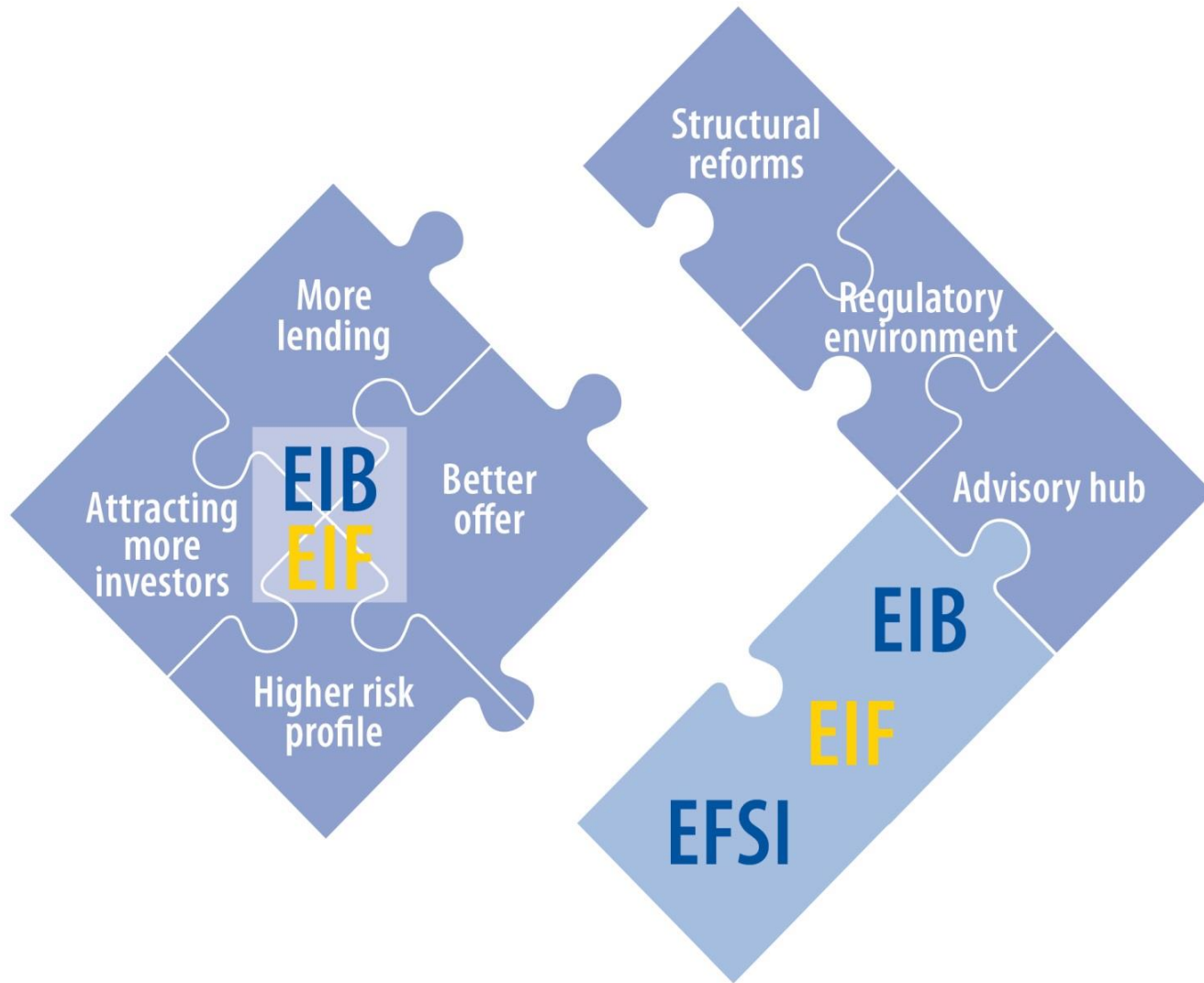
The Investment Plan for Europe consists of three strands:

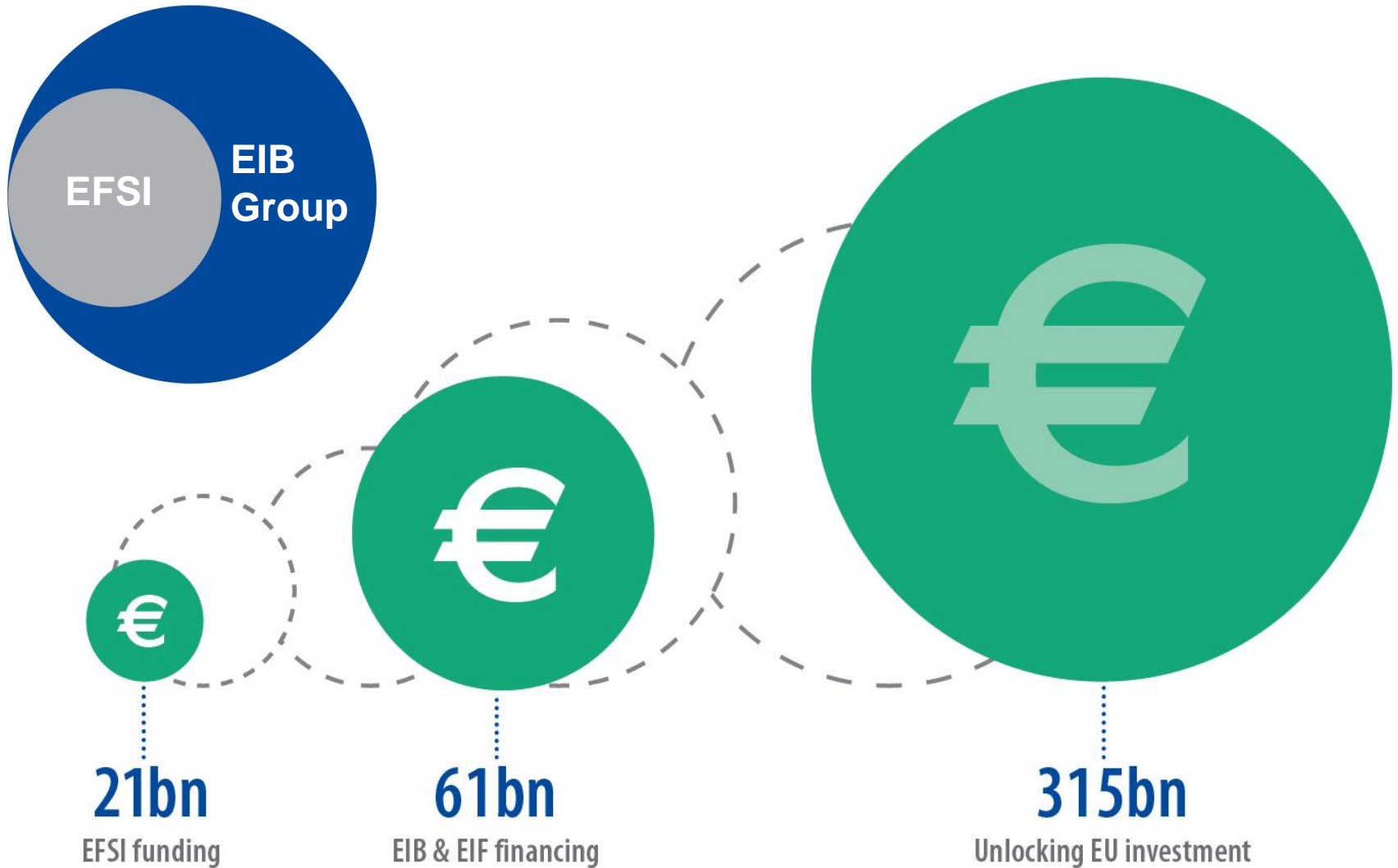
- 1. Improved investment environment:** regulatory and structural reforms at EU and national levels for predictability, removing obstacles, aiming at a friendlier investment environment
- 2. Making finance reach the real economy:** stepped-up technical assistance / advisory by establishing European Investment Advisory Hub (EIAH) in EIB and by EC facilitating a project directory
- 3. Mobilising finance for investment:** The EFSI, via EIB, to better address the current shortage of (higher) risk-financing in EU



Aim: to mobilise at least €315 billion in investment across the EU

## Every piece of the puzzle counts







- ❑ **Which are EFSI type of projects?**
  - a) Research, development and innovation,
  - b) Development of the energy sector in accordance with the Energy Union priorities, including security of energy supply, and the 2020, 2030 and 2050 climate and energy frameworks,
  - c) Development of transport infrastructures, and equipment and innovative technologies for transport,
  - d) Financial support through the EIF and the EIB to entities having up to 3 000 employees, with a particular focus on SMEs and small mid-cap companies,

- e) Development and deployment of information and communication technologies,
- f) Environment and resource efficiency,
- g) Human capital, culture and health.



EIB in charge of verifying that eligibility criteria are properly applied

## Who benefits from EFSI?

- ❑ Corporates of all sizes
- ❑ Utilities
- ❑ Public sector entities
- ❑ SMEs (below 250 employees) or MidCaps (below 3,000 employees)
- ❑ National Promotional Banks (NPBs) or commercial banks for intermediation
- ❑ Dedicated investment platforms possible
- ❑ Bank intermediation is possible

## EFSI requirements?

- ❑ Commercially sound
- ❑ Economically and technically viable
- ❑ Added value (additionality)
- ❑ Investments boosting employment and growth
- ❑ Pricing commensurate with the risk – no subsidy element



- Typically higher risk profile than EIB's normal operations
- Risk-absorbing products to foster the implementation of additional projects and to support the development of SMEs and MidCaps

### Debt portfolio

Corporate Senior

Corporate Junior

Project Finance Senior

Project Finance Junior

### Equity portfolio

Indirect equity (ETP)

Direct equity-type (ETI)

- ❑ EFSI significantly increases the capacity to provide lending under Special Activities under the debt and equity windows.
- ❑ The above provides product examples, but continuous and successful Business Development will play a key role.

- ❑ Objective to maximise economic impact in EU (project investment cost)
- ❑ Flexible, diverse products: Adapted to client's needs
- ❑ Risk-absorbing to trigger investments with higher risk profile (additionality), but economically and technically viable (bankability)
- ❑ Eligibility criteria mostly defined in terms of sectors
- ❑ Maximising private finance / capital
- ❑ All 28 MS coverage
- ❑ Focus on employment creation and retention
- ❑ Application for EIB loan directly to EIB / EIB partner institution, no separate project list / route via authority or government

- ❑ EFSI guarantee will enhance substantially EIB's risk bearing capacity
- ❑ Main benefits of EFSI: (i) larger ticket sizes, (ii) new products (notably in subordinated debt/equity-type financing: risk sharing, contingent loans, equity-type financing), (iii) scalable risk sharing instruments with commercial banks as well as national promotional banks and (iv) financing to new client groups (e.g in the field of mid-caps, turn-around financing, lower rated banks, investment platforms).
- ❑ Pricing for each project determined based on its individual risk profile, in a manner commensurate with the risk taken.
  - ❑ Debt-type products shall be priced in line with EIB's loan pricing methodology.
  - ❑ Equity-type investments shall be priced in line with the market.
  - ❑ Sound banking practices.

## How will the EFSI operate?

- ❑ All operations are EIB or EIF operations
- ❑ EIB and EIF normal appraisal and processes apply
- ❑ EIB governing bodies approve every operation



- If you know the EIB/EIF, get in touch with your normal contact person
- If you do not, get in touch with the person responsible for your sector in Finland
- If in doubt, check out the EIB web page or contact the EIB InfoDesk



# More projects of this kind

- First-of-its-kind risk-sharing transaction: payments contingent on milestones reached
- Up to EUR 75m for UCB's biopharmaceutical R&D in Belgium

Products tailored to client needs



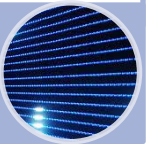
- Midcap loan with streamlined process
- EUR 20m to German high-tech engineering company Manz AG for development of photo-voltaic solar cell technology

Supporting smaller businesses



- Long term loan to an energy company
- EUR 100m for energy efficiency in the grid

Supporting energy infrastructure



- Next-generation bio-product mill
- EUR 75m to Metsäliitto Cooperative for the construction of a new large-scale bio-product mill in Finland (Äänekoski)

Supporting improved energy efficiency and environmental performance



- Priority TEN-T PPP project in Finland
- EUR 101.5m to Tieshtiö Vaalimaa Oy for E18 Hamina Vaalimaa Priority TEN PPP Project

Supporting privately financed motorway



- Supporting innovations in the pharma sector in Poland.
- EUR 45m to a leading Polish pharmaceutical company ZF Polpharma for R&D of biosimilar medications.

Backing innovative midcaps



# Thank you!

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## BACK-UP SLIDE

# European Fund for Strategic Investments

