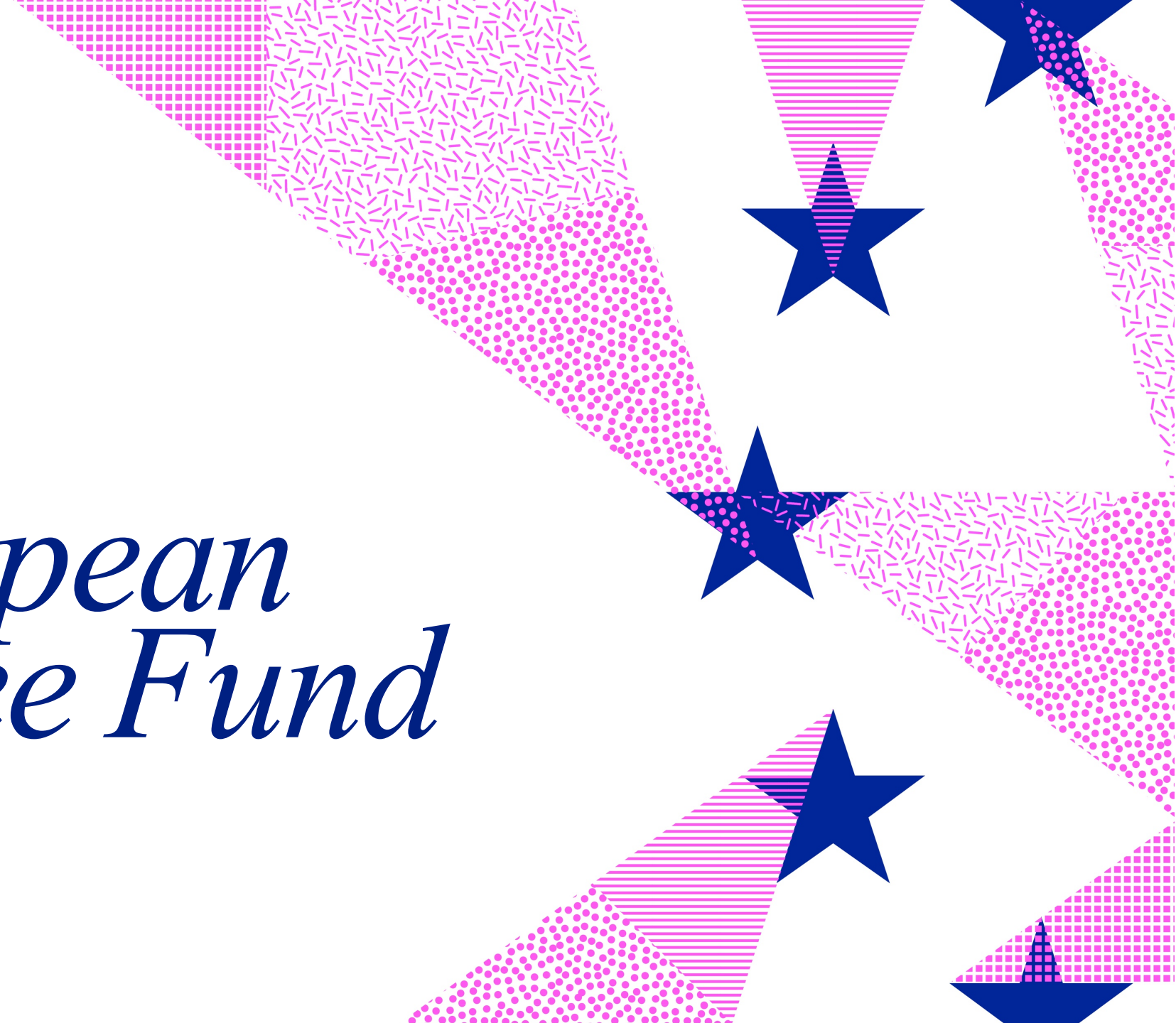


Pan-European Guarantee Fund

Overview on EIF instruments



Overview

- 1 EGF - overview
- 2 Debt Products
- 3 Application Process
- 4 Annex

Pan-European Guarantee Fund (EGF)

An EIB Group COVID-19 response measure

Funding

EU member states contribute pro rata to their shareholding in the EIB and/or other institutions.

Vehicle

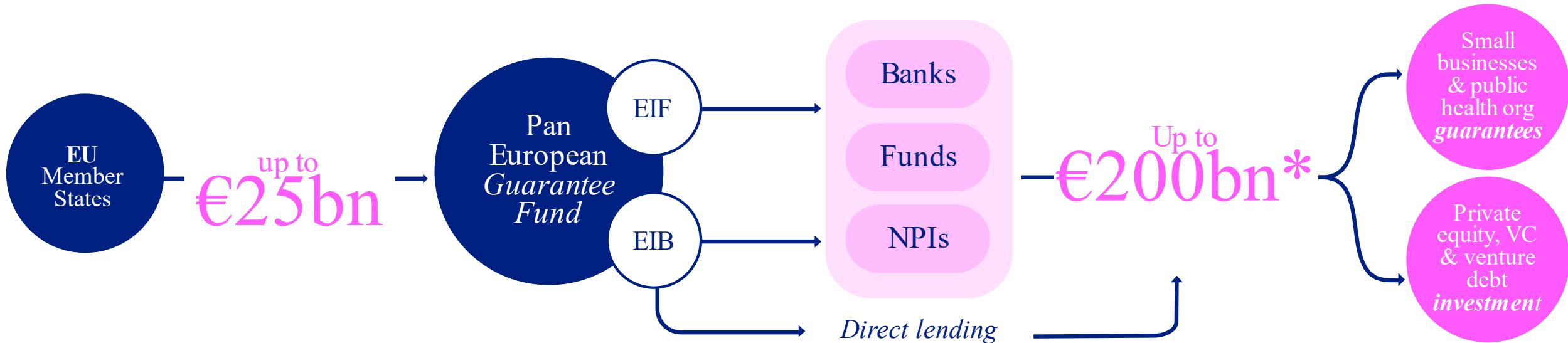
An EIB Partnership Platform for Funds, providing guarantees to the EIB and the EIF to reimburse any possible losses.

Intermediaries

Using standard products to share risk with our intermediaries. EIB will also engage in direct lending for some beneficiaries.

Beneficiaries

Mitigating liquidity risk for SMEs and mid-caps and lending to public health organisations. By sharing risk with our intermediaries €25bn is scaled up to €200bn.



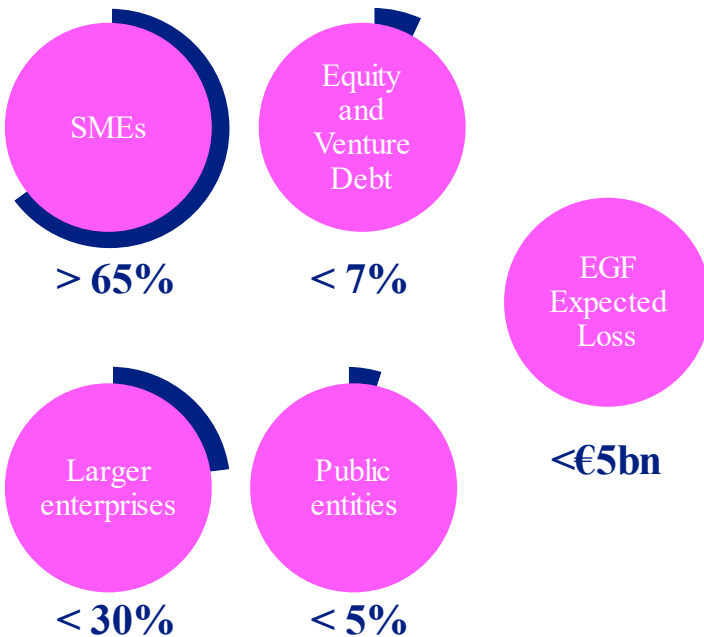
*200bn target mobilized resources if EUR 25bn being committed. So far, three MSs indicated they will not contribute.

Pan-European Guarantee Fund

Key parameters

Key mandate targets (and restrictions)

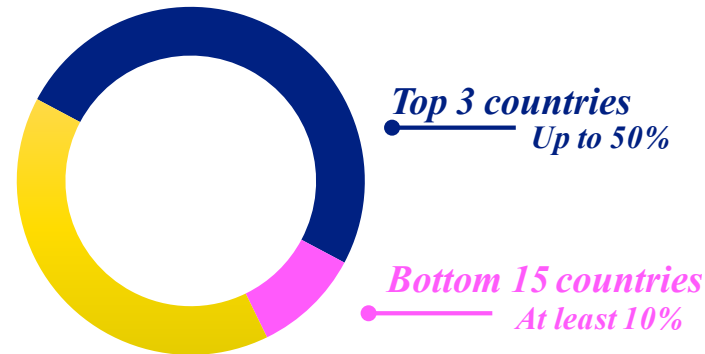
(as % of total mobilized resources)



Geographical focus

(% on total resourced mobilized for final recipients)

Participating EU member states



Underlying financing structures that are by their nature multi-country (covering two or more Member States) are not included in the top 3 countries ceiling

At least an amount equal to the EGF committed resources shall be allocated in the participating Member States (i.e. those contributing to the fund)

Albeit not a contractual obligation for the EIBG, it is expected that participating MS will seek a minimum impact in their jurisdiction

No focus on specific sectors

Deployment will be driven by market demand and the potential to provide an effective response to the negative impact of the crisis

Pan-European Guarantee Fund

Contributions by Member States (% of €25bn target EGF size)

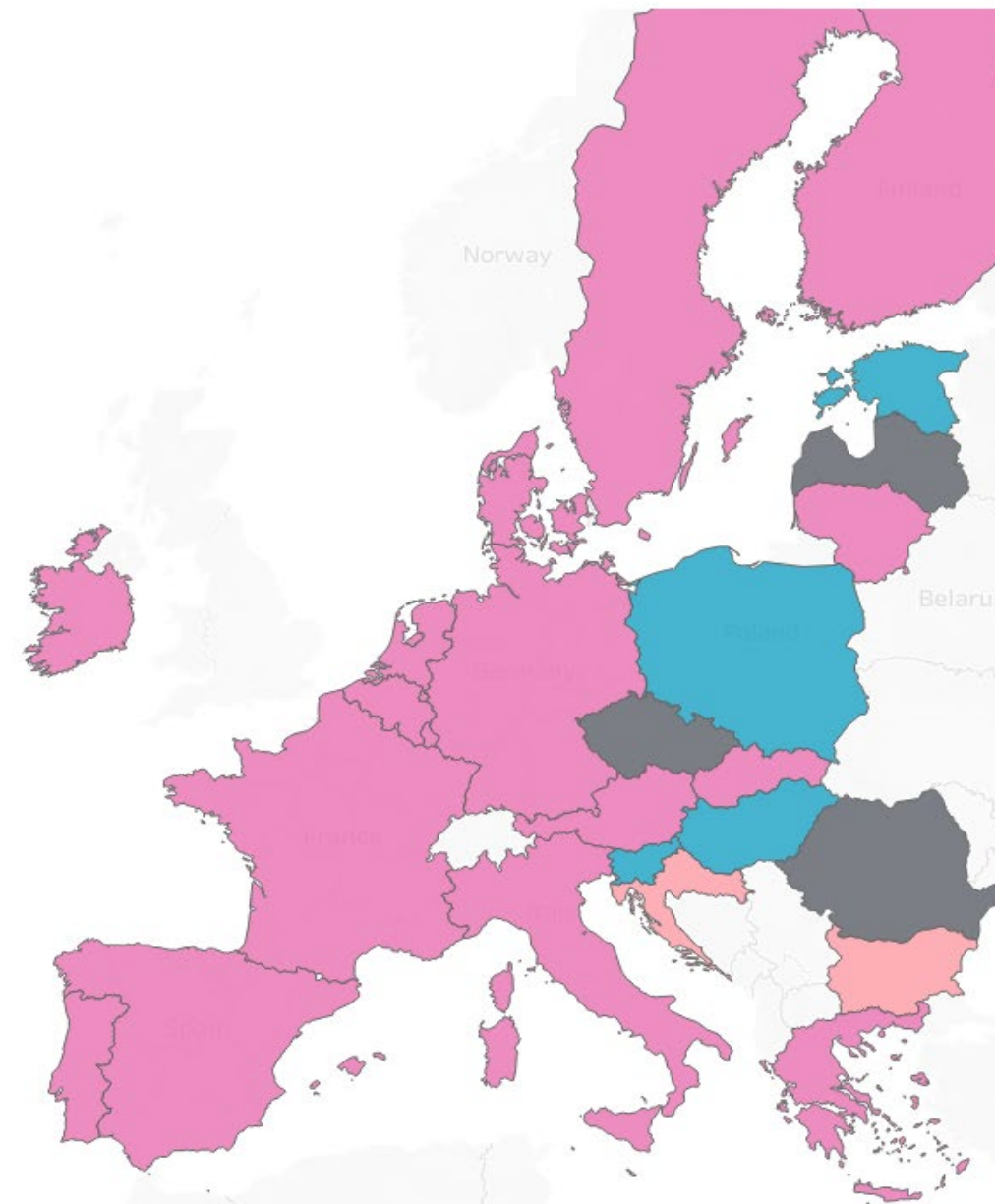
€25bn target

92% | Contribution signed

6% | Contribution pending

2% | Will not contribute

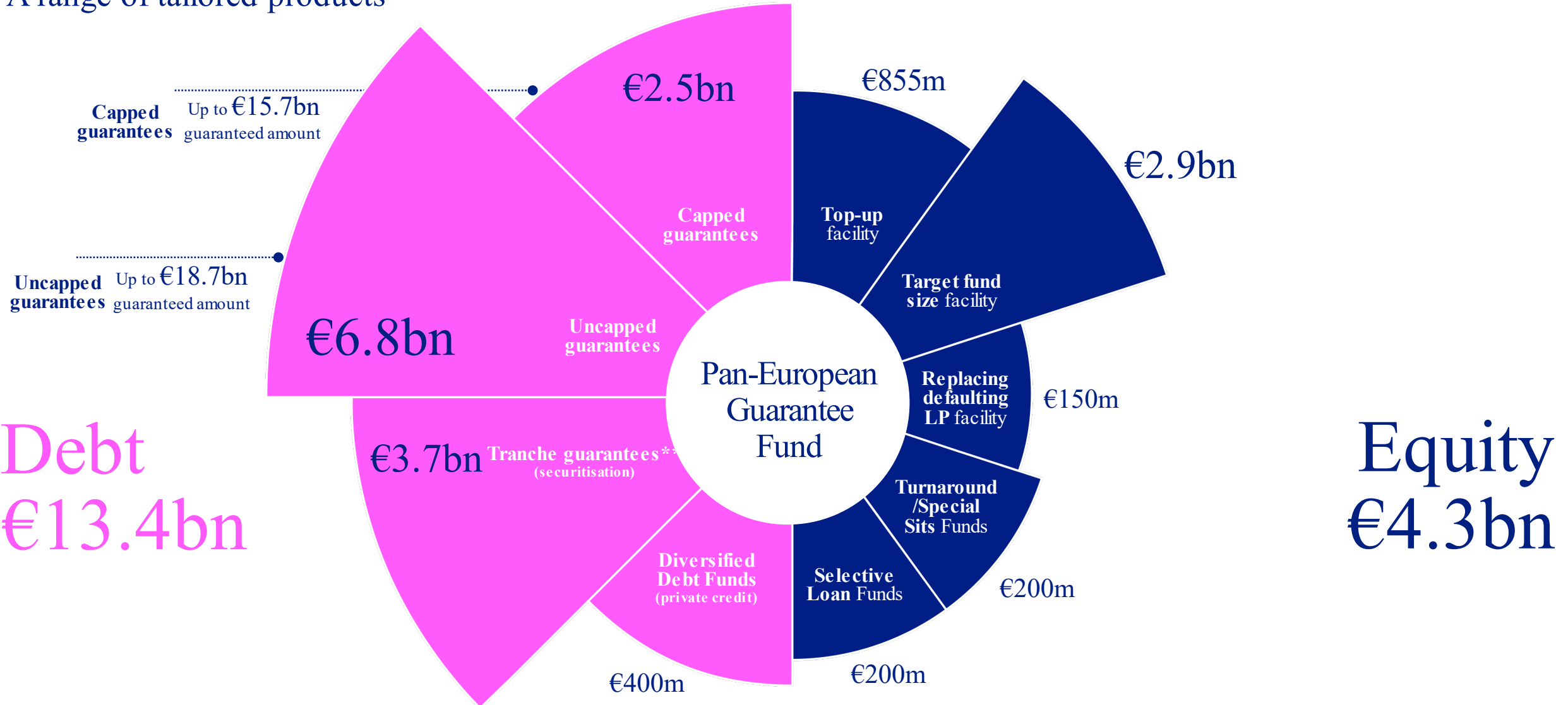
Status	Country
Signed Contribution Agreement	Austria
	Belgium
	Cyprus
	Denmark
	Finland
	France
	Germany
	Greece
	Ireland
	Italy
	Lithuania
	Luxembourg
	Malta
	Netherlands
	Portugal
	Slovakia
	Spain
Sweden	
Will contribute	Bulgaria
	Croatia
Pending signature	Estonia
	Hungary
	Poland
	Slovenia
Will Not contribute	Czech Republic
	Latvia
	Romania



Status ■ Pending signature ■ Signed Contribution Agreement ■ Will contribute ■ Will Not contribute

Debt and Equity solutions* EGF budget allocated

A range of tailored products



Capped guarantees Up to €15.7bn guaranteed amount

Uncapped guarantees Up to €18.7bn guaranteed amount

Debt
€13.4bn

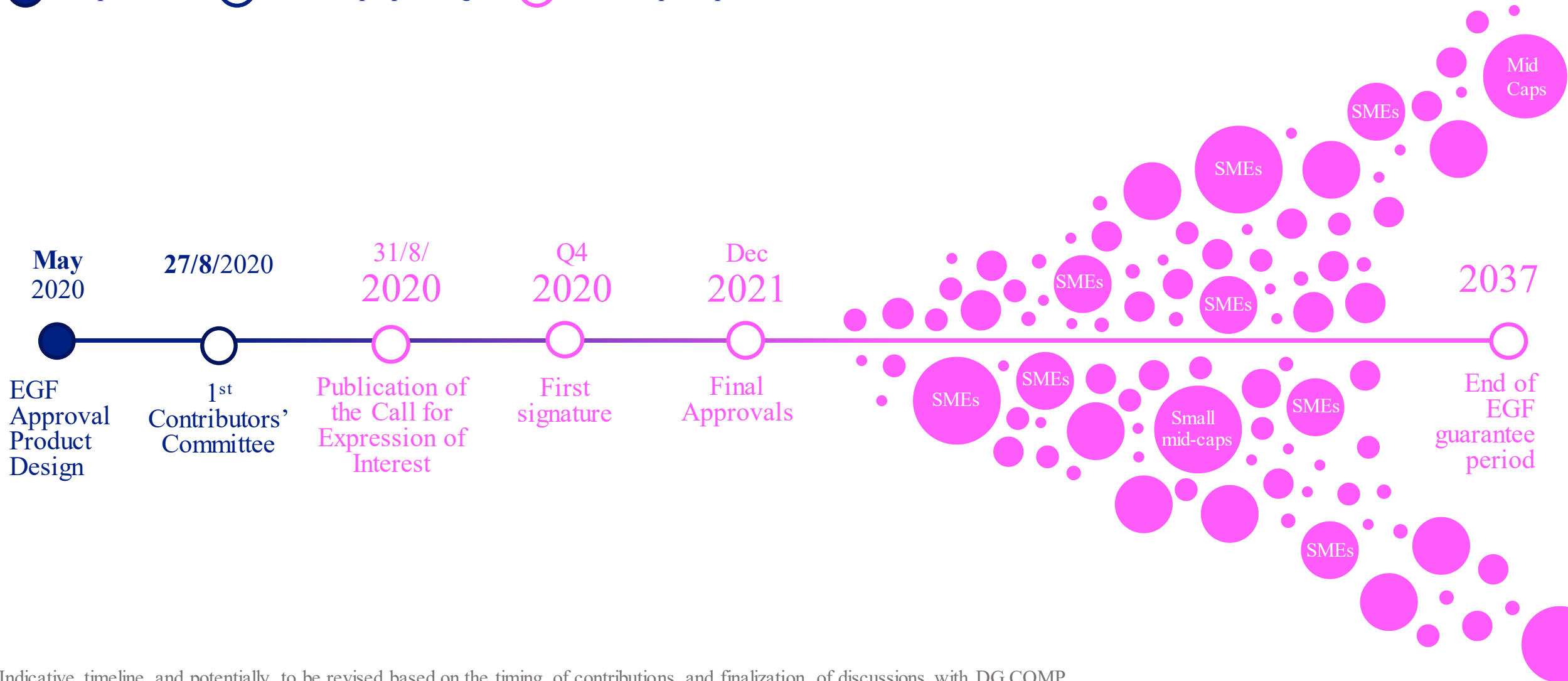
Equity
€4.3bn

*Figures assume EUR 25bn being committed

** The securitization instrument will be part of EIB product offering, but be fronted by EIF. The product will be rolled out at a later stage subject to relevant state aid approvals.

Implementation timeline

● Steps taken ○ Future steps: planning ○ Future steps: implementation



Indicative timeline and potentially to be revised based on the timing of contributions and finalization of discussions with DG COMP

Challenges

- **Governance:** EGF governance body (Contributors Committee) has the right to approve individual transactions and provide also global authorizations. We are requesting delegation to EIF decision bodies (decision in September)
- **Short deployment period** (approvals until 31 December 2021). Therefore, streamlined selection and approval process based on standard contract
- Requirements of the applicable **State Aid regime** define product features.
- **Inclusion period** up to December 2021, possibly extended to December 2023 subject to De minimis Regulation being applicable.
- Achievement of **target Key Performance Indicators** (e.g. maximum Expected Loss of 20%, minimum SME share, geographical distribution – slide 4) drives the allocation by product

EGF — EIF Debt Products

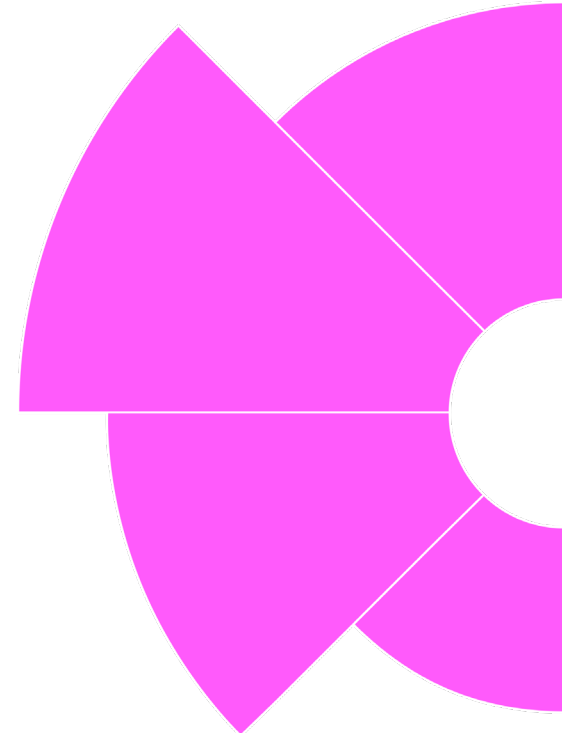
A range of debt solutions to ensure financing remains available to Europe's SMEs, small mid-caps and mid-caps during the COVID-19 crisis

* This presentation is for information purposes only and should be read in conjunction with the detailed call for expression of interest documentation which will be published at www.eif.org

EIF Debt Products

A range of debt solutions for Europe's SMEs, small mid-caps and mid-caps during the COVID-19 crisis

	Capped guarantees	Uncapped guarantees
<i>Risk sharing mechanism</i>	AAA guarantee providing loss protection on the guaranteed portfolio	AAA guarantee providing capital relief and loss protection
<i>EGF Resources allocated</i>	€2.5bn	€6.08bn
<i>Target guaranteed amount</i>	Up to €15.7bn <i>[6.4x EGF resources allocated]</i>	Up to €18.7bn <i>[3x EGF resources allocated]</i>
<i>Target mobilised resources for Financial Intermediaries</i>	Up to €26bn <i>[10.2x EGF resources allocated]</i>	Up to €28bn <i>[4.6x EGF resources allocated]</i>
<i>Target mobilised resources for Final Recipients</i>	Up to €36bn <i>[14.3x EGF resources allocated]</i>	Up to €39bn <i>[6.4x EGF resources allocated]</i>



EIF Debt Products

A range of debt solutions for Europe's SMEs, small mid-caps and mid-caps during the COVID-19 crisis

Financial Intermediaries

Commercial banks	Guarantee societies	Microfinance institutions
Ethical banks	National promotional banks	Alternative lenders
Crowd-lenders	Debt funds	SPVs
Leasing companies		

Eligible financing

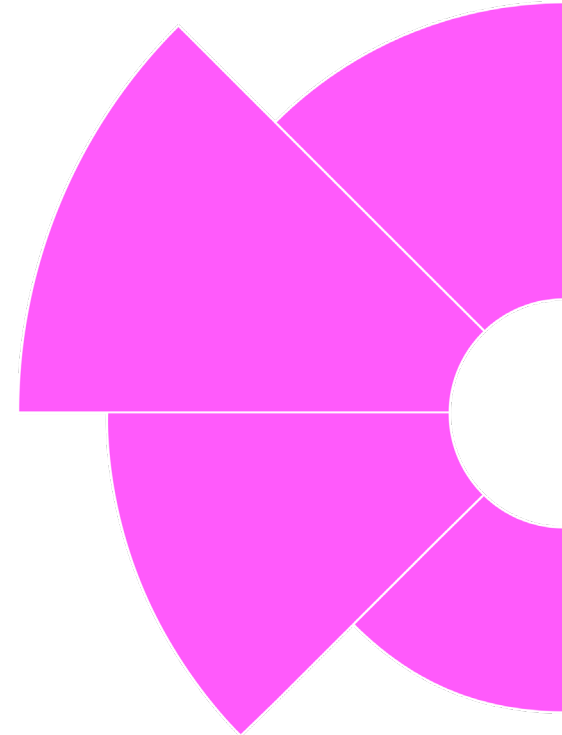
Senior loans	Leasing	Revolving credit lines
Documentary finance	With recourse factoring	Subordinated loans
Quasi-equity		

Transfer of benefit (examples)

Lower level of collaterals provided as security

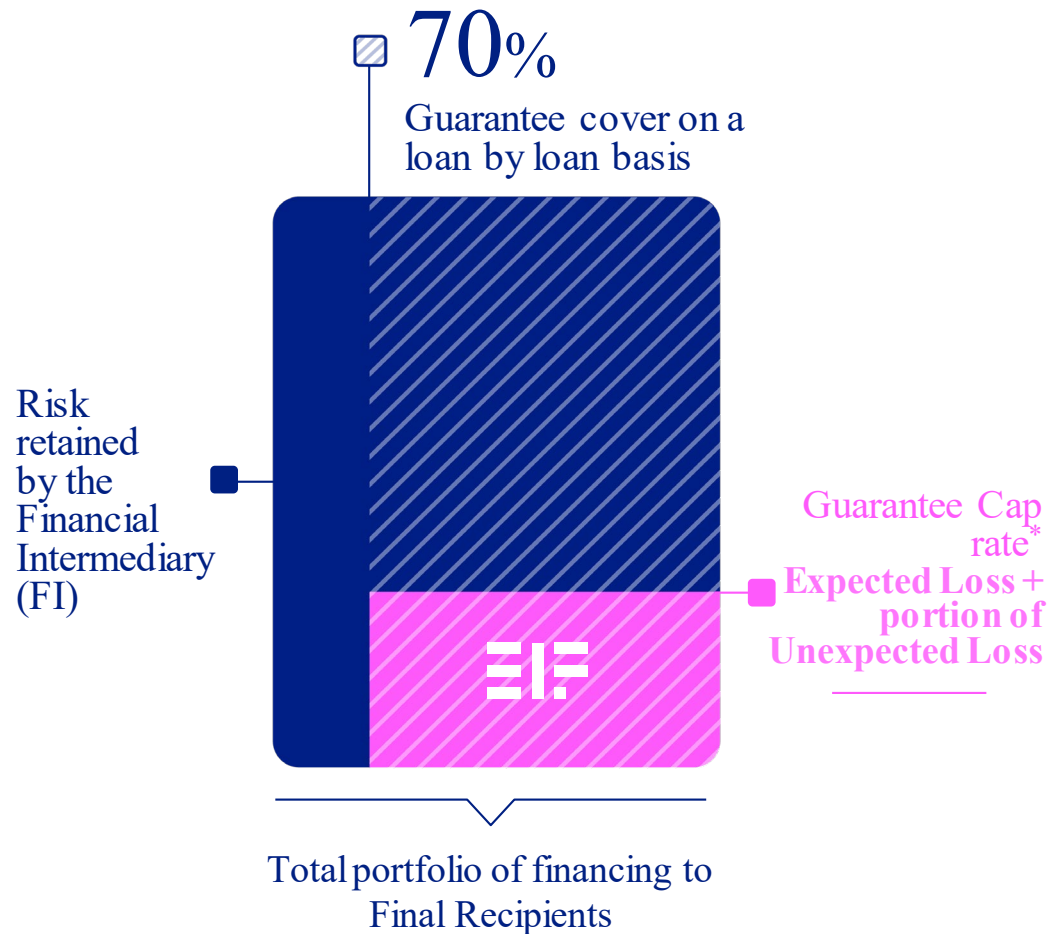
Reduction in interest rates, e.g. through the reduction of the credit risk spread

Increased access to finance for riskier borrowers such as start-ups.



Capped (counter) guarantees

Increased availability of finance for SMEs, at better terms



Benefits

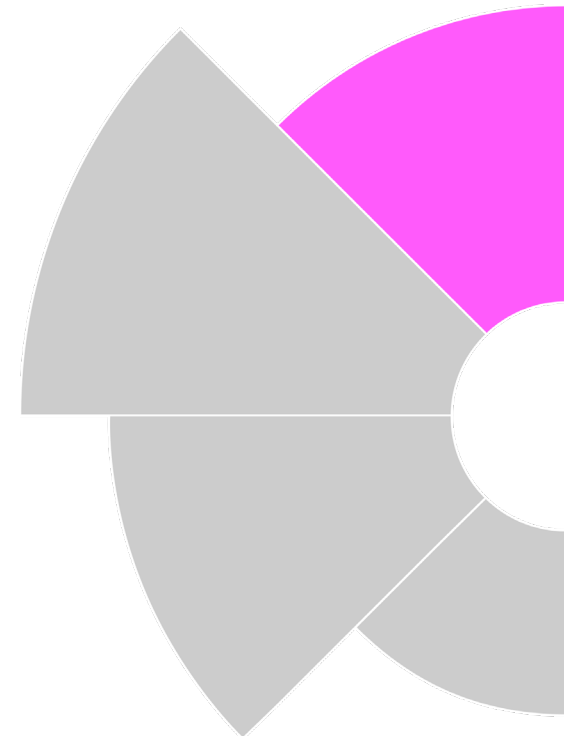
SMEs

- Collateral reduction
- Maturity extension
- Lower interest rates
- Broader reach & new sectors

FIs

- Full delegation model
- Reduce the cost of risk
- Reduce capital consumption
- Increase in financing volumes
- Offer new & riskier debt products

Debt products



*Maximum 30% Guarantee Cap Rate; The Expected Loss shall factor the historical performance and the expected impact of the pandemic.

Capped (counter) guarantees features

Main features

Guarantee rate

70%

Guarantee cap rate

Expected Loss + portion of Unexpected Loss

Other features

Guarantee fee

20bps on the outstanding guaranteed amount

Capital relief

Partial capital relief, subject to cap amount

Eligible financing

See slide 11

Max principal and maturity

Maximum amount depending on the applicable State Aid Framework;
Max maturity 180 months

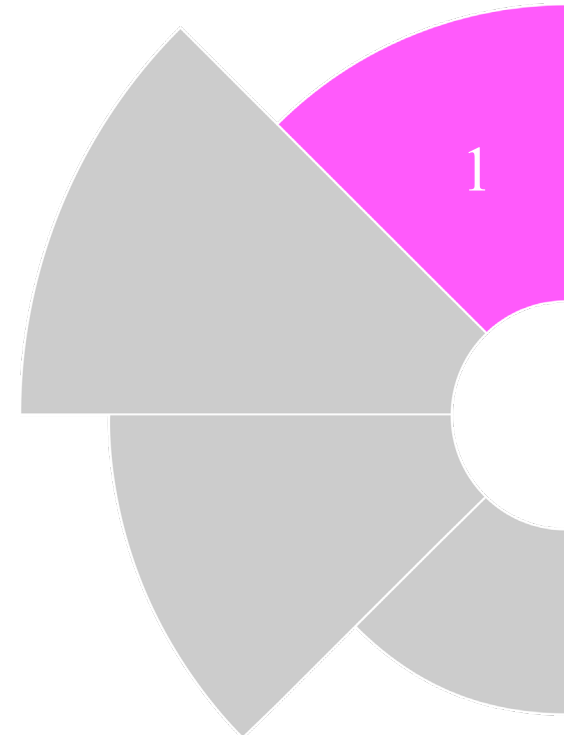
Inclusion period

Until December 2021

Eligible industries

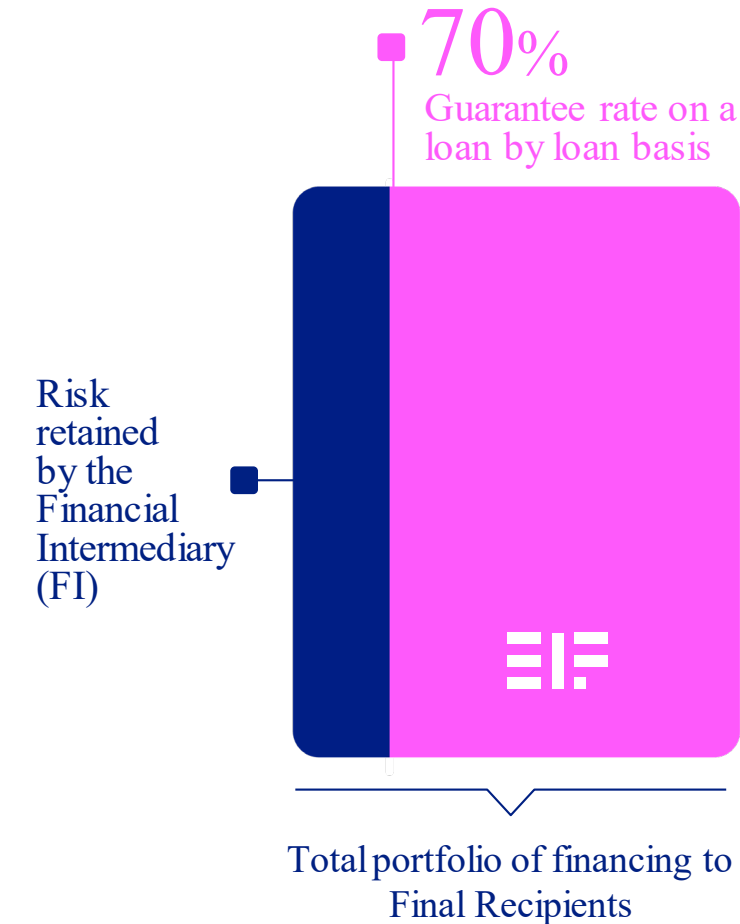
All industries including agriculture (safe for EIBG restricted sectors)

Debt products



Uncapped (counter) guarantees

Increased availability of finance for SMEs, at better terms



Benefits

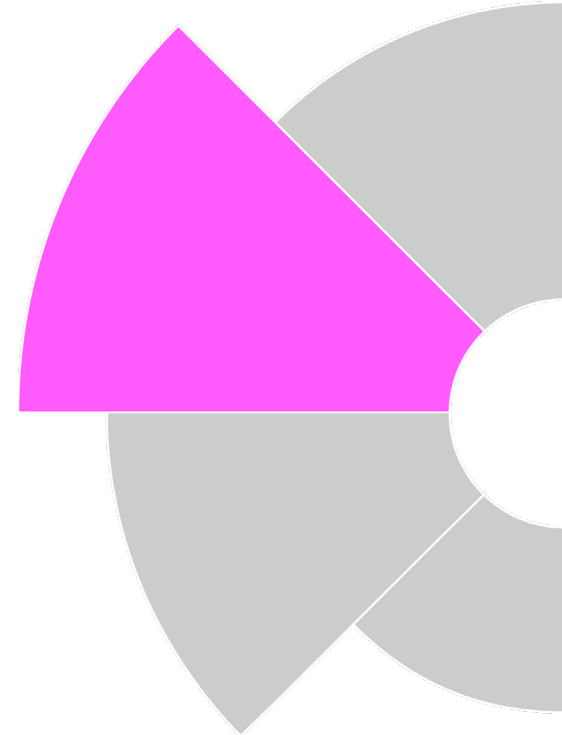
SMEs

- Collateral reduction
- Maturity extension
- Lower interest rates
- Broader reach & new sectors

FIs

- Full delegation model
- Reduce risk cost
- Regulatory capital relief (on guaranteed portion)
- Increase in financing volumes
- Offer new & riskier debt products

Debt products



Uncapped (counter) guarantees features

Main features

Guarantee rate

70%

Guarantee cap rate

uncapped

Other features

Guarantee fee

70bps of the outstanding guaranteed amount

Capital relief

Capital relief on the guaranteed portfolio

Eligible financing

See slide 11

Max principal and maturity

Depending on the applicable State Aid Framework

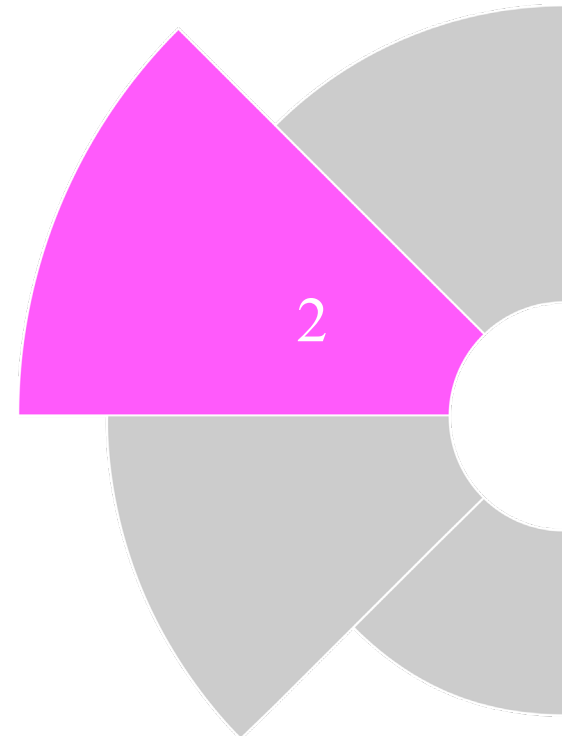
Inclusion period

Until December 2021

Eligible industries

All industries including agriculture (safe for EIBG restricted sectors)

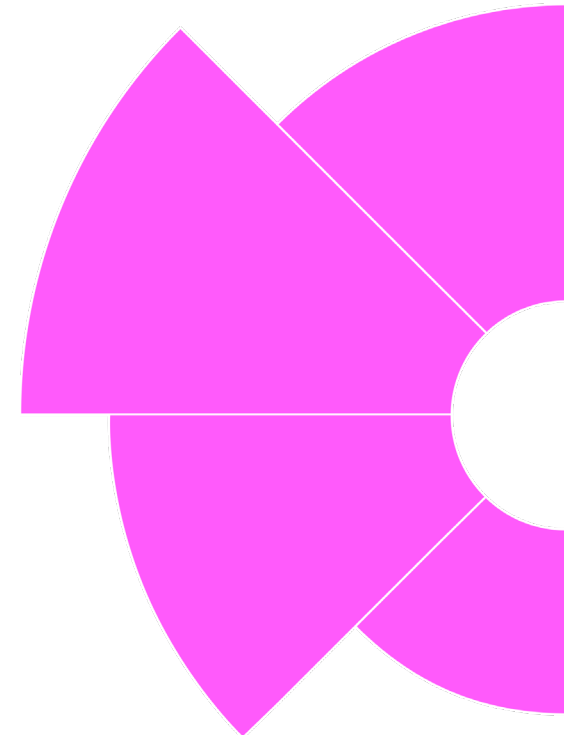
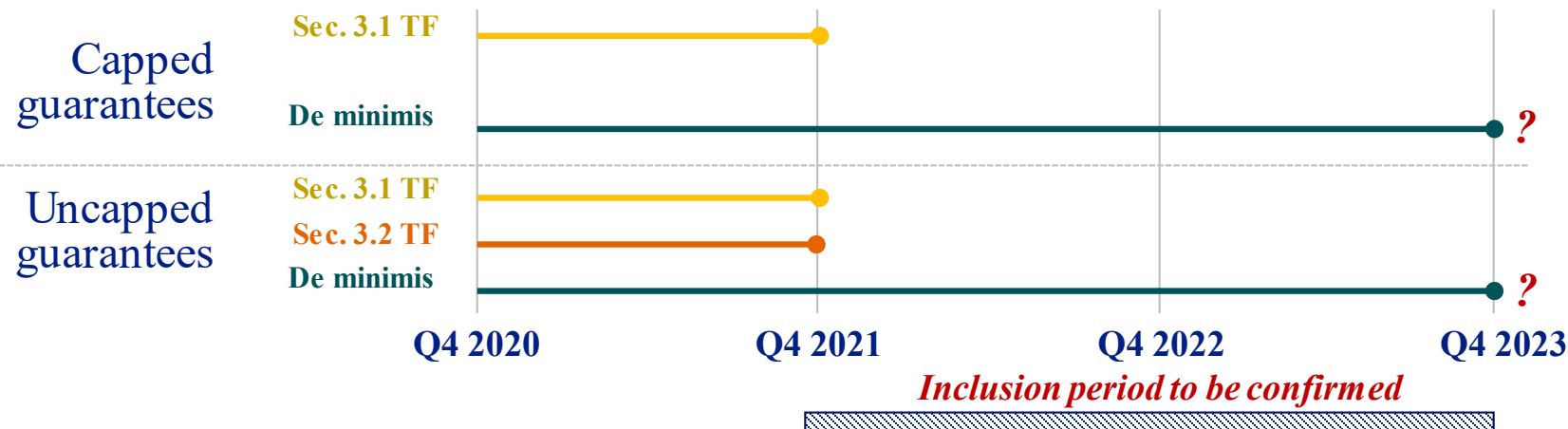
Debt products



EIF Debt Products – State aid requirements

Compliance with State Aid requirements

- Guarantee products designed to comply with State Aid requirements. Financial Intermediaries shall include underlying financing in line with provisions under the **Temporary Framework** or the **De minimis Regulation**
- Applicable State Aid regime determines features of the financing (i.e. maturity, guaranteed amount, ranking) and the inclusion period. The temporary Framework would allow for inclusions until Dec. 2021, while **only the De minimis Regulation will be available for inclusions in 2022-2023**.
- Still open: confirmation on whether the De minimis Regulation will apply to debt products under EGF.



Capped (counter) guarantees: state aid requirements

Final beneficiaries

Temporary framework



Financing amount

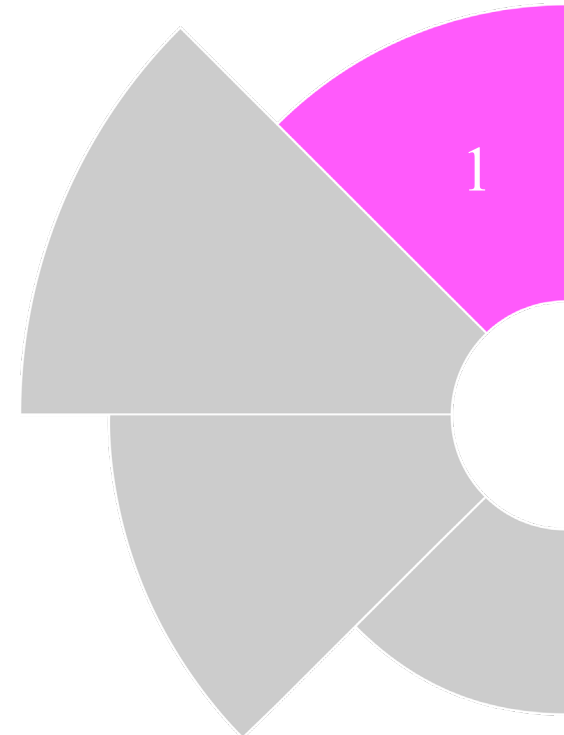
Maximum guaranteed amount up to EUR 800,000 per single undertaking. To be checked in cumulation with other EGF aid granted under TF 3.1 (not, for the avoidance of doubt, with any other aids granted under the TF).

De Minimis



A function of, for each Final Beneficiary, the available De Minimis aid ceiling at the level of the single undertaking, and of the GGE of the EGF guarantee.

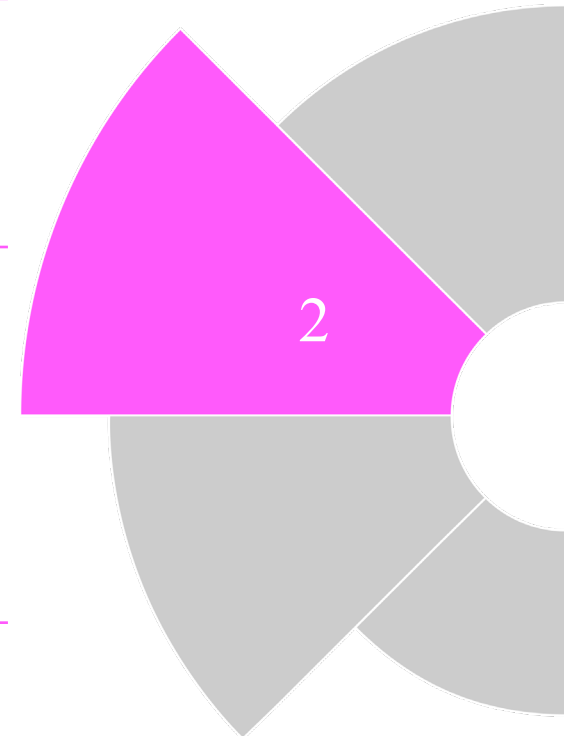
Debt products



Uncapped (counter) guarantee: state aid requirements

	Final beneficiaries	Maximum maturity	Financing Amount
Temporary Framework 3.1		Up to 180 months	Guaranteed amount up to EUR 800,000 per single undertaking, to be checked in cumulation with other EGF aid that is granted under TF 3.1.
Temporary Framework 3.2		Up to 72 months	Maximum loan amount equal to: Double the double the annual wage bill of the beneficiary <i>or</i> 25% of the beneficiary's total turnover in 2019 or for the last year available <i>or</i> Foreseen financing needs for: <ul style="list-style-type: none"> • 18 months (SMEs) • 12 months (Small Mid-caps)
De Minimis		Up to 96 months	Maximum loan amount function of the available De minimis aid ceiling at the level of the single undertaking, and of the GGE of the EGF guarantee.

Debt products



*Small Mid-Caps with credit rating of at least B-.

Uncapped (counter) guarantee: state aid compliance

Type of financing

State Aid framework

Senior Financing to SMEs
(including loans, leasing contracts, trade finance and documentary finance)

Temporary
Framework
3.1

Temporary
Framework
3.2

De
Minimis

Senior Financing to larger enterprises
(including loans, leasing contracts, trade finance and documentary finance)

Temporary
Framework
3.1

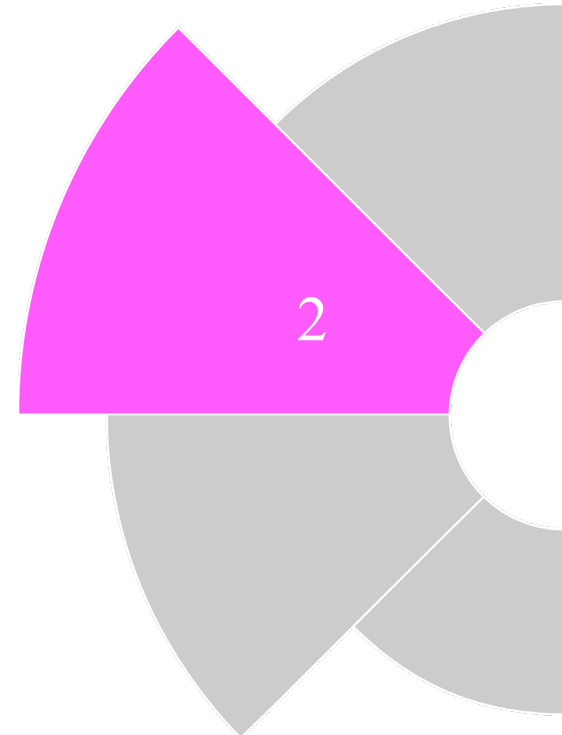
De
Minimis

Subordinated financing to SMEs and larger enterprises

Temporary
Framework
3.1

De
Minimis

Debt products



EGF – EIF

Debt Products

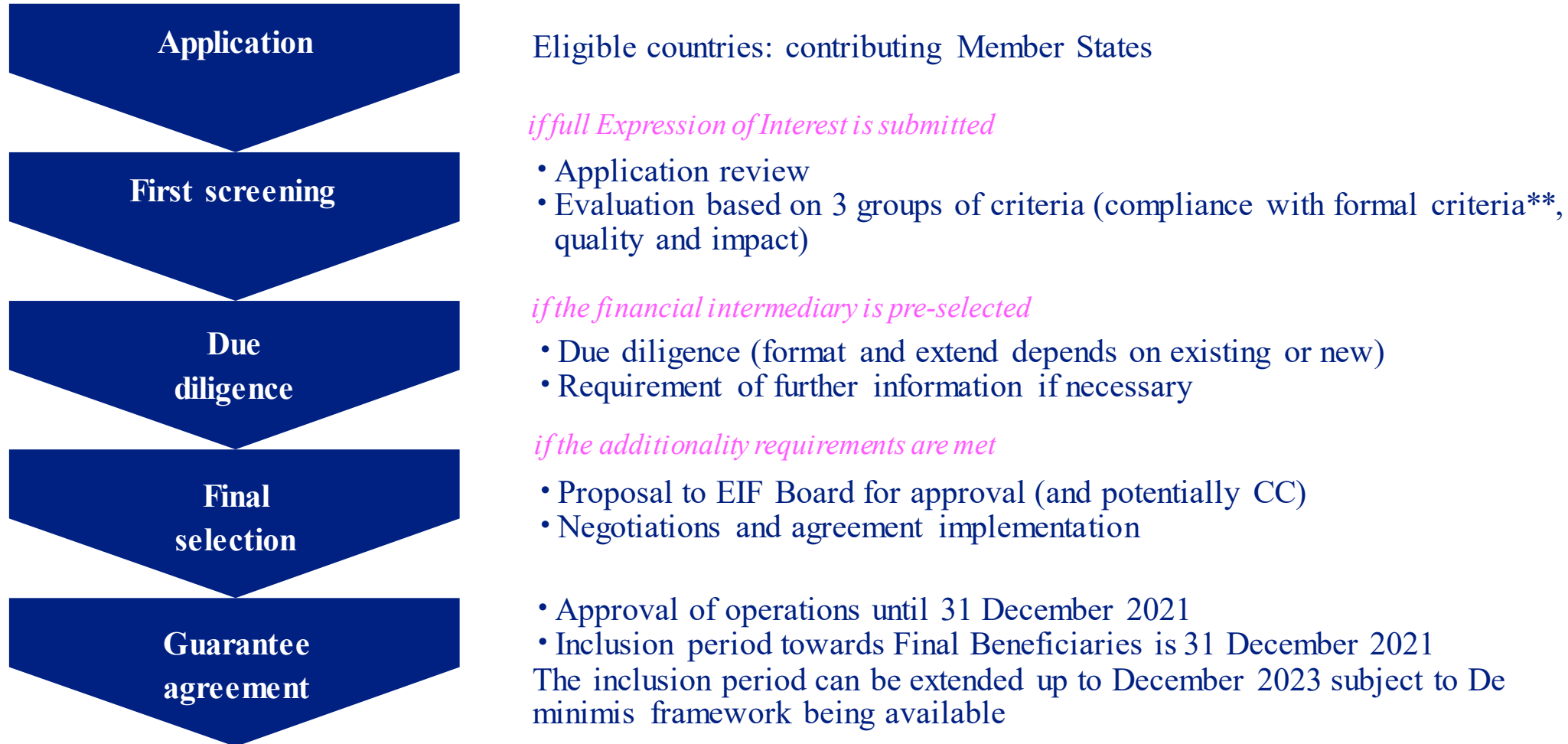
Selection of Financial Intermediaries

*A streamlined selection
process to ensure immediate
response to the crisis*

* This presentation is for information purposes only and should be read in conjunction with the detailed call for expression of interest documentation which will be published at www.eif.org

Open Call for Expression of Interest

Our Financial Intermediary selection process*



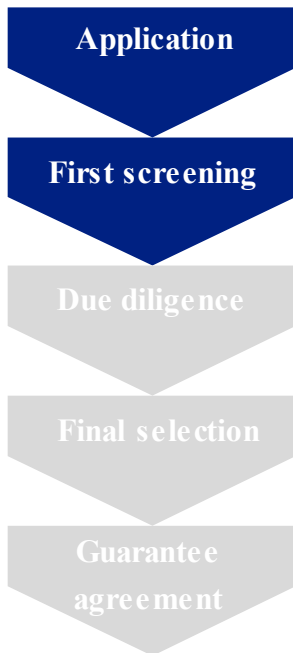
*The EIF, at its full discretion, may skip steps of the Pre-selection and due diligence process for financial intermediaries that have been approved in the last 6 months.

** Signed Declaration of Honour and full application submitted

Selection of Financial Intermediaries

Step 1: Call for Expression of Interest to select Financial Intermediaries

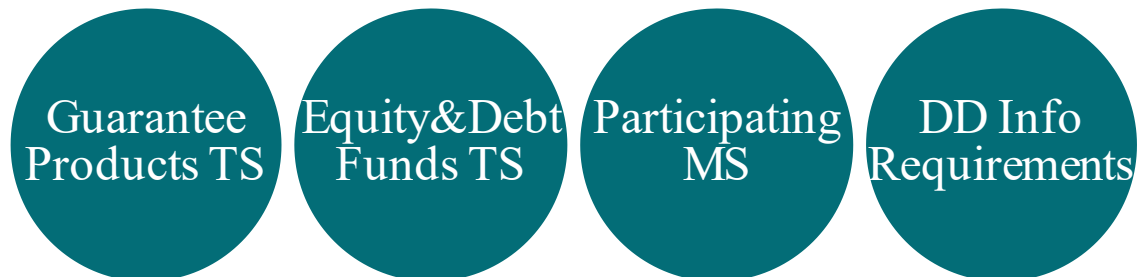
Published on Aug. 31st, 2020



Call for Expression of Interest



Annexes



Expressions of Interest containing:

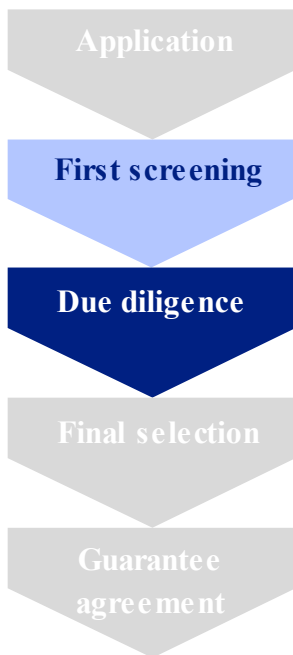
- Representations and declarations for the purposes of the Anti-Fraud and Transparency Policies
 - Applicant identification details
 - First screening information requirements: applicants provide indicative information on main features of the portfolio and on the proposal to transfer the benefit of the guarantee to the final recipients.
-
- Indicative Term Sheet for each product:
 - Key product features & contractual clauses
 - Eligibility criteria
 - State aid guidelines
 - Detailed DD requirements

Open Call for Expression of Interest

Step 2: Due diligence phase - Information requirements for Call Applicants

Two-steps approach for information requirement to financial intermediaries:

- i. Pre-screening: preliminary set of information on the expected share of SMEs and proposal on transfer of benefit;
- ii. Upon successful first-screening, information requirement to support the due diligence. Data requirement defined on a case-by-case basis depending on previous transactions signed with the counterparty. **The EIF will leverage on data already available for well-known intermediaries, requesting only the information missing to progress with due diligence.**

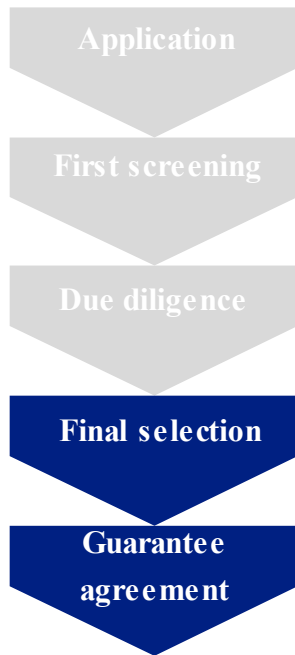


Due diligence data requirement, adjusted case-by-case

- Applicants' activity and financial standing;
- Operating principles;
- Pricing policy applicable to the financing;
- SME and Mid-caps data and performance track-record;
- Strategy for the deployment of the financing/investments supported by EGF;
- Expected characteristics of the portfolio to be originated.

Open Call for Expression of Interest

Step 3: Approval process and signature of the agreement



Upon due diligence, transactions will be submitted for decisions to EIF Board of Directors (and possibly to EGF Contributor Committee)

The Guarantee Agreement will be based on standardised terms.

EIF contacts



For more information on the guarantee instruments supported by the EGF, please contact the transaction officers responsible for previous transactions with your institution, or send an email to EGF_Portfolio_Guarantees@eif.org



Questions & Answers

*Annex—
Other EIF products
under EGF*

*A complete range of
financing and investment
solutions to support
Europe's SMEs, small mid-
caps and mid-caps during
the COVID-19 crisis*

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EIF Debt Products - Securitisation

Product description

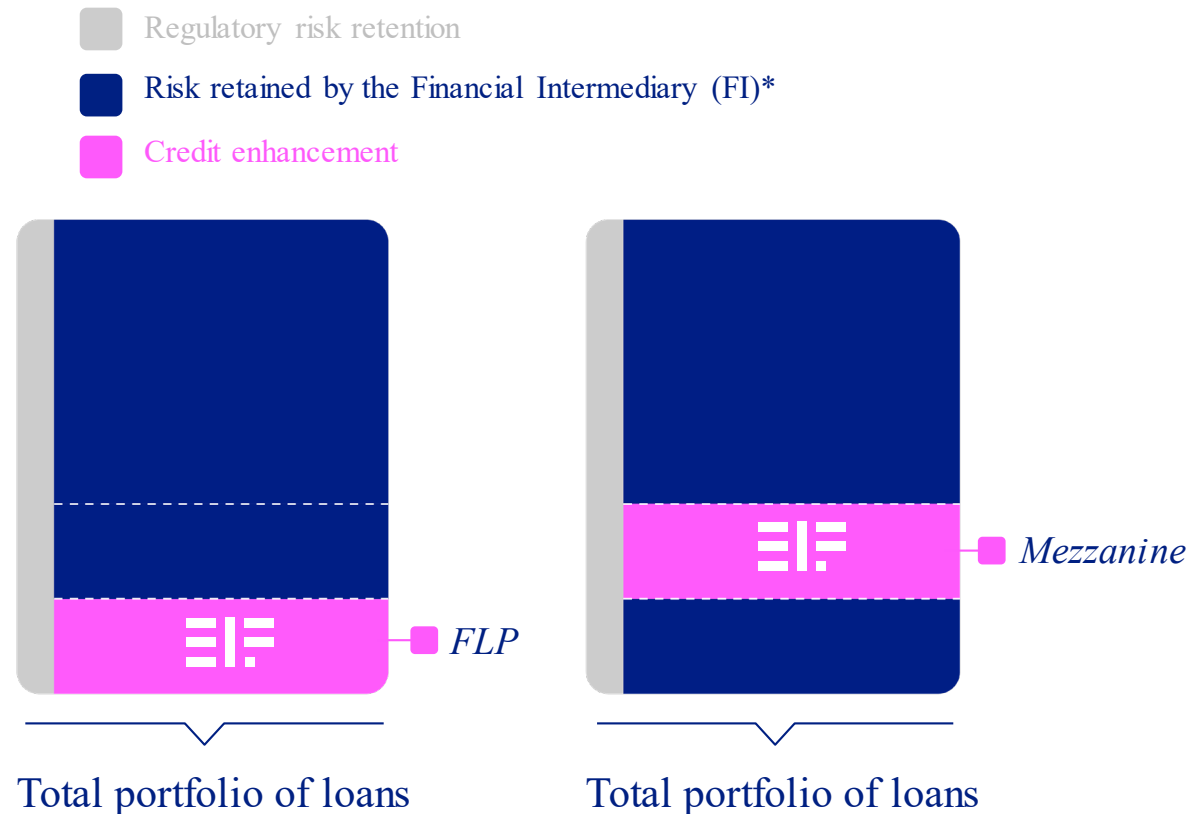
Synthetic securitisation of securitized SME portfolios provides economic and regulatory relief for originators. Financial Intermediaries can redeploy the capital to new financing to SMEs

€3.7bn

EGF Resources allocated

Up to €34.4bn

Target mobilised resources for Final Recipients



Benefits

FIs

- Expand the capacity to lend
- Origination of new portfolios
- Regulatory capital relief

SMEs

- Broader reach
- New sectors
- Targeted financing

EIF Debt Products – Senior Private Credit

Product description

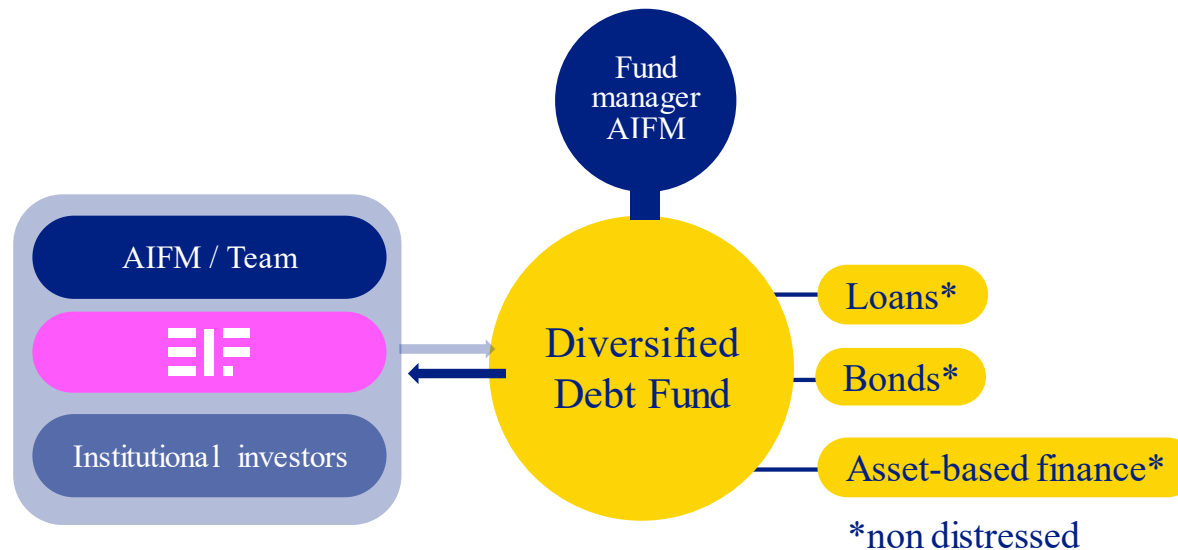
Finance for funds providing flexible senior debt, financing solutions in the form of non distressed loans, bonds and asset-based finance

€0.4bn

EGF Resources allocated

Up to €3bn

Target mobilised resources for Final Recipients



Benefits

GPs

Access to a cornerstone investor to achieve an adequate fund size

SMEs

Access to tailor made non bank senior debt financing solutions

EIF Equity Products

A range of solutions to address smaller company COVID-19 liquidity issues

	Existing funds Top-up facility	Target fund size facility	Replacing defaulting LP facility	Turnaround / Special Situations Funds	Selective Loan Funds
<i>Purpose</i>	Support funds with limited or insufficient undrawn capital to provide follow-ons to their portfolio companies or invest in new companies	Supporting funds with fundraising difficulties to help reach their targeted fund size in case of limited investors' interest during subscription period	Selectively replacing defaulting or likely to default investors allowing fund managers to complete their initial investment strategy	Investments into funds with dedicated turnaround/special situation strategies thereby supporting the recovery of COVID-19 impacted firms	Investments into loan funds with selective investment approach that provide bespoke debt solutions for companies. Focus on new financing origination.
<i>Expected leverage (FB level)</i>	≈ 2.2x	≈ 2.6x	≈ 1.0x	≈ 2.3x	≈ 3.4x
<i>Budget (Indicative)</i>	≈ 0.9bn	≈ 3.0bn	≈ 0.2bn	≈ 0.2bn	≈ 0.2bn
<i>Targeted counterparts and final beneficiaries</i>	<i>VC/BA/TT/PE/Private Credit/Mezzanine funds. Two options: Top-ups can be structured on pari-passu or preferred terms.</i>	<i>VC/BA/TT/PE/Mezzanine funds fundraising or active in their subscription period. and investing in SMEs and Mid-Caps</i>	<i>VC/BA/TT/PE/Private Credit/Mezzanine funds investing in SMEs and Mid-Caps</i>	<i>Increased availability of financing for distressed SMEs and Mid-Caps.</i>	<i>Bespoke non-bank debt solutions for SMEs and Mid-Caps.</i>
<i>Expected loss</i>	The risk profile and deployment will be managed to keep ex-ante net expected loss at zero (i.e. the expected loss after deducting the expected revenues).				