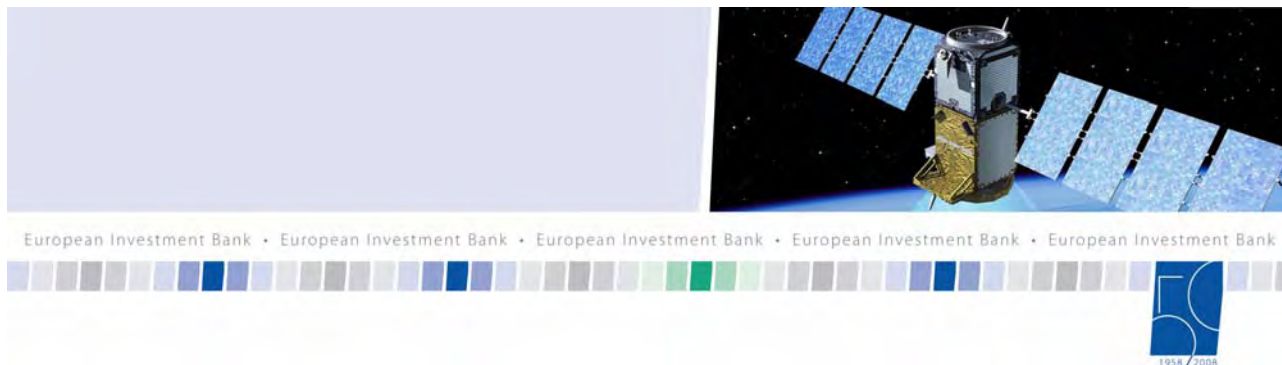


The EIB Risk Sharing Finance Facility (RSFF) Additional debt capacity to support European Innovation



1. What is RSFF?

RSFF is the acronym for the Risk Sharing Finance Facility, a new facility jointly developed by the European Commission (EC) and the European Investment Bank (EIB) to finance higher risk Research, Technological Development, Demonstration and Innovation investments (RDI projects).

2. How much is available under RSFF?

RSFF is a EUR 10bn debt facility financing sub and low investment grade junior/mezzanine/senior financing for eligible, for high risk RDI project investments.

This amount will be financed by EIB by leveraging up to EUR 2bn of capital of which EUR 1bn is from the Community Seventh Framework Programme and EUR 1bn from EIB's own resources that covers the risks incurred related to higher risk financing.

3. What are the objectives of the RSFF?

The investment objectives of RSFF are to facilitate and accelerate RDI investment as the strategic targets set in most European countries for both public and private sector RDI investment remain below target. One of the key factors constraining the implementation of RDI activities is the insufficient availability of financing, at acceptable terms, to promoters of investments involving complex products and technologies, unproven markets and intangible assets. In order to overcome these difficulties, the Commission and the EIB have joined forces to set up the Risk Sharing Finance Facility, an innovative scheme to improve access to debt financing for private companies or public institutions promoting RDI activities.

4. Who can benefit from RSFF financing?

RSFF financing is provided to promoters of eligible RSFF projects, i.e. private and public entities of all sizes and ownership, including Midcaps, Small and Medium-sized Enterprises (SMEs), Special Purpose Companies, Joint Ventures, PPP's Research Institutes, Universities, Science and Technology Parks, Joint Technology Initiatives as well as Partners collaborating under European Technology Platforms and Eureka. Beneficiaries under RSFF financing will be required to present a coherent business plan confirming their capacity to repay RSFF financing. The EIB will under RSFF provide or guarantee loans with higher risk profiles compared to its normal financing activities.

5. Is RSFF also available for projects outside of Member State countries?

Projects eligible for RSFF financing can be located in the 27-EU Member States and in the following Associated Countries: Iceland, Liechtenstein, Norway, Switzerland, Israel, Turkey, Croatia, Serbia, the Former Yugoslav Republic of Macedonia, Albania, Montenegro, Bosnia & Herzegovina and the Faroe Islands.

Research Infrastructure projects can be supported in any of these countries provided its ownership or operation involves legal entities established in at least three Member States or Associated Countries, or its services are used or requested for use by research communities from at least three Member States or Associated Countries.

6. What type of RDI activities can be financed under RSFF?

RSFF can finance promoters of projects in a wide range of RDI (Research, Technological Development & Demonstration and Innovation) activities, including Basic or Fundamental Research, Applied or Industrial Research, experimental or pre-competitive development, definition stage or feasibility studies, pilots and demonstration activities and Innovation. Such projects can be part of European Research Initiatives, including Research Infrastructures, European Technology Platforms, PPPs Joint Technology Initiatives or projects undertaken under Eureka. RSFF can also finance research infrastructures, both national and European, at universities, in science parks or with other research organisations.

7. What kind of investments can be supported?

The scope of eligible activities is wide and extends from traditional “brick and mortar” investments to equipment and intangible investments such as R&D operating cost, salaries of researchers, management and support staff, utilities, consumables, IPR acquisition or protection costs.

8. How much financing can the EIB provide?

Up to a limit of EUR 300m per project: The share of EIB financing is limited to 50% of the total amount of eligible project cost, i.e. of the investments in RDI and/or research infrastructures mentioned above.

Small Projects, i.e. with a financing need of EUR 7.5m or more can be financed directly by the EIB. For small and medium-sized enterprises and projects with an investment cost of up to EUR 25m, the EIB is also in the process of establishing a network of RSFF Framework risk sharing credit facilities to be made available to its partner banks in the EU and in Associated Countries.

9. What financing products are available under RSFF?

The RSFF focuses primarily on debt based financing via loans and guarantees including innovative financing solutions such as junior/mezzanine/senior finance and other structured products addressing specific funding requirements.

Private Equity financing, including Venture Capital, is also provided by the EIB Group by the European Investment Fund, an important European investor in European early stage VC financing funds.

10. What risks does RSFF share?

Under the RSFF, the EIB can accept exposure to higher credit risks than under its normal lending activities, either in the form of counterparts with a higher risk profile or through transaction structures involving higher financial risks for the EIB. RSFF finance can be provided to low or sub investment grade companies including the vast number of typically unlisted and unrated small or medium sized companies in Europe. Sub-investment grade financing refers to credit risks equivalent to “BB” or “B” on the rating scale of leading international rating agencies.

11. How can a company or its advisers apply for RSFF financing?

Please contact EIB directly through the EIB website connections. There are no formal requirements such as application forms or deadlines in order to apply for RSFF financing from the European Investment Bank.

For financing amounts of EUR 7.5m or more, the Bank can be contacted directly, either via its Head Offices in Luxemburg or via its European external offices located in Austria, Belgium, France, Germany, Greece, Italy, Poland, Portugal, Spain and the United Kingdom.

For the financing of small and medium sized RDI projects and enterprises, the EIB intends to introduce new Risk Sharing Framework Facilities for interested banks and other financial intermediaries.

12. How long does it take to receive approval for an RSFF financing?

The EIB's due diligence process involves the assessment of the project's eligibility, techno-economic viability and the promoter's financial situation and perspectives. Subject to the completeness of the information / documentation available and the nature of the financing, the time elapsing between a first contact with the EIB and the signature of a financing contract will typically vary between 3 and 6 months.

13. What are the financing arrangements under RSFF?

EIB financing can be made available to public and private entities (public "or" corporate finance); or to Special Purpose Companies set up for the implementation of specific projects ("limited recourse or Project Finance") and to Public Private Partnerships. RSFF financing can be made available directly to the project Promoter, where the EIB will in general provide (co)financing, jointly with commercial banks or other financing institutions.

In addition, the EIB will provide guarantees to commercial banks or other financial institutions financing the Promoter and will work closely in all cases with the Promoter and its existing financial institutions to ensure the best possible solution for the investment.

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