



European  
Investment  
Bank

*The € bank*



EUROPEAN  
INVESTMENT  
FUND

# Investing Together

**The European Investment Bank Group and  
National Promotional Banks and Institutions**



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# 102

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National Promotional Banks  
and Institutions  
working with the EIB

€

# 50

billion

EIB exposure to NPBl's  
as of December 2018

# Long-standing partnerships

The EIB Group has long-standing, strong partnerships with National Promotional Banks and Institutions (NPBIs) across the European Union. With their knowledge and access to local markets, these financial institutions are essential to achieving maximum reach and economic impact, especially for small businesses.

NPBIs and the EIB Group co-finance individual projects, investment platforms and investment vehicles, and they help companies that are having financing difficulties realise their projects. NPBIs and the EIB Group meet regularly to share knowledge, exchange best practices and improve collaboration.

The EIB Group offers a broad range of products and services to a diverse group of NPBIs depending on their geographical focus, size and abilities. EIB lending to NPBIs reached an average of €7.3 billion annually in the last five years, representing 11% of total EIB signatures inside the EU. As of December 2018, the EIB's outstanding exposure to NPBIs was €50 billion<sup>1</sup>.

To date, the European Investment Fund (EIF) has invested in 435 funds in which NPBIs or EU governments are co-investors. In addition, 194 guarantee, securitisation, and inclusive finance operations have been closed with NPBIs, for a total amount of €7.6 billion. These operations have mobilised close to €100 billion of investments in small and medium-sized enterprises in Europe.

Cooperation between NPBIs and the EIB Group is not limited to the EU. Together, we financed 65 projects outside the European Union from 2014 to 2018, a total investment of €23 billion.

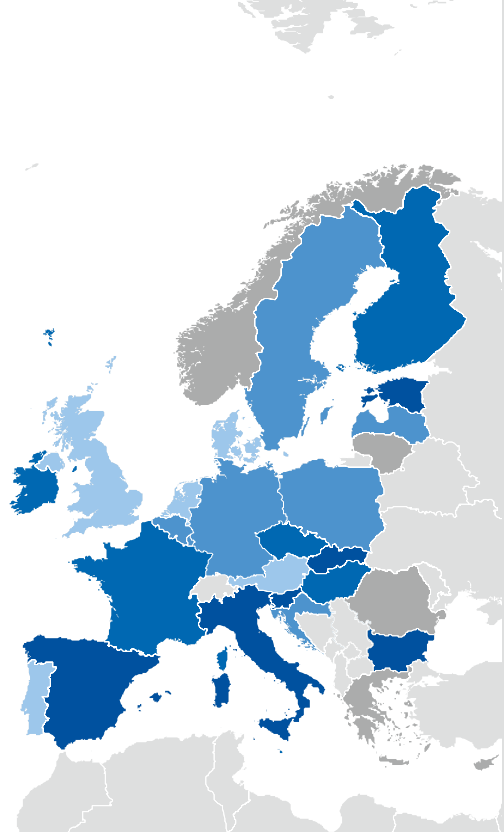
<sup>1</sup> Including signed operations not yet disbursed.

# European Fund for Strategic Investments (EFSI)

The Investment Plan for Europe has further enhanced the EIB's cooperation with promotional banks. NPBI's play a key role in the implementation of the Investment Plan for Europe thanks to their expertise and knowledge of the local investor communities and national strategies.

Of the transactions signed under EFSI from 2015 to 2018, 18% were signed with NPBI's, representing 173 projects and total investment of €9.6 billion. These operations are expected to mobilise €56.4 billion of investment in the European economy. EFSI operations with NPBI's cover a large part of Europe, as the map shows.

*EFSI Investment with NPBI's relative to gross domestic product  
(the darker the colour, the greater the investment).*



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**18%**

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of our operations  
involve NPBIs  
(signed amount)

€

**9.6****billion**

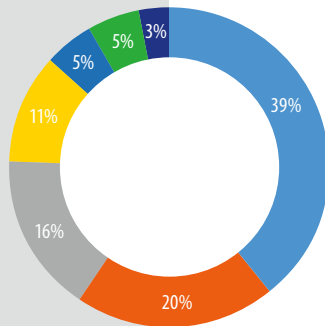
jointly signed EFSI  
operations

€

**56.4****billion**

of investment  
mobilised together

Products offered to NPBIs under EFSI include co-financing of operations, direct guarantees, risk-sharing instruments, asset-backed security loans, equity investments, securitisations and investment platforms, including co-investments in equity funds. Some of these products are highlighted on the following pages.



#### Investments per EFSI objective:

- Small business
- Digital
- Research, development and innovation
- Energy
- Social infrastructure, health and human capital
- Transport
- Environment

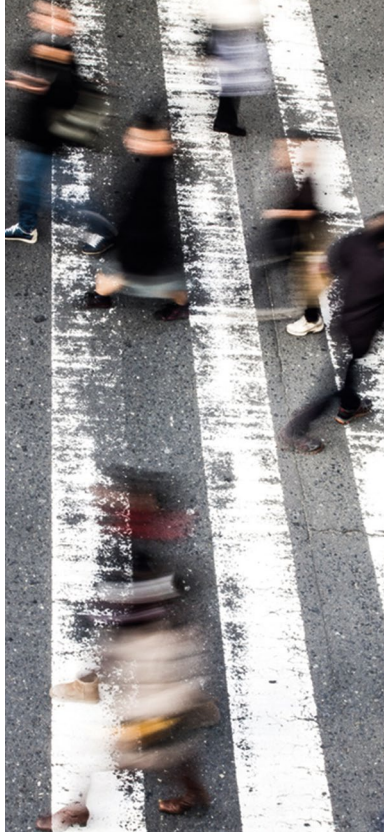


## Investment platforms

Investment platforms are co-investment arrangements for a portfolio of projects with a special theme or geographic focus. The platforms pool the resources of the EIB Group, NPBIs, national and regional governments and private investors. The goal is to reduce transaction costs and provide better risk allocation among investors. To date, 33 platforms have been approved with NPBIs. Those platforms are expected to mobilise at least €33.8 billion of investment.

## Risk sharing

Risk-sharing instruments are provided in the form of a guarantee or risk participation with an NPBI to cover part of the losses in a portfolio. The product provides capital and/or risk relief to the NPBI, which in return commits to generating a new portfolio of loans for an amount at least equal to the EIB Group guarantee. Risk-sharing instruments enable NPBIs to make small business loans at a faster pace, thus helping more clients and growing the loan book. To date, eight risk-sharing operations have been approved with NPBIs with EFSI financing of €1.7 billion. These operations are expected to mobilise €9.6 billion for small and medium-sized enterprises across Europe.



## Equity instruments

The EIB Group is working with NPBIs to develop new products under the equity strategy. Recent initiatives include the creation of a sub-window for equity-type operations led by NPBIs. This window is dedicated to equity risk-sharing operations with NPBIs, captive funds of NPBIs, and other NPBI-led equity-type operations. The EIF has implemented a new set of equity instruments that will be deployed in the form of two windows – the Expansion and Growth Window and the Early Stage Window – which may be combined for multi-stage investments. In addition, the EIF-NPBI Equity Platform was launched as a collaborative initiative to support a well-functioning European venture capital and private equity market for the ultimate benefit of small businesses in Europe.

NPBIs are involved in

**33** investment  
platforms

€ **1.7** billion

in risk-sharing  
operations

and a

€ **2** billion

new equity  
envelope

An abstract graphic on the left side of the page, consisting of a dense network of glowing blue lines and dots on a black background, resembling a molecular structure or a complex web.

## EIF-NPI Equity Platform

NPBIs and the EIF share a common goal: to support a venture capital and private equity market for small and medium-sized enterprises in Europe.

In 2016, a number of NPBIs and the EIF joined forces under the EIF-NPBI Equity Platform to maximise equity financing support for small businesses. We are pooling our knowledge, improving processes, promoting best practices, identifying market gaps, designing new solutions and channelling fresh investment. The platform has 40 NPBIs from 25 countries across Europe, the European Commission and the EIF as members.

Members of the platform have access to the General Forum, an annual meeting for all members where broad policies and strategic focus are discussed. The forum also presents opportunities to collaborate through the Consultative Forum and by taking part in investment opportunities originated by the EIF.



# EIF and NPBIs Securitisation Initiative (ENSI)

ENSI is the EIF-NPBIs Securitisation Initiative, a cooperation platform between the EIB Group and NPBIs created in 2016. Its objective is to stimulate the availability of finance for small businesses in Europe by revitalising the securitisation market and catalysing resources from the private sector. The idea reflects the spirit of EFSI, which is trying to extend the outreach of support for small businesses. To date, 17 deals have been closed under this programme, with a total committed amount of €4.6 billion.

42

members of the  
EIF-NPI Equity Platform

€

4.6

billion

in commitments under  
the ENSI initiative

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# 26

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Advisory Hub partners

## The European Investment Advisory Hub

Building on partnerships with NPBI is a key element of the European Investment Advisory Hub's services. The Advisory Hub works with NPBI in several ways to develop strong project pipelines for potential investments.



The relationship between the Advisory Hub and NPBIs is usually governed by a memorandum that has been signed with 26 partners in 21 EU countries. Partner NPBIs help promoters by providing a local access point for information, by sharing knowledge and by encouraging good practices. The experts supported by the Hub often

join forces with NPBIs on individual projects. NPBIs refer project proposals to the Hub or share information on their websites. Examples of joint projects include the development of strategic planning for hospitals and support for social housing programmes, and the development of investment platforms in several EU countries.



# Connecting Europe Broadband Fund



The Connecting Europe Broadband Fund is the first investment platform to support broadband infrastructure under EFSI. The fund, managed by Cube Infrastructure Managers, will provide around €500 million to guarantee broadband financing, which is expected to mobilise at least €1 billion in investment over five years. Together with the German development bank KfW, Italy's Cassa depositi e prestiti and France's Caisse des Dépôts, the EIB and the European Commission were able to raise the first €420 million in June 2018.

The fund was set up to meet the growing demand in Europe for financing small broadband projects. This support will complement existing EU financial instruments for broadband development as well as other financing available

through private investors. The investments should be in line with European targets for 2025 to provide internet connections with speeds of one gigabit per second to all schools, transport hubs, main providers of public services and digitally intensive enterprises. The fund targets rural and sparsely populated areas where private investment needs to be reinforced.





The EIB's social housing platform with Poland's national bank, BGK, offers a broad financial package that makes housing more affordable for vulnerable parts of society, such as the elderly.



## BGK and EIB provide affordable housing

An investment platform of about €500 million was established in 2017 between the EIB and Poland's national bank, Bank Gospodarstwa Krajowego (BGK), to finance social and affordable housing projects in the country until 2021. Under this platform, both entities will identify projects and set up the financing structures. The EIB may provide funding to BGK under an intermediated structure, or both entities may finance the project.

Two intermediated finance contracts have been signed with BGK under the investment platform, in 2015 and in 2017, for a total lending amount of PLN 1.2 billion. Both financial partners are helping to market the platform and have a list of potential projects.

This investment platform creates a common financing product that addresses the specific needs of social and affordable housing promoters in Poland. The innovative financing structure offers promoters a global financial package for their investments, addressing a failure in the market. The projects financed will make housing more affordable for many people in Poland, including the elderly and other vulnerable parts of society.

## Securitisation initiative of Cajamar

For the first time in Spain, a medium-sized bank has implemented a securitisation with the objective of re-employing its capital in new financing for rural self-employed individuals and small businesses. The operation, which was originated by the Spanish rural credit cooperative Cajamar, will enable the bank to increase financing and to improve investment conditions in agricultural areas of the country, such as Andalusia and Murcia. The investment unlocked by the operation is expected to boost employment in those regions as an estimated 15 000 companies and more than 100 000 employees benefit.

The EIB, the EIF, the Spanish national promotional bank ICO and private investors participated in several tranches of the true-sale securitisation of close to €1 billion of small business loans. The EIB invested €325 million in the operation. A portion of the investment – €64.3 million – was made

possible with EFSI support as the loans had a risk profile below investment grade. For its part, the EIF invested €285 million.

Lack of credit or expensive credit is a common problem in cohesion areas like Andalusia and Murcia. Agriculture, which is dependent on weather conditions and volatile food prices, poses a unique set of challenges. With its headquarters in the Andalusian city of Almeria and business in Murcia, Cajamar is well placed to disburse the loans, roughly half of which will go to cohesion regions.



## BPI France and EIB share risk

Medium-sized firms drive economic growth, innovation, employment and social integration. Despite this, these firms often have difficulty finding medium and long-term financing to support their growth.

A risk-sharing operation between BPI France and the EIB aims to increase the French investment bank's longer-term lending to mid-cap companies, helping to fund their expansion, technology adoption, energy efficiency investments and other activities.

The EIB guarantee will enable BPI France to take on more exposure to faster-growing, smaller companies, which represent the best potential for economic growth and employment. In addition, BPI France's close cooperation with commercial banks ensures that the EIB's presence crowds in financing from the private sector.



The image shows the interior of a small business, likely a cafe or a boutique. It features light-colored wooden furniture, including a counter, shelving units, and a table. Large windows in the background offer a view of the street outside. The shop is well-lit, with warm lighting from the ceiling. Various items are displayed on shelves and the counter, including glasses, a bottle, and a menu. A person is visible outside the shop through the glass door.

## EIF case studies

**How the EIF and EFSI help  
small businesses in Europe**



## An optician takes over his boss's store in Germany

Jürgen Imholt was still a child when his father took him for the first time to the north coast of Germany to explore the Baltic Sea – an experience that stayed with him for many years. Imholt and his family visited the area every summer, and after graduating from a technical college a few years ago, he moved there and started to work as an optician at Küstenoptik.

Imholt, a qualified optician, was lucky to be hired right after college. He quickly climbed the career ladder to store manager in the first year. After a few years, he became store manager at his boss's second store in the same town. He introduced changes to the way the

company worked and started thinking about taking over the store when his boss decided to leave.

But to make such a commitment, Imholt knew he needed a loan. It took him over two months in 2016 to finish his loan application, conducting extensive research and cross-checking his business plan's feasibility, but the hard work paid off.

After a close look at his application, the first bank he went to accepted his request: "I was so happy to be able to purchase my boss's shop," he says. "I could have asked my wife's family for further help but I did

not want to. I wanted to prove to myself that I could do my own thing.”

Imholt secured a loan from Germany’s KfW Banking Group, backed by the European Investment Fund. The loan was made possible by the Investment Plan for Europe, which makes it easier for small businesses to get the loans they need to grow.

Today, Imholt’s shop has been making steady progress and he is looking to the future with more confidence than ever.

EIF financing: COSME Loan Guarantee Facility, EFSI



## Ainstein: from birthday gift to successful business

Like most dads, Sven Purns wanted to do something special for his daughter's first birthday. Many fathers would just go out and buy a new toy, but Purns created one himself. The toy, a set of building blocks, has become an instant hit and has grown into a successful business called Ainstein.

Purns designed the first Ainstein building blocks in the form of colourful cubes and prisms made of plastic in a 3D printer and equipped with several magnets on the inside. The magnets are designed so that there is no north or south pole, which means they never repel each other or become displaced. This makes building much easier for children.

After trying out the building blocks for his daughter's birthday party, Purns never looked back. An engineer by trade, Purns built several machines to produce the blocks at a small basement workshop in Vienna. The workshop was conveniently located close to both his home and his daughter's nursery, which allowed Purns to pick her up easily and even pop home to walk the dog over lunch. In the first few months of his company's operation, 50 000 building blocks were sold, mainly in Austria.

As the business started to take off, Purns found himself in need of financing to cover costs. The Austrian national promotional bank, awsg, assisted the start-up and provided a guarantee for the much-needed

financial support, with the backing of the EIF. As a result, the company was able to buy ultrasonic welding machinery and other equipment and also had enough working capital to get off the ground. Purns now produces about 1 000 pieces per day and is already planning his next steps. The company even released a new line of building blocks in various new colours.

As for the company's name, it has nothing to do with the German genius. The first blocks were triangular in

shape, resembling the letter A, and Purns decided to name the company by combining the letter "A" with the German word for "block" (stein).

With his second daughter growing fast, Purns is already thinking about round Ainsteins.

EIF financing: COSME Loan Guarantee Facility







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