Supporting Innovation in Slovenia

Ljubljana, 12 June 2015
Welcome addresses:

**Sabina Koleša**  
Director General, Ministry of Economic Development and Technology

**Sibil Svilan**  
President and Member of the Management Board, SID Banka

**László Baranyay**  
Vice-President, European Investment Bank (EIB)
Overview of the EIB Group financing options

*Marguerite Mc Mahon*
Head of Division,
Adriatic Sea Department, EIB

*Stefano Bragoli*
Structured Finance Manager,
European Investment Fund (EIF)
The EIB Group

providing finance and expertise for sound and sustainable investment projects

Leading developer of risk finance to benefit innovative SMEs
The European Investment Bank at Glance

- Policy driven EU long term financial institution, created by the Treaty of Rome, share capital held by 28 member states, rated AAA
- Largest multilateral lender and borrower in the world
- Raises funds on the international capital markets
- Passes on favourable borrowing conditions to clients
- Some 440 projects financed each year in over 160 countries
- More than 90% of lending is inside the EU
- Headquarters in Luxembourg and 30 local offices
- Around 2 400 staff:
  - Not only finance professionals, but also engineers, sector economists and socio-environmental experts
  - More than 50 years of experience in financing projects
EIB Group Track Record: almost EUR 500bn lent since 2008

- **20.6bn EUR**
  - Strategic Infrastructure

- **25.5bn EUR**
  - Smaller Enterprises

- **19.1bn EUR**
  - Climate Action

- **14.7bn EUR**
  - Innovation and Skills
A Strong Response to the Crisis

<table>
<thead>
<tr>
<th>Year</th>
<th>Signatures</th>
<th>Disbursements</th>
<th>Exceptional signatures</th>
<th>EIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>59</td>
<td>10</td>
<td>1</td>
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<tr>
<td>2009</td>
<td>80</td>
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<td>2010</td>
<td>74</td>
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<tr>
<td>2011</td>
<td>64</td>
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<td>3</td>
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<tr>
<td>2012</td>
<td>55</td>
<td>48</td>
<td>4</td>
<td>4</td>
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<tr>
<td>2013</td>
<td>75</td>
<td>48</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>2014</td>
<td>80</td>
<td>31</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

EUR bn

- 80
- 70
- 60
- 50
- 40
- 30
- 20
- 10
- 0
## Our Products

*We help catalyse investment*

<table>
<thead>
<tr>
<th>LENDING</th>
<th>BLENDING</th>
<th>ADVISING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>Combining EIB finance with EU budget</td>
<td>Prepare, evaluate and support the implementation of projects (JASPERS)</td>
</tr>
<tr>
<td>But also:</td>
<td>(Project Bond Initiative)</td>
<td></td>
</tr>
<tr>
<td>Guarantees (trade financing)</td>
<td>Higher risk projects for innovation (InnovFin)</td>
<td></td>
</tr>
<tr>
<td>Equity participation</td>
<td></td>
<td>Support for public / private partnerships (EPEC)</td>
</tr>
</tbody>
</table>

Attracting FUNDING for long-term growth
Financing Facilities – Standard Products

- SME, midcap and multi-beneficiary loans (investment cost < EUR 25m)
  - Small and medium-scale projects (particularly to SMEs and small infrastructure) via national and regional intermediary banks
  - Lending decision remains with the financial intermediary

- Midcap growth finance for innovative SMEs and midcaps (investment cost < EUR 50m), direct LT debt and mezzanine finance EUR 7.5m – EUR 25m

- Large-scale projects (investment cost > EUR 25m)
Project Requirements

All projects must:

- Meet at least one of the EIB’s objectives
- Be technically sound
- Be financially viable
- Show an acceptable economic return
- Comply with EU environmental protection and procurement regulations
SMEs and Midcaps – A Lending Priority

- Loans for SMEs and midcaps are provided through the banking system
- List of EIB intermediaries on EIB website
- Terms applied (tenor, amortisation period, interest rate and security) are determined by the intermediary
- SME (up to 250 employees), midcap (up to 3,000 employees), all economic sectors financed with limited exceptions such as arms, gambling, tobacco, real estate etc
- Up to 100% financing of investments, incl R&D;
- MLT loan or leasing to finance an asset;
- Financing of permanent working capital;
- Transparency in the utilisation of EIB funds and requirement to transfer a significant quota of the financial valued added to the SME;
- Additionality requirement
EIB in Slovenia

Loans for SMEs and small infrastructure have financed some 4,000 small and medium sized projects in Slovenia between 2008 and 2014 for EUR 700m supporting some 100,000 jobs with an average loan size of EUR 170,000.

Transport: financing of highways, Port of Koper and railways

Energy: financing of electricity generation and transmission and gas transmission

What is the EIF?

"We provide risk financing to stimulate entrepreneurship and innovation in Europe."

<table>
<thead>
<tr>
<th>Making</th>
<th>Offering</th>
<th>Working</th>
<th>Supporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Making finance more accessible and helping SMEs to innovate and grow</td>
<td>Offering a large array of targeted products to support SMES ranging from venture capital to guarantees and microfinance to SMEs</td>
<td>Working with financial intermediaries across the EU-28 EFTA countries, candidate &amp; potential candidate countries</td>
<td>Supporting the market in a countercyclical way</td>
</tr>
</tbody>
</table>
EIF’s Counterparts

“We work with a wide range of counterparts to support SMEs.”

**Resources and Mandators**
- European Investment Bank
- EIF own resources
- European Commission
- Member States/regions
- Managing Authorities
- Corporates/private
- Public institutions
- Other third parties

**Intermediaries and counterparts**
- Fund Managers
- Commercial Banks
- Development & Promotional Banks
- Guarantee Institutions
- Leasing Companies
- Corporates
- Business Angels
- Microfinance Institutions

micro-enterprises, SMEs and small mid-caps
Helping Businesses at every Stage of their Development

SME Development Stages
- PRE-SEED PHASE
- SEED PHASE
- START-UP PHASE
- EMERGING GROWTH
- DEVELOPMENT

Risk Levels:
- HIGHER RISK
- LOWER RISK

Financial Support:
- Portfolio Guarantees & Credit Enhancement
- Formal VC Funds & Mezzanine Funds
- Social Impact Funds
- VC Seed & Early Stage
- Microcredit
- Business Angels, Technology Transfer
- Public Stock Markets
- Technology Transfer
- Social Impact Funds
- VC Seed & Early Stage
- Microcredit
- Business Angels, Technology Transfer
- Public Stock Markets
New EU Programmes helping Businesses at every Stage

Guarantees & Debt Programmes

Equity Programmes

EIB InnovFin products**

COSME Equity Facility for Growth

InnovFin SME Guarantee

SME Initiative*

COSME Loan Guarantee Facility

Cultural and Creative Sector Guarantee Facility*

InnovFin SME Venture Capital*

EaSI* (Employment & Social Innovation)

InnovFin Tech Transfer*

ERASMUS+ Student loans

PRE-SEED PHASE SEED PHASE START-UP PHASE EMERGING GROWTH DEVELOPMENT

* Not yet signed
** InnovFin MidCap Guarantee InnovFin MidCap Growth Finance InnovFin Large Projects

Higher Risk

LOWER RISK

Public Stocks
EIF’s Exposure in Slovenia

“Notable success stories exist both in Guarantees and Microfinance and we are open and ready for more to come…”

- First EIF operation in Slovenia: 2004
- 4 financial partners and guarantee providers

Guarantees & Microfinance transactions in Slovenia
Objectives and Opportunities of the InnovFin Programme

Patrick McCutcheon
Senior Policy Officer, DG Research & Innovation, European Commission

Stefano Bragoli
Structured Finance Manager, EIF

Marc D’hooge
InnovFin Programme Manager, EIB

Christine Garburg
Senior Advisor, Innovation Finance Advisory, EIB
InnovFin: A Quantum Leap

InnovFin builds on the success of RSFF but will be much larger and broader

EU and EIB Group Contributions

Loans and guarantees

<table>
<thead>
<tr>
<th></th>
<th>EUR bn</th>
</tr>
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<tbody>
<tr>
<td>RSFF</td>
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<tr>
<td>Innovfin</td>
<td>3.00</td>
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<tr>
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<th>EUR bn</th>
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</thead>
<tbody>
<tr>
<td>RSFF</td>
<td>1.40</td>
</tr>
<tr>
<td>Innovfin</td>
<td>5.50</td>
</tr>
</tbody>
</table>

Guarantees | Loans (EUR bn)
InnovFin Product Overview

**SMEs**
- **InnovFin SME Guarantee**
- **InnovFin SME Venture Capital**

**Midcaps**
- **InnovFin MidCap Guarantee**
- **InnovFin MidCap Growth Finance**

**Large Caps**
- **InnovFin Large Projects**

**Advisory**
- **InnovFin Advisory**

- SMEs and small Mid-Caps (< 500 Employees)
- Intermediated SME/Mid-Cap Financing
- Mid-Caps (< 3,000 Employees)
- Intermediated and/or direct Corporate lending
- Large Caps (Typically > 3,000 Employees)
- Direct Corporate Lending
- Public and Private Sector Promoters
- Financial Advisory

**direct products** **indirect products**
InnovFin Product Overview

<table>
<thead>
<tr>
<th>SMEs</th>
<th>Midcaps</th>
<th>Large Caps</th>
<th>Advisory</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>InnovFin</strong> SME Guarantee</td>
<td><strong>InnovFin</strong> MidCap Guarantee</td>
<td><strong>InnovFin</strong> Large Projects</td>
<td><strong>InnovFin</strong> Advisory</td>
</tr>
<tr>
<td><strong>InnovFin</strong> SME Venture Capital</td>
<td><strong>InnovFin</strong> MidCap Growth Finance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMEs and small Mid-Caps &lt; 500 Employees</td>
<td>Mid-Caps &lt; 3,000 Employees</td>
<td>Large Caps Typically &gt; 3,000 Employees</td>
<td>Public and Private Sector Promoters</td>
</tr>
<tr>
<td>Intermediated SME/Mid-Cap Financing</td>
<td>Intermediated and/or direct Corporate lending</td>
<td>Direct Corporate Lending</td>
<td>Financial Advisory</td>
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</tbody>
</table>

- direct products
- indirect products
InnovFin SME Guarantee

This guarantee instrument covers the risk related to losses of a portfolio

- Up to 50% loss coverage (Principal + Interest 90D)
- Full Delegation to Financial Intermediaries
- Automatic Coverage/Inclusion
- Attractive Guarantee Terms
- Favourable Capital Treatment
- Guarantee and Counter-Guarantee
What Transactions can be supported?

Purpose of Financing: Loans, Credit Lines, Leases and Bonds

- **Tangible & Intangible Assets**
- **Working Capital**
- **Business Transfers**

- Loan amount: min **EUR 25k** – max **EUR 7.5m** (only Senior Debt)
- Loan maturity: min **1 year** – max **10 years**
- Currency: **EUR and local currency**
- Max Portfolio: EUR 400m per intermediary – EUR 1bn per intermediary group
Key Guarantee Terms

- Financial Intermediaries are required to transfer the Financial Benefit to SMEs & Small Mid-caps

- Financial Intermediaries are selected on a “first come, first processed” basis
Transfer of Benefit (indicative example)

Indicative pricing model components

Without InnovFin
Financing at 4%

- Cost of Risk: 1.5%
- Margin: 1.5%
- Fixed Costs: 0.5%
- Funding Costs: 0.5%

50% of financing

With InnovFin
Financing at 3.5%

- Cost of Risk: 1.5%
- Margin: 1.5%
- Fixed Costs: 0.5%
- Funding Costs: 0.5%

50% of financing

Total = 4%

Total = 3%

Reduction of Cost of Risk with InnovFin: 0.5% (or 0.8% for small midcap)

Cost of the guarantee: 0.5%
InnovFin Product Overview
Two Products for Innovative Mid-Caps

1. **Indirect Financing (Risk Sharing) for Senior Loans: Mid-Cap Guarantee**

2. **Direct Growth Financing (Mezzanine): Mid-Cap Growth Finance**
How does the MidCap Guarantee work?

50% loss coverage for new mid-cap loans of up to EUR 50m not covered under InnovFin SME Guarantee

- Can be complemented with EIB funding (global loan)
- Pari-passu sharing of risk and pricing
- Full delegation to financial intermediaries
- Favourable capital treatment, English law
How does MidCap Growth Finance work?

- Direct long term debt and mezzanine finance: EUR 7.5m – EUR 25m
- Loans can be structured as economic equity (silent participation)
- For innovative Mid-Caps and SMEs (eligible counterparty concept)
- EIB can finance up to 50% of all investments over 3 years
- Streamlined EIB approval process & English law

Growth Finance / Mezzanine EUR 25m

Innovative Mid-Caps 3,000 Employees
<table>
<thead>
<tr>
<th>Company</th>
<th>Amount</th>
<th>Year</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVS Broadcast</td>
<td>EUR 12m</td>
<td>2013</td>
<td>Term loan</td>
</tr>
<tr>
<td>Marposs</td>
<td>EUR 25m</td>
<td>2013</td>
<td>Term loan</td>
</tr>
<tr>
<td>Rovio</td>
<td>EUR 25m</td>
<td>2014</td>
<td>Term loan</td>
</tr>
<tr>
<td>Manz</td>
<td>EUR 20m</td>
<td>2014</td>
<td>Term loan</td>
</tr>
<tr>
<td>Pharmathen</td>
<td>EUR 25m</td>
<td>2014</td>
<td>Term loan</td>
</tr>
<tr>
<td>Welltec</td>
<td>EUR 25m</td>
<td>2014</td>
<td>Term loan</td>
</tr>
<tr>
<td>Pramac</td>
<td>EUR 8m</td>
<td>2014</td>
<td>Term loan</td>
</tr>
<tr>
<td>Maier</td>
<td>EUR 7.5m</td>
<td>2014</td>
<td>Term loan</td>
</tr>
<tr>
<td>eNet</td>
<td>EUR 12m</td>
<td>2014</td>
<td>Term loan</td>
</tr>
<tr>
<td>Novabase</td>
<td>EUR 14m</td>
<td>2014</td>
<td>Term loan</td>
</tr>
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<td>Marangoni</td>
<td>EUR 10m</td>
<td>2014</td>
<td>Term loan</td>
</tr>
<tr>
<td>SAES</td>
<td>EUR 10m</td>
<td>2015</td>
<td>Term loan</td>
</tr>
</tbody>
</table>
Mid-Cap Product Advantages

- No crowding out. Complementary finance to house banks
- EIB signaling effect to attract other banks & investors (quality stamp)
- Long-term lending at attractive terms (no subsidised)
- Growth finance without dilution of shareholders
InnovFin Product Overview

- **SMEs**
  - InnovFin SME Guarantee
  - InnovFin SME Venture Capital
  - SMEs and small Mid-Caps < 500 Employees
  - Intermediated SME/Mid-Cap Financing

- **Midcaps**
  - InnovFin MidCap Guarantee
  - InnovFin MidCap Growth Finance
  - Mid-Caps < 3,000 Employees
  - Intermediated and/or direct Corporate lending

- **Large Caps**
  - InnovFin Large Projects
  - Large Caps Typically > 3,000 Employees
  - Direct Corporate Lending

- **Advisory**
  - InnovFin Advisory
  - Public and Private Sector Promoters
  - Financial Advisory

- **Direct products**
- **Indirect products**
How does InnovFin Large Projects work?

- Senior debt (pari-passu with other senior lenders)
- Eligible project required. EIB can only finance 50% of R&D and innovation investments
- Comprehensive due diligence including project due diligence
- EIB standard documentation under English or Luxembourgish law
Large Projects Advantages

- Long term loans at attractive terms (pari-passu)
- Signaling effect and quality stamp (technical expertise)
- Co-financing with house-banks preferred
- No cross selling & hold to maturity strategy
InnovFin Product Overview

- **SMEs**
  - **InnovFin SME Guarantee**
  - **InnovFin SME Venture Capital**

- **Midcaps**
  - **InnovFin MidCap Guarantee**
  - **InnovFin MidCap Growth Finance**

- **Large Caps**
  - **InnovFin Large Projects**
  - **Large Caps Typically > 3,000 Employees**

- **Advisory**
  - **InnovFin Advisory**
  - **Public and Private Sector Promoters**
  - **Financial Advisory**

**Direct products**

**Indirect products**
Innovation Finance Advisory - What do we do?

**Project Advisory**

- Improve bankability/investment readiness
- Enable earlier/faster access to finance

- Hydrogen Mobility Germany
- Myrrha
- European Lead Factory (ELF)
- European Spallation Source (ESS)
- Global TB Vaccine Partnership
- Light Project Advisory (LPA) pipeline

**Horizontal Activity**

- Improve framework conditions for financing
- Develop “business case” for new financing mechanisms in RDI sectors

- Infectious Diseases Financing Facility (IDFF)
- Circular Economy (CE)
- Key Enabling Technologies (KETs)
- Bio-Economy
- Strategic Energy Technology Plan (SET Plan)
- Financing options for Pan-European RI
- Web tool to guide innovative companies

**Enable maximum access to finance for innovative projects**
Visit www.eib.org/innovfin
Objectives and Opportunities of the InnovFin Programme

Question and Answer Session