



New initiatives from EIB Group for SME financing

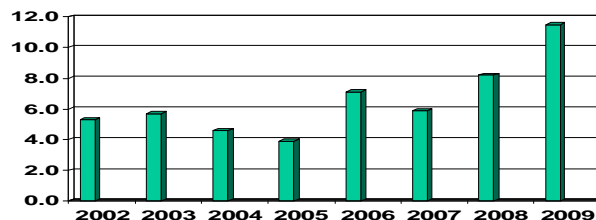
Robert Schofield
The Hague, 18.02.2010



SME financing: A key priority for the EIB.



- Support to SMEs is one of 6 priority objectives of the EIB Group.
- To improve EIB's offer, SME consultation process during 2008 – more than 100 SME associations, partner banks and public institutions contacted.
- Large lending activity to SMEs in past recent years:

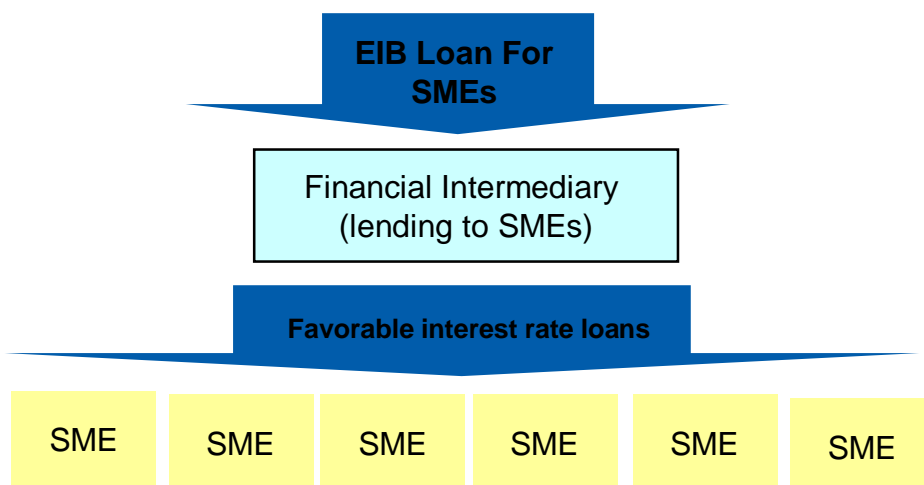


Implementing ambitious SME objectives

Facilitating access to financing for SMEs at better financial conditions through:

- Intensifying partnership with the banking sector.
- Developing new products.
- Reinforcing cooperation within the EIB group (EIB and EIF).

EIB Loan for SMEs





NEW PRODUCTS: “EIB LOAN FOR SMEs”

- Evolution from traditional EIB credit lines to a more focused funding product for SMEs.
- Key parameters:
 - SMEs < 250 employees
 - Project cost < EUR 25 m
 - SME loan duration > 2 years
- Key improvements:
 - simplification
 - higher flexibility on “eligibility”
 - increased transparency

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“EIB LOAN FOR SMEs”: Simplification

- Some examples:

Before	After
EIB could finance up to 50% of project cost.	EIB can finance up to 100% of the intermediary's loan to the SME up to EUR 12.5m.
Restrictions for the financing of sectors.	Only a reduced list of excluded sectors is maintained.
Reporting required, among others, project description, implementation schedule of the project, etc	Streamlined reporting: name and address of final beneficiaries, their economic activity, the number of employees and loan amount.

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EIB Loan for SMEs: Flexibility



- Some examples:

Before	After
Financing of used fixed assets only up to 25% of the loan amount.	No restriction for used fixed assets financing.
Working capital investments were not eligible.	Medium and long term expansion of working capital needs can be financed.
Only fixed asset components of distribution networks were eligible.	Expenses for building up distribution networks including in other EU countries to foster international expansion are eligible.
Management succession was not eligible.	Financing needs of up to EUR 1m for generation change or Management-buy-in of SMEs are eligible.



“EIB LOAN FOR SMEs”: Transparency and Transfer of Benefit



- Stricter requirements on financial intermediaries to inform SMEs of EIB’s intervention and its impact on the financing conditions offered by the intermediary.
- Contractual commitment by the intermediaries to pass on an agreed amount of financial advantage to the SMEs.



NEW PRODUCTS: “Risk Sharing for SMEs”

- Higher added value by accepting more risk.
- EIB to share risk on final beneficiaries (SMEs) with financial intermediaries.
- Risk sharing for SMEs will normally be implemented through “full-delegation” schemes.
- Risk sharing products require very sound credit management systems at the financial intermediaries.

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EIB/EIF REINFORCED COOPERATION

- EIB's core competence:
 - Counterpart risk analysis
 - Global banking relationships
- EIF's core competence:
 - Portfolio risk analysis
 - Fund management assessment
 - EU – Mandates
- EIB and EIF coordinate their activities to deliver the highest added value for the benefit of SMEs.
- Mezzanine Mandate - EIF to invest EUR 1 billion 2009 - 2011 to create ‘fund of funds’ under a mandate from EIB.

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EIB's support to SMEs in The Netherlands

- EIB has signed 5 loan agreements for SMEs in The Netherlands during the period (2005-2009) for a total of EUR 775m.
- The EIB has cooperated with 3 financial intermediaries in The Netherlands.
- EIB is working to increase its lending for SMEs with new Dutch intermediaries expected in 2010

Year	Number of operations signed	Amount (EUR M)
2005	2	75
2006	1	200
2008	2	500
Total	5	775

For more information...

- SMEs can find the list of EIB financial intermediaries in The Netherlands, including contact details, on EIB website.

<http://www.eib.org/>

www.eib.org/about/news/the-intermediary-banks-and-financing-institutions-for-credit-lines.htm