EUROPEAN
INVESTMENT
FUND

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EIF Corporate Operational Plan 2018-2020

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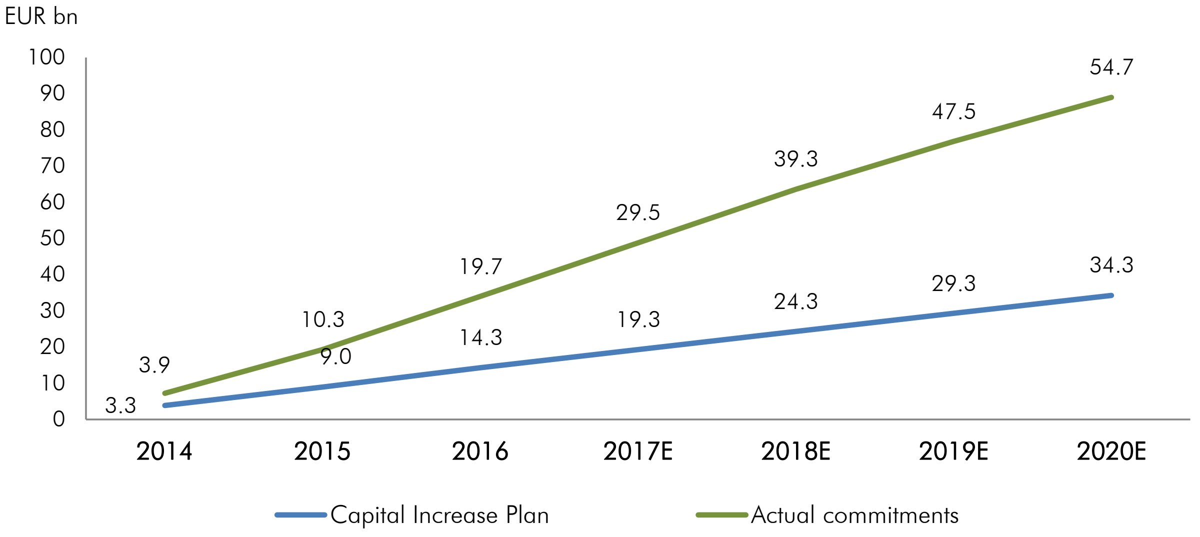
Executive summary

EIF's Corporate Operational Plan (COP) presents the strategy and targets for the next three years.

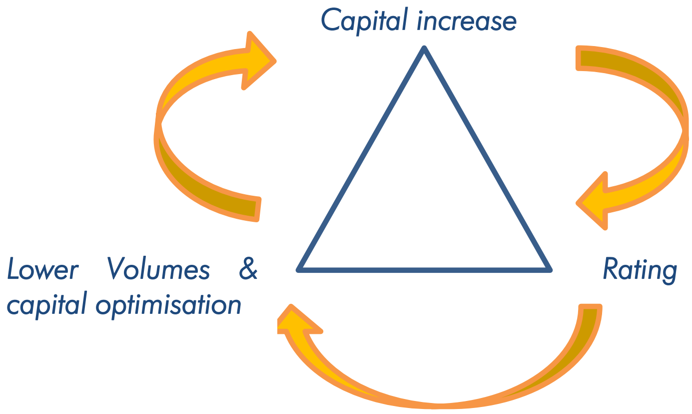
Following the 2016 record year in terms of commitments, mobilised investments and financial results, 2017 was intended to be a period of consolidation. However, the uncertainties and risks associated with both the UK's decision to trigger application of Article 50 of the TEU and the situation in Turkey will most likely lead to a decrease in volumes from EUR 9.4bn in 2016 to EUR 9.1bn in 2017 (-3%).

This evolution is in line with the observation that the high growth rate witnessed in EIF commitments over the 2014-2016 period is not foreseen to be sustainable for the COP 2018-2020 period, not least in the light of reduced capital availability. Since 2014, overall volumes have increased by three times, triggered by the Investment Plan for Europe that was not foreseen at the time of the capital increase in 2014. Including 2018-20, it is expected that, cumulatively, EUR 55bn will be delivered in seven years vs. only EUR 34bn planned at the time of the capital increase (see chart 1). Despite the 50% increase in subscribed capital (from EUR 3bn to EUR 4.5bn), which was intended to provide a sufficient capital base for a period of seven years, e.g. until end 2020, this outperformance has put pressure on certain capital and liquidity adequacy ratios as measured by the rating agencies (S&P and Moody's).

Chart 1: Cumulative commitments foreseen under the last capital increase vs. actual/expected commitments



While EIF's economic capital should remain sufficient until 2020, EIF faces a downgrading risk from 2019 onwards, as rating agencies apply generic models, not specifically calibrated to EIF's unique business profile, and thus giving high weighting to the risks stemming from certain assets (e.g. highly diversified portfolio of private equity). Consequently, EIF would prefer, rather than requesting for a capital increase, to somewhat constrain future growth while also putting in place certain capital optimisation measures, in order to avoid incurring such downgrading risk. As of 2019, EIF will most likely face a situation in which a trade-off will be required between (a) a capital increase, (b) a reduction in volumes (plus capital optimisation measures) and (c) the risk of downgrading (e.g. loss of AAA rating). It should also be noted that, in case of lower future activity levels, the profitability of the institution could be adversely affected.



Expected annual volumes for the COP 2018-2020 period are therefore anticipated to be slightly lower than in 2017, reaching just above EUR 9bn per annum (see Table 1), with a priority given to reduce or stabilise the most capital-intensive operations (venture capital, private equity, debt funds, discretionary portfolio, low rated ABS, etc.). This reduction in volume may lead to lower revenues (e.g. management and risk fees) and consequently to a modestly lower profitability, with a C/I ratio likely to be in the 57%-60% range.

Table 1: Consolidated volumes

	COP	YE expected	COP 2018-2020		
EUR m	2017	2017	2018 COP	2019 COP	2020 COP
Equity	3,740	3,504	3,895	3,830	3,860
Guarantees, Securitis. & Inclusive Finance	5,890	5,631	5,105	5,220	5,240
Total committed	9,630	9,135	9,000	9,050	9,100
Total leveraged volumes	35,869	35,536	30,400	32,930	33,100

The key focus will remain on the implementation of European Fund for Strategic Investments (EFSI), through the recourse to different equity, guarantee and securitisation instruments and platforms deployed in collaboration with National Promotional Institutions (NPIs), and the top-ups of the existing (capped and uncapped guarantee) mandates (InnovFin, Competitiveness for SMEs (COSME), European Union Programme for Employment and Social Innovation (EaSI) and Cultural and Creative Sectors Guarantee Facility (CCS GF)). Under the EFSI Infrastructure and Innovation Window (EFSI IIW), EIF will also closely cooperate with the EIB to commit EUR 1.5 to 2bn to support private equity funds - SME facility (EUR 500m); Mid-cap facility (EUR 500m); Co-investment facility (EUR 200m) - and SME securitisation.

EIF will start deploying the EUR 1.5bn RCR (non-EFSI) increase by end 2017 or early 2018, to be followed, with the introduction of EFSI 2, by a possible second increase of EUR 1.5bn in the course of 2018. The potential continuation of the EIB Group Risk Enhancement Mandate (EREM) products under EFSI IIW (e.g. Diversified Loan Funds Facility) will be analysed in the months to come.

EIF will expand its cooperation with the European Commission (EC) through EFSI 2, the management of EU Structural and Investment Fund (ESIF) regional mandates and the pan - European Fund of Funds (FoFs). In addition, ESIF funds combined with EFSI will be further facilitated and expanded under EFSI 2. EIF will also explore the possibility to launch new initiatives in the AGRI and energy efficiency sectors in cooperation with the EIB. Furthermore, EIF will collaborate with the EC in preparing the next MFF programme with a possible "Single Investment Fund" - Flagship representing a more integrated, consistent and simplified EU financial structure.

1 EIF key strategic objectives

The COP 2018-2020 focuses on some specific key areas and strategic objectives, including:

- *Delivery on the Investment Plan for Europe*

The implementation of European Fund for Strategic Investments (EFSI) and the introduction of EFSI 2 as of 2018 will be a main focus, through the top-ups of existing EC programmes and the EUR 2bn equity window targeting early and later stage companies through a variety of products, from tech transfer and business angels to pan-European Fund of Funds. Furthermore, the delivery on the EUR 1.5bn to 2bn from EFSI IIW, managed on behalf of the EIB, (private equity top-up/co-investment and SME securitisation) will provide additional EFSI financing to SMEs through the innovation segment of the window.

- *Maximise impact on growth of SMEs and mid-caps through delivery of mandates*

In addition to EFSI, EIF will focus on the absorption of existing mandates and on the implementation of EIB and EC mandates concluded in 2016 and 2017 (such as the EIB Service Level Agreements (SLA) for ABS and equity, Erasmus, EaSi, etc.), as well as the launch of new ESIF initiatives. EIF will deliver additional impact assessment studies to measure and demonstrate the added value of its activities in the market. Considering that, generally speaking, access to finance for SMEs is improving[1] in many EU countries; EIF will focus primarily on addressing market failures and achieving additionality and high impact.

- *Cooperation with EIF shareholders and National Promotional Institutions*

EIF will maintain its strong level of cooperation with shareholders and intensify its relationship with NPIs, leveraging on the platforms launched for private equity and securitisation activities and exploring new opportunities, such as debt funds. This should translate into an increased number of transactions with NPIs, as well as continued exchanges on best market practice and the discussion of concrete mandate opportunities with shareholders and NPIs.

- *Collaboration with EC on Policy Objectives*

EIF will continue to collaborate with the EC on key EU initiatives including the Capital Markets Union and the anti-tax avoidance initiatives, working to promote best practice in the domain of tax transparency and to create a level playing field for all businesses in the EU. Moreover, EIF and the EC will jointly assess the possibility to extend EIF activity to new sectors (such as digitalisation, bio-economy and energy efficiency sectors, etc.) in consultation with EIB, and to increase activity in the policy and social impact area. This will allow EIF to both diversify its interventions and to contribute further to EU policy objectives.

- *Sustainable operating model*

EIF will aim at maintaining its AAA from all relevant rating agencies while generating a sustainable operating profit level also in order to alleviate existing and prospective capital constraints. This will continue to require different capital optimisation measures combined with a modest decrease in volumes to about EUR 9bn p.a. In particular, for the next years, EIF targets a long-term Return on Equity (RoE) of 4.3%-4.7% on average and a cost/income ratio in the range of 57%-60%.

- *Mandate development*

EIF's strategy will be focused on its core mandates (an increase of RCR by EUR 1.5bn and the top-up of existing mandates) and development of ESIF mandates. The key objective will be to seek additional resources to crowd in further resources to support SMEs and small mid-caps. With the launch of Institutional Asset Management, EIF has stepped up its dialogue and collaboration with

[1] Report from the ECB on the results of the Survey on the Access to Finance of Enterprises in the euro area – October 2016 to March 2017 – published in May 2017

private counterparts, to offer them a new way of participating in the capitalisation of European SME, securing long- term partnerships with private counterparts (e.g. pension funds and insurance companies) and providing private investors a broad exposure to a diversified pool of VC and PE investments.

2 Business planning and transactions

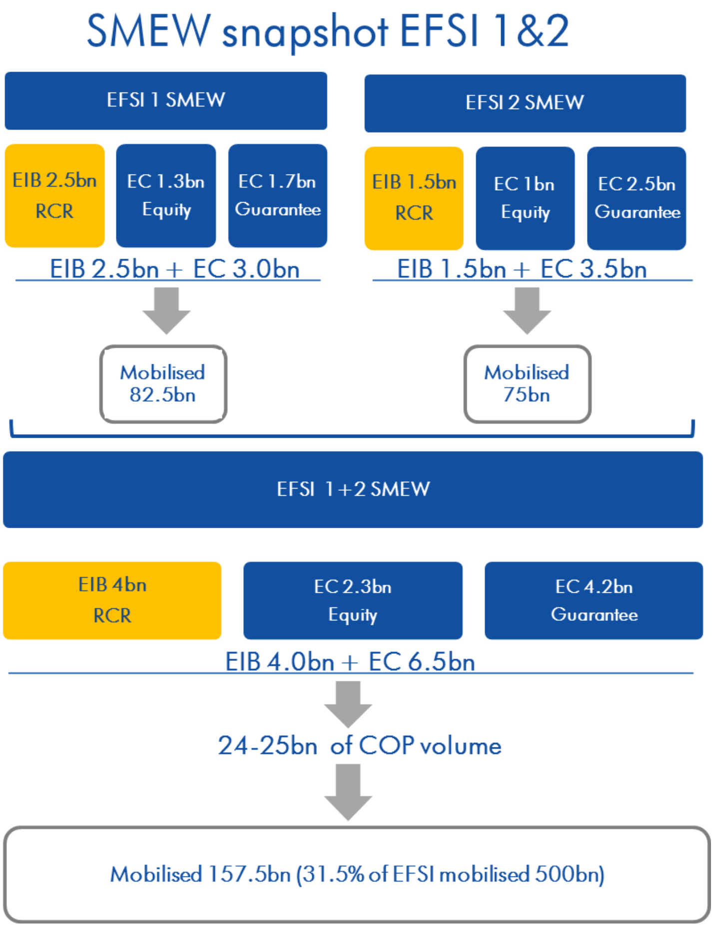
2.1 Investment Plan for Europe – European Fund for Strategic Investments

EIF's involvement in EFSI started in early 2015, with the EIF being responsible for the implementation of the EUR 5bn EFSI SME Window ("EFSI SMEW"). EIB and EIF signed a back-to-back agreement for the implementation of the EFSI SMEW ("EIB-EIF EFSI Agreement"), which has been further increased to EUR 5.5bn in 2016, aiming at EUR 82.5bn of mobilised investment volumes (15x leverage) by 4 July 2018.

As of October 2017, EIF has approved 318 transactions expected to mobilize EUR 83bn investments – therefore already exceeding the EUR 82.5bn objective.

As a result of strong market demand and rapid implementation, in 2017-2018 EIF will continue the deployment of EFSI 1 via different top-ups and beyond 2018 with the introduction of the "EFSI 2 SMEW". EFSI 2 is anticipated to have a budget of EUR 5bn for an increase to the SMEW, where EIB is expected to inject EUR 1.5bn through an RCR increase and the EC to introduce EUR 3.5bn of new risk capacity targeting both equity and guarantee products. Overall, EFSI SMEW will have a revised target of EUR 157.5bn (mobilised investment) to be achieved by 2020. This would then represent 31.5% of the entire EFSI (see Chart 2).

Chart 2: Structure of the EFSI SME Window [for illustrative purposes only]



For the COP period 2018-2020, EIF will focus on:

1. The final deployment of the first phase of EFSI with the implementation of the equity sub-windows, the top-ups of InnovFin, COSME, CCS Guarantee and EaSI guarantee mandates and new products (guarantee for subordinated loans within InnovFin).
2. The preparation of EFSI 2 which is expected to enter into force beginning of 2018 and which should include:[2]
    - EUR 1.5bn from the EIB to further increase the existing equity mandate RCR (not benefitting from EFSI EU Guarantee);
    - EUR 1bn to further top-up InnovFin SMEG, COSME LGF, EaSI Guarantee and CCS Guarantee;
    - EUR 1bn to increase the SMEW Equity product;
    - EUR 1.5bn to be deployed through a securitisation product and/or EFSI/ESIF combinations and/or dedicated pilots (e.g. digitalisation, apprenticeship, etc.) subject to discussions with the EC services.

Table 2: EFSI 1 & 2 [Indicative Figures for EFSI 2]

in EURm

EFSI 1	2016	2017 YE exp	2018 COP	2019 COP	2020 COP
Equity	**1,406**	**575**	**965**	**313**	**40**
Growth and Expansion	20	257	316	169	40
InnovFin Equity	215	318	649	144	
RCR-EFSI	1,171				
Guarantee	**2,688**	**2,978**	**2,793**	**33**	**33**
COSME LGF	337	250	260		
CCS GF		37	50		
EaSi GF		41	33	33	33
InnovFin SMEG	2,351	2,650	2,350		
SMEW Securitisation			100		
Total committed	4,094	3,553	3,757	345	73

in EURm

EFSI 2			2018 COP	2019 COP	2020 COP
Equity			**300**	**1,200**	**1,400**
Growth and Expansion				200	200
InnovFin Equity				400	600
RCR-EFSI			300	600	600
Guarantee			**80**	**2,930**	**3,050**
COSME LGF			80	380	400
InnovFin SMEG				2,350	2,350
SMEW Securitisation				200	300
Total committed			380	4,130	4,450
Total committed (EFSI 1 & 2)	4,094	3,553	4,137	4,475	4,523
Total annual mobilised (EFSI 1 & 2)*		20,323	30,000	35,000	35,000

** Assuming a multiplier of 15*

[2] Figures below are only indicative at this stage and subject to EIB and EC approval

2.2 Equity investments

2.2.1 Equity strategy

After a relative period of turbulence stemming from political uncertainties, the venture capital and private equity industry continues to demonstrate solid performances. Record fundraising levels are set to give a boost to the asset class. Recent exits and IPOs are also a sign of stable improvements. In parallel, the market has witnessed the emergence of a new source of funding: for the first time in June 2017, the monthly amount of money raised in the U.S. by cryptocurrency and block chain start-ups via so-called initial coin offerings (ICOs) has surpassed the early stage VC funding for internet companies. This new sources lack of intelligent capital component typically provided by skilled VCs to be a real competitor but could certainly represent a future new funding source for SMEs that EIF will have to consider. However these favourable developments in the PE/VC market remain fragile and are threatened by risks related to the current economic, monetary and political environment. Another key concern is the possibly longer period of uncertainty with respect to the timing and nature of the UK's departure from the EU, which might adversely affect the PE and VC market.

In this context, a prudent stabilisation for 2018-2020 vs. the 2017 volume is planned. Building on a strong deal flow, EIF will continue to focus on selectivity also aiming at establishing larger funds that can support, with repeated financing rounds, the growth and expertise of the most promising SMEs in their portfolios. EIF will continue to work with fund managers so as to help them to establish fund structures that are in line with prevailing EU policy objectives, including also taxation considerations.

In its core business lines (equity and hybrid debt/equity for SMEs and small mid-caps), EIF will maintain its market approach aiming at addressing identified market gaps while continuing to build a robust infrastructure for access to risk finance for SMEs in Europe.

The main equity instrument to be deployed under EFSI will be the EUR 2bn equity window to be most likely further extended with EFSI 2 and which should continue to target early and later stage funds, tech transfer, business angels, social impact and "payment by results" transactions.

Building on the equity platform, EIF will leverage EFSI through co-investment with NPIs. In 2018, seven dedicated joint investments are expected to be in place with NPIs, totalling approximately EUR 470m of assets under management to be invested over the COP period.

Equity activity could benefit from additional volumes through the launch of the Institutional Asset Management activity, which is in fundraising (see 2.4).

Additional planned actions for the COP 2018-2020 period include the following:

- Taking into account the capital relief measures, the RCR facility is expected to contribute EUR 3.4bn for the entire COP period in almost 100 transactions to the venture capital and growth segments for the benefit of European SMEs and mid-caps.
- Fund of Funds continue to be a successful business model for both national and cross-regional equity activities. Therefore, EIF will continue the implementation of "first" (Central Europe, BIF, ERP, LfA, LFF and Alpine Fund of Funds) and "second" generation of FoFs (DVI 2, MDD 2). The Silk Road Fund initiative, which is currently being negotiated for signature/launch in December, will be soon in place, with the first transactions planned for 2018.
- EIF will continue the launch of the second generation of ESIF partnerships with national (Czech Republic, Romania, Greece, etc.) and regional (Romania-regional and Midi-Pyrénées) agencies and will put in place standardized products to manage the reflows from

the first generation of ESIF funds (JEREMIE). Total volumes for FoFs, including ESIF structures, are expected to be significant (EUR 450m in 2018).

- The bulk of COSME eligible transactions will be originated through the EFSI equity window, including the deployment of COSME EFG for up to EUR 100m in pan-European FoFs.
- Commitments to Loan Funds, including both selective and diversified[3], are anticipated to amount to EUR 2bn over the whole COP period, backed by the residual envelope of EREM and by possibly EFSI 2. This will be coordinated with EIB.
- The Business Angel platforms roll-out will continue in cooperation with local partners (including NPIs and the support of EFSI). The expected volumes should be around EUR 75m per year, covering a significant number of countries (already signed mandates in Austria, Finland, Germany, Ireland, Spain, Denmark and the Netherlands)
- The co-investment instruments will benefit from a series of recently signed mandates including the ERP co-investment mandate and the possibility to use the EFSI equity window in combination with NPI funding. EIF will make co-investments alongside funds to the venture capital and growth space under EFSI IIW through the EIB SLA.

[3] Diversified fund volumes target are disclosed in Table 4 (Guarantee/Inclusive Finance commitments)

2.2.2 Equity activity

Table 3 presents EIF forecasted commitment volumes, as well as the related leverage effect for the years 2018 to 2020. Overall, equity investments are expected to stabilise around EUR 3.9bn p.a. for the years 2018 to 2020. These volumes are subject to additional resources (e.g. Silk Road Fund and Institutional Asset Management) being made available.

Table 3: Equity/Hybrid Debt/Equity commitments

	COP 2018-2020					
EUR m	2018 COP	# of transactions	2019 COP	# of transactions	2020 COP	# of transactions
LMM	1,902	62	1,962	65	2,019	64
ITI	1,600	103	1,614	93	1,687	92
FoF (Pan EU)	393	4	255	4	155	4
Total committed	3,895	169	3,830	163	3,860	160
By resource:						
Own funds	63		111		107	
EC Mandates	559	31	735	34	820	35
EIB Mandates	906	23	1,418	40	1,459	47
Loan Funds (Selective)	*105*	*3*	*152*	*6*	*171*	*8*
RCR / RCR-EFSI	*801*	*20*	*1,266*	*34*	*1,288*	*39*
Regional Mandates	668	36	379	21	145	8
EAF (Business Angels)	77	32	75	29	75	29
NPI	183	13	127	9	120	9
MCIF (Co-investments)	15	3	40	8	40	8
FoF (Pan EU/Regional)	393	4	255	4	155	4
Total committed	2,864	142	3,140	145	2,920	140
EIB SLA						
EIB SLA IIW - SME Facility	326	5				
EIB SLA IIW - Midcap Facility	350	7				
EIB SLA IIW - Co-investments	165	15				
TOTAL EIB SLA	841	27				
SILK ROAD	100		100		50	
4th pillar	90		590	18	890	20
TOTAL EQUITY	3,895	169	3,830	163	3,860	160
Total leveraged volumes	12,500		13,230		13,080	

The Lower and Mid-market (LMM) commitment volumes are anticipated to grow gradually over the 2018-2020 period, from EUR 1.9bn in 2017 to around EUR 2.0bn in 2020. Investments Technology & Innovation (ITI) (regrouping tech transfer, business angels, social impact and venture capital), commitment volumes are also expected to slightly to increase from EUR 1.6bn to EUR 1.7bn p.a. In parallel, EIF expects to invest in a dozen of pan-EU and regional FoFs for a total of EUR 802m during the next three years (under the EFSI equity window and/or in cooperation with NPIs (e.g. BPI France)).

2.3 Guarantees, securitisation and inclusive finance (GS&M)

2.3.1 GS&M strategy

The current macro-economic environment remains quite challenging with high levels of leverage, and an almost zero interest rate environment. The measures discussed of a gradual withdrawal of the various stimulus measures that were phased in over the previous years by the ECB, most notably the asset purchase programme and the TLTRO, are yet to be factored in by the market. Under such scenarios, EIF expects financial institutions to gradually resume utilising alternative funding avenues (amongst which asset-backed securities and covered bonds) to raise medium and long term funding. As rates are anticipated to only commence picking up very slowly, European banks will remain impacted by historically low rates on assets and declining intermediate margins.

Notwithstanding generally improved financing conditions for SMEs, significant market fragmentation and market gaps for SME financing persist, as the capacity of many banks to lend to relatively high risk sectors (such as large sections of SMEs) is seriously impaired by these adverse circumstances. Alternative financing options might contribute to partly filling this gap (e.g. loan funds, crowdfunding and P2P lending), but the current volume of those alternatives is still quite low to make a significant contribution to the funding of the real economy, at least in the near term.

The securitisation market (especially the synthetic one) has shown increased levels of activity, although these transactions are expected to be negatively impacted by the adoption of the new regulatory framework recently agreed in the EU. The market is also eagerly anticipating the commencement of the work for the proposed changes on the Solvency II framework for the insurance industry in order to bring it in line with what has been agreed in the current Capital Requirements Regulation (CRR).

Meanwhile, EIF and NPIs[4] are increasing cooperation through the EIF-NPI Securitisation Initiative (ENSI), a risk sharing platform aiming at providing more funding to SMEs via the capital markets. Moreover, EIF will be liaising with the EC to discuss the deployment of a pilot under EFSI 2 (initially envisaged under the current EFSI SMEW) for the purpose of securitisation transactions. Finally, EIF will contribute to EIB's deployment of the envelope under EFSI IIW targeting securitisation transactions. EIF will continue to support new market segments through debt funds and to explore new business models and new technologies such as Fintech, market place lenders and other alternative finance platforms.

Overall volumes have been calibrated to limit the impact on EIF's capital, including a reduction of the most capital-consuming mandates or products (InnovFin and ABS low mezzanine).

Other planned activity for debt-type products, blended or not blended, will cover: (i) centralised mandates (CCS and Erasmus +), (ii) securitisation outside EFSI (own risk), and (iii) regional and other EIB Group joint operations. More specifically, the following activities have been considered during the COP period:

- The SME Initiatives (SMEi) covering Bulgaria, Finland, Italy, Malta, Romania and Spain are expected to be committed by the end of 2017. EIF is currently working on the increase of the first generation of SMEi in Spain, Malta and potentially Italy.
- EIF will continue to support the securitisation market through the guarantee of senior (EIF own risk) and lower mezzanine tranches using EIB risk, and EFSI (IIW or SMEW). EIF plans for the next three years a lower volume of activity (EUR 1.2bn per year).
- The InnovFin guarantee mandate continues to meet strong interest from financial institutions throughout Europe. The initial InnovFin budget frontloaded with EFSI will be fully

[4] The ENSI partner institutions are EIF (EIB Group), KfW, Bpifrance, CDP, Malta Development Bank Working Group, IFD, ICO and British Business Bank.

committed in 2017. An additional top-up of EUR 880m is envisaged by the end of 2017, as well as an additional budget within EFSI 2 as of 2019. EIF plans to sign EUR 2.7bn worth of InnovFin guarantees in 2017 and EUR 2.5bn per annum for the COP period 2018-2020.

- The delivery of COSME LGF, similarly to InnovFin guarantee, has been accelerated by the availability of the EFSI guarantee and the budget should also be fully committed by 2017. Additional top-up of EUR 550m as well as the EFSI 2 budget allocated to COSME LGF have been considered and EIF expects to generate a volume of EUR 340m in 2018, EUR 380m in 2019 and EUR 405m in 2020.
- The deployment of the Erasmus+ Programme is held back by the product's low attractiveness for financial institutions and consequently the absorption figures are behind schedule. The targeted volume will be EUR 15m per annum for the period 2018-2020.
- The Creative and Cultural Sectors Guarantee Facility was signed in 2016 for a total mandate size of EUR 121m. With its catalytic effect, the initiative is expected to create more than EUR 600m in loans and other financial products. The mandate covers 2016-2020 but will be fully utilised within two years. A top-up under EFSI is necessary before year-end 2017 to assure continuity.
- EaSI, the successor of the European Progress Microfinance facility (EPMF), was signed in 2015, and EIF is already successfully deploying the EUR 96m guarantee window focusing on microfinance and social entrepreneurship. Two new mandates under EaSI - capacity building and funded products - are included in the COP period for a total commitment of EUR 186m.
- As concerns national and regional mandates, EIF will focus on securing new ESIF and EARDF national and regional mandates by deploying EUR 535m in 2018, covering multiple regions such as Romania, Silesia, Veneto (Italy) and Ile de la Reunion (France) but also extending the SMEi model, blending national resources with EIF and EIB resources focussing on specific objectives (internationalisation of SMEs), or to support a specific region.

2.3.2 GS&M activity

Table 4, presents EIF's GS&M commitments and the related leverage effect.

Table 4: Guarantee/Inclusive Finance commitments

	COP 2018-2020					
EUR m	2018 COP	# of transactions	2019 COP	# of transactions	2020 COP	# of transactions
Securitisation (EFSI SMEW / IIW ABS)	1,200	19	1,200	20	1,200	21
InnovFin SMEG	2,500	56	2,500	56	2,500	56
COSME LGF	340	43	380	48	405	51
Erasmus+ / Creative & Cultur. Sect.	65	13	75	15	85	17
SME Initiative	20	1	50	2	200	6
Regional Mandates	535	18	420	14	255	8
Loan Funds (Diversified)	350	8	500	11	500	11
Inclusive Finance (EaSI)	95	32	95	32	95	32
Total committed	5,105	189	5,220	197	5,240	201
Total leveraged volumes	17,900		19,700		20,020	

EIF is expected to continue analysing and structuring on behalf of the EIB non - SME ABS transaction through the existing ABS SLA for a total amount of EUR 1bn p.a. outside EFSI IIW.

2.4 Institutional investors

Following the assessment carried out in 2016 concerning the ability of the EIF to crowd-in new institutional investors into the PE and VC market, a specific team (Institutional Asset Management) has been set up to pursue this objective. The activity of this newly created division goes beyond EIF's traditional role as a 'Cornerstone Investor' that stimulates other (private) investors to invest in selected funds. It aims at attracting institutional investors (e.g. pension funds, insurance companies, Sovereign Wealth Funds, etc.) into the EU's VC asset class, therefore increasing EIF's impact on innovation and entrepreneurship amongst SMEs in Europe. EIF's targeted investors are typical medium size institutional investors, too small to set-up their own VC/PE team and interested to benefit from EIF's market know-how and 20 year track record in equity investment across EU 28 countries.

EIF's proposal is built on a new legal structure ready to be launched under an umbrella fund (approved by the Board last September), where a simple, economical structure and flexible product type solution is offered to investors. EIF acts as an advisor to this umbrella fund and proposes different investment targets regrouped in three compartments. This activity is planned to collect up to EUR 2bn of resources during the next three years.

Appendix 1: Glossary of Terms

ABS	Asset-Backed Securities
BIF	Baltic Innovation Fund
CBSI	Cooperative Banks and Smaller Institutions Instrument
CCS	Cultural and Creative Sectors
C/I	Cost to Income ratio
COP	Corporate Operational Plan
COSME	Competitiveness for SMEs
CRR	Capital Requirements Regulation
DVI	Dutch Venture Initiative
EAF	European Angel Funds
EARDF	European Agricultural Rural Development Fund
EaSI	European Union Programme for Employment and Social Innovation
EC	European Commission
ECB	European Central Bank
EFG	Equity Facility for Growth
EFSI	European Fund for Strategic Investments
EIB	European Investment Bank
EIF	European Investment Fund
ENSI	EIF-NPI Securitisation Initiative
EREM	EIB Group Risk Enhancement Mandate
ERP	European Recovery Programme
ESIF	EU Structural and Investment Fund
EU	European Union
FoF	Fund of Funds
GF	Guarantee Facility
G&S	Guarantees & Securitisation – EIF Service
ICO	Instituto de Crédito Oficial
IFE	InnovFin Equity
IIW	Infrastructure and Innovation Window
IPE	Investment Plan of Europe
IPO	Initial Public Offering
ITI	Investment Technology and Innovation
JEREMIE	Joint European Resources for Micro to Medium Enterprises
LfA	LfA Förderbank Bayern mandate

LFF	Luxembourg Future Fund
LGF	Loan Guarantee Facility
LMM	Lower Mid-Market
MCIF	Mezzanine Co-Investment Facility
MFF	Multi-Annual Financial Framework
MDD	Mezzanine Dachfonds fur Deutschland
NPI	National Promotional Institution
PE	Private Equity
P2P	Peer-to-peer
RCR	Risk Capital Resources
ROE	Return On average Equity
RSI	Risk Sharing Instrument
SLA	Service Level Agreement
SME	Small and Medium-sized Enterprise
SMEi	SME Initiative
SMEW	SME Window
SMEG	SME Guarantee Facility
S&P	Standard & Poor's
TEU	Treaty on European Union
TLTRO	Targeted longer-term refinancing operations
VC	Venture Capital
YE	Year End
YTD	Year to date