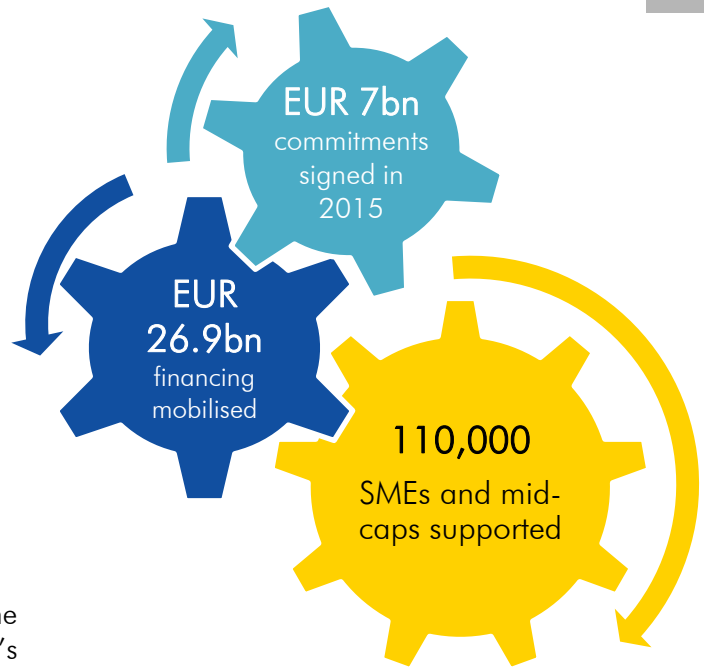


EIF's support for businesses in 2015



EIF at a glance

The European Investment Fund (EIF), part of the European Investment Bank (EIB) Group, is the EU's leading provider of risk financing for small and medium-sized enterprises (SMEs) and mid-caps. EIF designs, promotes and implements equity and debt financial instruments which specifically target the needs of these market segments.

In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth and employment. EIF manages resources on behalf of the EIB, the European Commission (EC), national and regional authorities and other third parties. EIF's support to enterprises is provided through a wide range of selected financial intermediaries across Europe, such as venture and growth capital funds, banks, guarantee institutions and microfinance institutions.

EIF's institutional organisation and strong corporate governance are key to the successful delivery of its objectives, and its tripartite shareholding structure (61.3% EIB, 26.5% the European Union, represented by the EC, 12.2% financial institutions) positions it uniquely among other EU and international financial institutions. EIF is therefore confident in continuing to foster support to SMEs as an established strategic partner of its shareholders, national promotional institutions and other strategic operators.

Since its creation in 1994, EIF has supported more than 1.8 million SMEs, and has partnered with over 400 finance and guarantee providers and more than 600 private equity funds.

EIF is AAA-rated and benefits from a Multilateral Development Bank status which enables financial institutions to apply a 0% risk-weighting to assets guaranteed by EIF.

Investment Plan for Europe

EIF is managing the SME Window of the Investment Plan for Europe (IPE) to boost jobs and growth in Europe.

Initial IPE resources under the SME Window have been used to accelerate and enhance the deployment of existing EU flagship programmes which EIF manages – such as COSME and InnovFin – and to significantly increase the Risk Capital Resources (RCR) mandate for equity investments, which EIB has entrusted to EIF. By the end of 2015, EIF committed EUR 1.8bn via 45 risk capital and 39 portfolio guarantee transactions, which is expected to mobilise total investments of up to EUR 25.1bn. EIF will continue to rapidly deliver its existing products in line with strong market demand as well as launching new products – for example the Equity Platform with National Promotional Institutions (NPI).



Via
84
financial transactions



Leveraging
RCR
COSME
INNOVFIN
resources



Reaching
SMEs across
17
countries

Guarantees and securitisation

As a result of its recognised expertise in the SME guarantee market, EIF manages several mandates on behalf of the EC, EIB and national and regional authorities.

EIF targets the debt requirements of SMEs and small mid-caps by providing guarantees and credit enhancement in EU Member States, candidate countries, European Free Trade Association (EFTA) countries as well as in the Horizon 2020 and COSME Associated Countries, thus improving access to finance to SMEs and small mid-caps.

EIF uses its own capital to credit-enhance tranches of SME securitisation transactions and to provide guarantee cover for SME loan and lease portfolios to financial institutions. As a result, EIF achieves substantial added value by facilitating SME credit risk transfer from financial institutions, and by enabling access to term-funding through the placement of guaranteed asset-backed securities with capital market investors.

Thanks to EU programmes, such as COSME and InnovFin, EIF encourages financial intermediaries to increase their risk appetite and lending volumes by guaranteeing part of the risk. Hence, EIF counterparts can lower their collateral requirements, offer better loan conditions or finance innovative and young companies.

As a new initiative under the Erasmus+ programme, EIF is managing the Erasmus Master Student Loan Guarantee Facility. EIF provides credit-risk protection in the form of a capped guarantee or counter-guarantee to financial intermediaries granting new loans to internationally mobile Masters' students, many of them hopefully future entrepreneurs.

As a new product and business area, in 2015 EIF started to invest into diversified loan funds under the EREM Loan Funds instrument (a new initiative under the EIB Group Risk Enhancement Mandate). Diversified loan funds channel institutional investors' resources towards the financing of European SMEs and small mid-caps, therefore enhancing access to finance.

In 2015, EIF committed EUR 4.7bn of guarantees (95 transactions) through which EUR 16.6bn of further lending to SMEs are expected to be generated.

Equity

EIF is a cornerstone investor in European venture and growth capital, supporting both first time and established investment teams. EIF contributes to the sustainability of the European private equity market by stimulating entrepreneurship and innovation, improving the availability of risk capital for high-growth and innovative SMEs, attracting further capital from the private sector and working with like-minded investors to address market gaps and opportunities. In doing so, EIF helps to establish a well-functioning and liquid venture and growth capital market.

EIF's equity activity encompasses the main stages of SME development from the earliest stages of intellectual property development to the expansion and growth phases of a company. EIF also works closely with business angels and other non-institutional investors through the European Angels Fund (EAF) initiative which is currently operational in Germany, Austria, Spain and the Netherlands.

Additionally, EIF started managing tail-end funds (TEFs) in 2015. This new management concept relates to the sale of these funds – individually or on a portfolio basis – on the secondary markets.

2015 also marked the first full operational year of the Mezzanine Co-Investment Facility (MCIF). This is a EUR 100m programme which enabled EIF to co-invest in target companies alongside mezzanine funds under the hybrid debt-equity window of the RCR, promoting a broader utilisation of co-investment solutions.

Furthermore, under the EREM Loan Funds Instrument, EIF also started in 2015 to invest into selective loan funds, rapidly emerging in the market as an alternative source of capital complementary to traditional bank lending. Through its pioneering role as one of the first institutional investors in this asset class, EIF will contribute to widening the availability of non-bank financing for SMEs and mid-caps.

In 2015, EIF committed a total of EUR 2.2bn into 85 funds (including 9 co-investments), most of which would not have achieved a first closing without EIF support. With this level of commitment, EIF expects to mobilise over EUR 9.8bn of new financing in support of SMEs and mid-caps.

Microfinance

EIF's microfinance instruments continued to tackle the challenges of financial and social inclusion as part of the wider commitment to promote smart, sustainable and inclusive growth in line with the Europe 2020 development strategy.

EIF supported micro enterprises through capped free-of-charge guarantees and counter-guarantees as well as loans to microfinance institutions and other lenders. Both instruments have had a high impact in scaling up the European microcredit market over the past years.

Loans were granted to selected financial intermediaries for further disbursement to micro-enterprises within the framework of the European Progress Microfinance Fund (EPMF-FCP). The last agreements under EPMF guarantees were signed in 2014, while EIF's lending activity under the EPMF-FCP is still on-going until April 2016.

In 2015, EIF announced the launch of a new guarantee instrument under the EC Programme for Employment and Social Innovation (EaSI) which, in addition to microfinance, also supports social entrepreneurship projects. EaSI is specifically aimed at target groups which often face difficulties in accessing finance, such as minorities, young people, female or rural entrepreneurs. Initial results have confirmed a continued high demand from the market.

In 2015, EIF committed EUR 86m in 24 microfinance transactions, mobilising EUR 421m of loans for micro-enterprises.

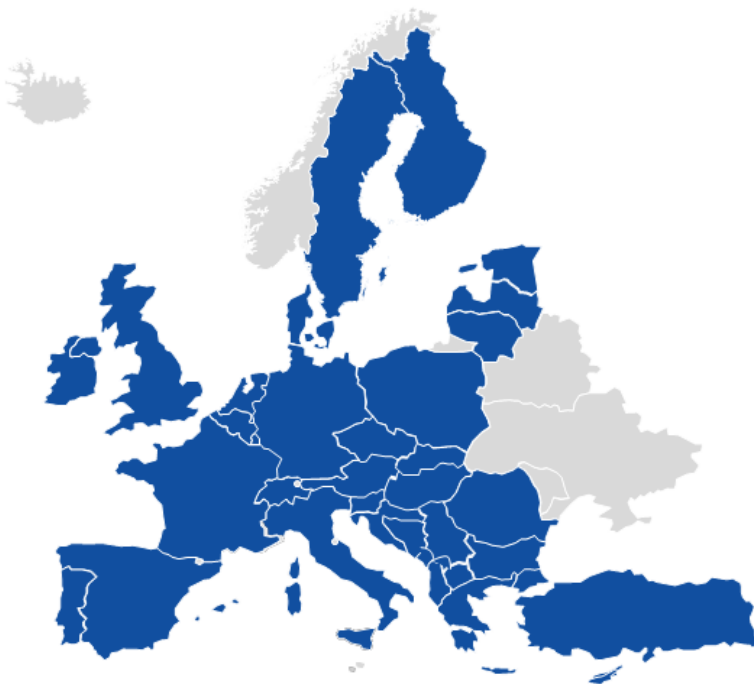
Regional mandates

In 2015 EIF actively continued to work with counterparts at a number of regional and national levels and collaborate with local partners and national promotional institutions to reduce financing gaps across Member States. During the course of 2015 EIF signed 11 new mandates in the amount of 2.1bn. EIF also continued to enhance its leveraging of public funds through the SME-focused fund of funds it manages and advises on behalf of third parties, such as the Baltic Innovation Fund, the Western Balkans Enterprise Development and Innovation Facility

and the Turkish Growth and Innovation Fund. In addition, EIF successfully negotiated the extension of several JEREMIE holding funds.

Also new in 2015, EIF started the implementation of the SME Initiative. This is a joint financial instrument from the EIB Group and the EC with the objective of stimulating SME financing. The programme combines different resources, including the European Structural and Investment Funds (ESIF), EU budget under Horizon 2020 and/or COSME as well as the EIB Group's own funds.

Two different instruments define the operational framework of the SME Initiative: an uncapped portfolio guarantee facility under which financial intermediaries are covered against the credit risk of newly originated SME loans, leases and guarantees; and a securitisation instrument with the various parties involved. The SME Initiative has been successfully launched in Spain (expected to mobilise EUR 3.5bn of financing through six major Spanish banks) and in Malta. Other countries are in the pipeline.



EIF signatures in 2015 (in blue)

Equity investments in the Nordics

Joe & the Juice is a Danish chain of juice bars offering healthy fast food in an innovative and funky environment.

The investment by Armada, an EIF-backed mezzanine fund, together with Valedo and SEB, has enabled an accelerated pace of expansion since 2013. Joe & the Juice employs over 400 people and has grown from 47 bars at the end of 2013 to close to 100 bars by the end of 2015. The majority of the bars are located in the Nordic region, mostly in Denmark. The company is also expanding into the UK, Germany and most recently also in the US. In addition to wholly-owned stores, Joe & the Juice has franchise agreements in France, Singapore and Iceland. Joe & the Juice plans to double the amount of shops by end of 2017.



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OFFICINA DEI TALENTI
SOCIETÀ COOPERATIVA SOCIALE ONLUS

Social finance in Italy through the JEREMIE Holding Fund

OFFICINA DEI TALENTI (TALENT FACTORY) is a social cooperative established in 2008 in Napoli, aiming at integrating persons from less advantaged categories into the labour market.

The cooperative's main business activity consists of providing plant design services in the field of installation and maintenance of automatic vending machines of food and cold/hot beverages.

In 2013, OFFICINA DEI TALENTI obtained through Banca Popolare Etica a EUR 100,000 loan with a maturity of 8 years. The supported project is to develop the vending segment of the cooperative with a specific focus on ethical products such as biological products, local products and fair trade related food.

The loan was made available under the social finance window of the JEREMIE Holding Fund Campania which aims at enhancing access to finance by lending to SMEs in order to provide loans for social improvement and social inclusion.



OFFICINA DEI TALENTI vending machine
www.officinadeitalenti.com