



**European
Investment
Bank**

The EU bank

Cyprus: EIB instruments for supporting the
private sector

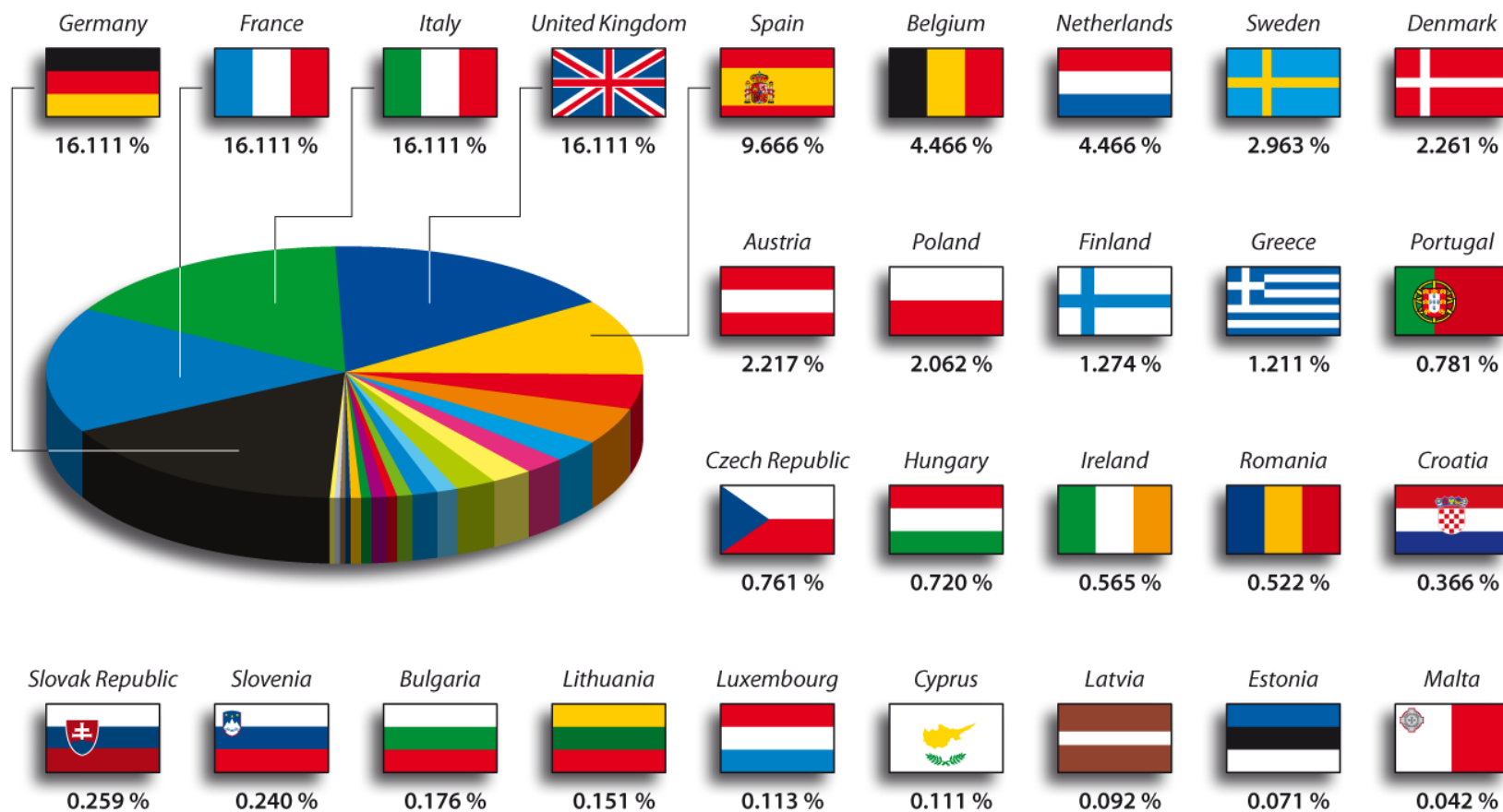
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The EIB: capital breakdown



The EIB: the EU bank



- ▶ Around 90% of lending is within the EU

**Investing in
Europe's growth**

The EIB at a glance

- ▶ Largest multilateral lender and borrower in the world
 - ▶ We raise our funds on the international capital markets
 - ▶ We pass on favourable borrowing conditions to clients
- ▶ Some 450 projects each year in over 160 countries
- ▶ Around 3 000 staff:
 - ▶ Not only finance professionals, but also engineers, sector economists and socio-environmental experts
 - ▶ Almost 60 years of experience in financing projects

EIB Group financing in 2016



European Investment Bank
The EIB bank



EUROPEAN INVESTMENT FUND

EUR 83.8bn



European Investment Bank
The EIB bank



EUROPEAN INVESTMENT FUND

EUR 280bn

Total investment supported



Raising money on the capital markets

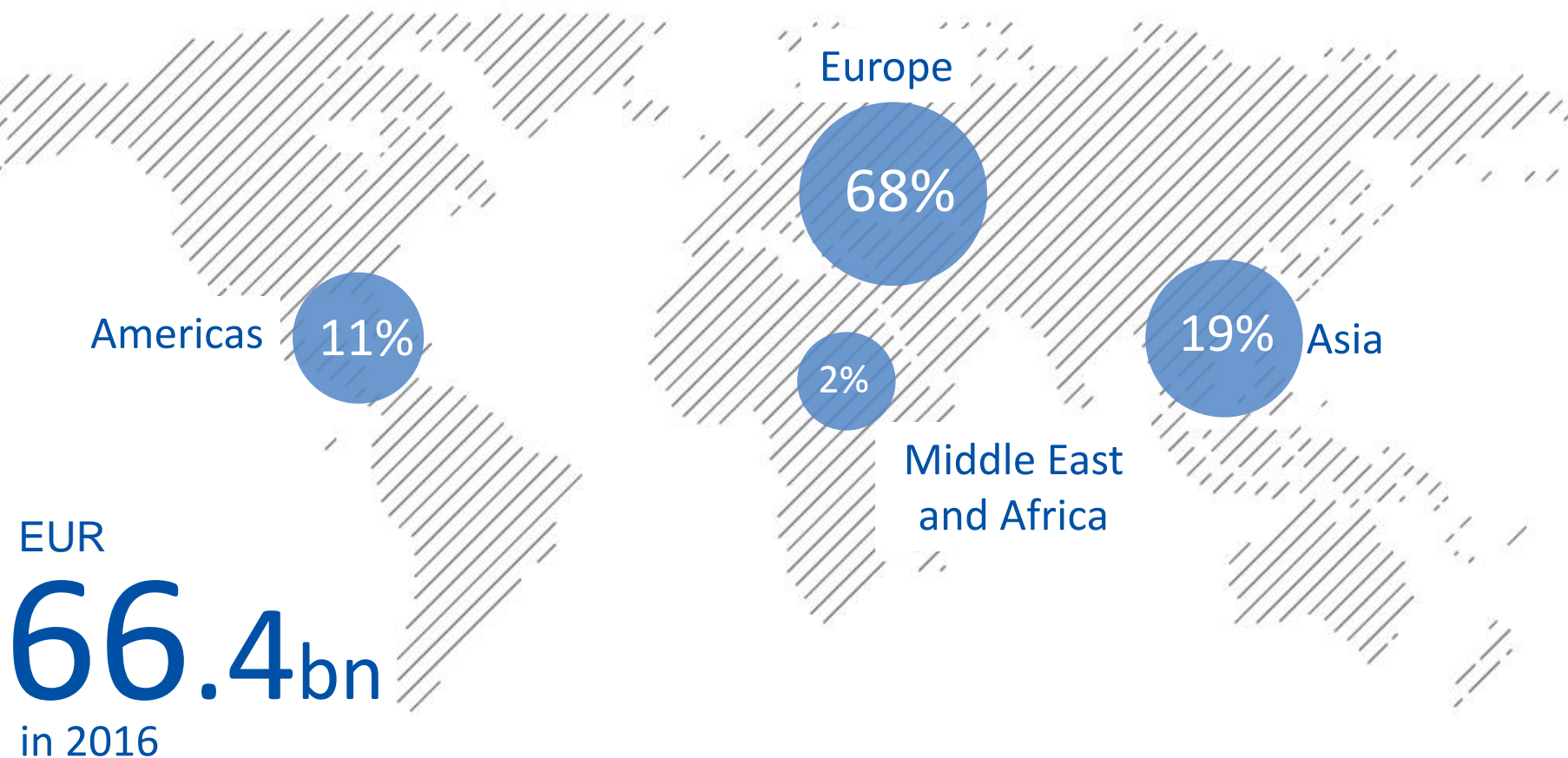


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EIB maintains high activity levels in Cyprus

Yr	Signatures (EUR m)	Disbursements (EUR m)
2012	398	281
2013	250	198
2014	265	113
2015	215	128
2016	240	105
2017 (target)	140	25

EIB volumes in last 5 years – Public and Private

Yr		Signatures (EUR m)	Disbursements (EUR m)
2012	Public Sector	398	281
	Private Sector	0	0
2013	Public Sector	100	198
	Private Sector	150	0
2014	Public Sector	80	80
	Private Sector	185	33
2015	Public Sector	115	83
	Private Sector	100	45
2016	Public Sector	55	0
	Private Sector	185	105
2017 (so far)	Private Sector	140	25

EIB activity in Cyprus for 2016 – EUR 240m

Public Sector

- **EUR 40 m** for a water pipeline to pump drinking water from the Vasilikos desalination plant to the Greater Western Nicosia Region;
- **EUR 15 m** for the construction of two anti-flooding rain water stations in Larnaca;

Private Sector

- **EUR 175 m** to support private sector investments implemented by small and medium sized enterprises;
- **EUR 10 m** for EIF's "InnovFin" SME Guarantee (EFSI).

➤ In addition, **EUR 30m** under CYPEF Risk Sharing for supporting SMEs.

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EIB Instruments for supporting Private Sector investments in Cyprus

1. Intermediated Lending for supporting local SMEs and MidCaps

Intermediated Lending – Status

- **No of participating FIs:** 10 counterparts – In 2014 there were zero active counterparts;
 1. **Alpha Bank (Cyprus)**
 2. **Bank of Cyprus**
 3. **Cooperative Sector**
 4. **Cyprus Development Bank**
 5. **Eurobank (Cyprus)**
 6. **Hellenic Bank**
 7. **NBG (Cyprus)**
 8. **RCB bank**
 9. **Société Générale Bank of Cyprus**
 10. **USB Bank**
- **Signatures:** 16 contracts for EUR 615m;
- **Allocations:** approx. 264 allocations for EUR 290m;

Intermediated Lending - Characteristics

- **The local bank bears the full portfolio credit risk** – i.e. no Risk Sharing (contrary to CYPEF);
- **Transfer of benefits (ToFA):** Local banks benefit from financial value added and transfer an agreed share to the SME and/or MidCap final beneficiary (interest rate reduction, longer loan tenor)
 - **Standard FVA: 1%;**
 - **Additional FVA for Jobs for Youth: 1% + 0.50%;**
- **Complementarity:** participating banks must add 1/3 of the allocated amount
- **Transparency:** Financial Intermediaries must inform each final beneficiary of EIB support

Intermediated Lending – Who is eligible?

Scope of eligibility:

- **Sector Eligibility:** Many sectors and activities are eligible;

- **Final Beneficiary eligibility:**
 - **SMEs:** i.e. self-employed to 249 staff
 - **MidCaps:** i.e. 250 to 3,000 staff;

- **Loan size eligibility:**
 - **Maximum investment amount:** Up to EUR 25m;
 - **Maximum EIB support:** Up to EUR 12.5m;

- **Loan maturity:** 2-12 years

Intermediated Lending – Who is eligible?

- All activities are eligible with few exceptions:
 - ▶ **Refinancing of old loans (unless within eligible timing)**
 - ▶ **Real estate developments**
 - ▶ Production of weapons and ammunition, arms, military or police equipment
 - ▶ Gambling, betting and related equipment;
 - ▶ Tobacco manufacturing, processing, or distribution;

Where / how can I get more information?

Check EIB website: http://www.eib.org/attachments/lending/inter_cy.pdf

Check your bank's website:

Ask your bank:

Instrument for supporting Private Sector investments

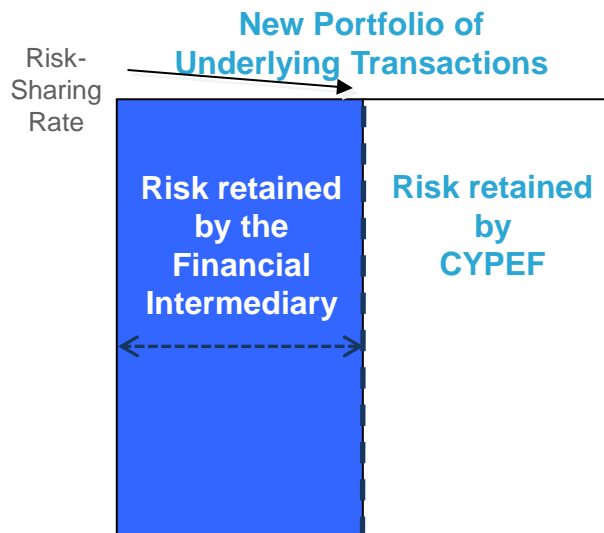
2. «Ταμείο Επιχειρηματικότητας» or Cyprus Entrepreneurship Fund (CYPEF)

Cyprus Entrepreneurship Fund (CYPEF) – Status as at 31/12/2016

- **No of participating banks:** 1 counterpart (expected to add another counterpart in 2017);
 1. **Bank of Cyprus**
- **Signatures:** EUR 60m (expected to increase to EUR 70m) for a total portfolio of EUR 120m (expected to increase to EUR 140m);
- **Allocations:** approx. 183 allocations for a EUR 51m loan portfolio;

Cyprus Entrepreneurship Fund (CYPEF) - Characteristics

- **CYPEF is a Risk Sharing instrument:** Local bank shares with CYPEF the risk of the loan to the enterprise;



- CYPEF's funding is priced at around 1%, reducing the interest rate for SMEs;
- **Aim:** To facilitate access to finance for **smaller size / higher risk SMEs** at improved terms

Cyprus Entrepreneurship Fund (CYPEF) - characteristics

Scope of eligibility:

- **Beneficiary eligibility:** local SMEs - self-employed up to 249 staff;
- **Eligible purposes:** Consistent with Intermediated Lending;
- **Maximum loan amount:** Up to EUR 1.5 m;
- **Loan maturity:** 2-12 years;

Where / how can I get more information?

Check EIF website:

[http://www.eif.org/what we do/resources/cypef/index.htm](http://www.eif.org/what_we_do/resources/cypef/index.htm)

Ask Bank of Cyprus:

EIB Instruments for supporting Private Sector investments in Cyprus

3. EIF InnovFin SME Guarantee (EFSI)

EIF's InnovFin SME Guarantee (EFSI) - Status

Implementation started in Feb 2017

- **No of participating FIs:** 1 counterpart (expected to add more counterparts soon);
 1. **RCB Bank**
- **Signatures:** EUR 10m (expected to increase to EUR 50m);
- **Allocations:** 1 allocation for EUR 2m

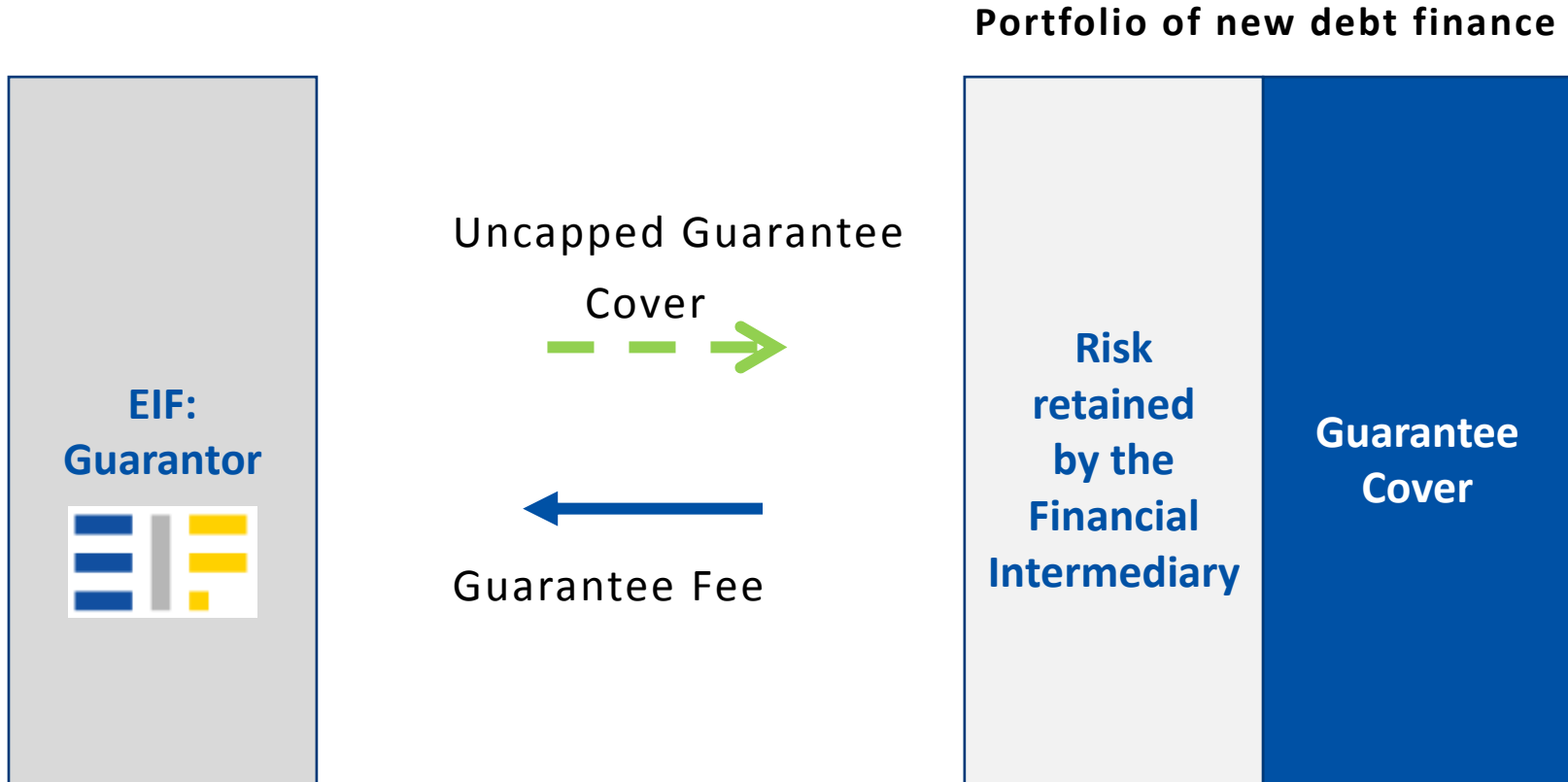
EIF's InnovFin SME Guarantee (EFSI) - Characteristics

SMEs (up to 249 staff) and Small MidCaps (250 – 499 staff)

Innovation Eligibility Criteria:

- investing in the production or development of innovative products, processes and/or services that present a risk of technological or industrial failure; or
 - that are “fast growing enterprises” i.e. their workforce or turnover has increased by at least 20% p.a. over the last 3 years; or
 - that have a significant innovation potential or are R&I-intensive enterprises, i.e. satisfying at least one “innovation criterion” out of a set of pre-defined eligibility criteria.
-
- **Amount:** at least EUR 25K and up to a max of EUR 7.5m
 - **Maturity:** at least 1 year and up to a max of 10 years

EIF's InnovFin SME Guarantee (EFSI) - Characteristics



EIF shares 50% risk with the Financial Intermediary

EIF's InnovFin SME Guarantee (EFSI) - Characteristics

Indicative example - Transfer of Financial Benefit

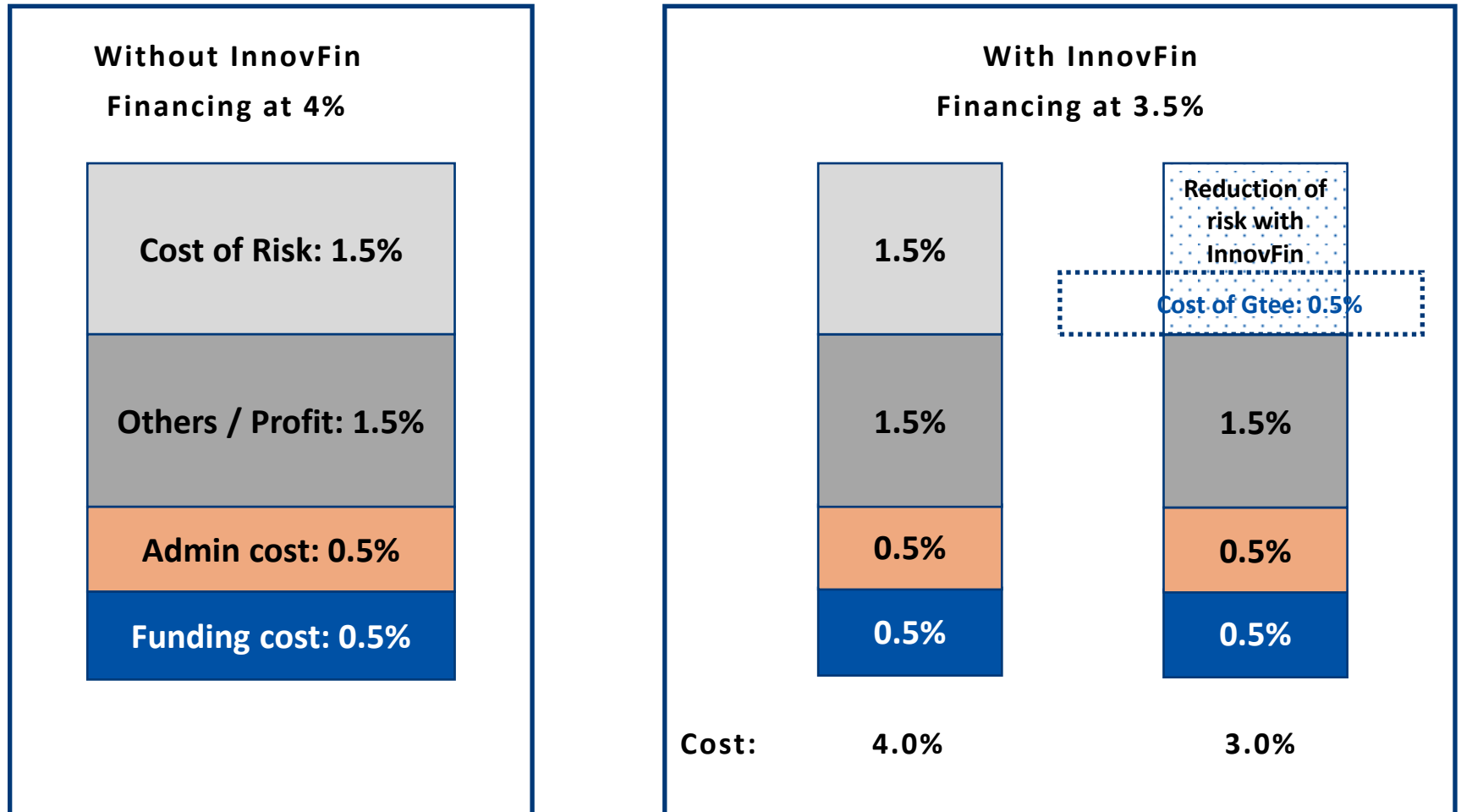


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EIB priorities in Cyprus

- ❖ Continue EIB Support for local SMEs and MidCaps;
- ❖ Identify and support Government's key infrastructure investments which can help the Cyprus economy;
- ❖ Follow closely the political discussion on reunification;
- ❖ Follow developments in the Gas explorations in the Region and eventually support energy infrastructure investments;
- ❖ Identify projects which can be enhanced / benefit by EFSI.

Thank you!

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