

Debt Financial Instrument for SMEs in COSME



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COSME overview

- ❑ COSME: European programme with financial instruments solely dedicated to SMEs (2014 – 2020)
- ❑ 60% of total COSME programme dedicated to financial instruments - **over €1.3 billion**
- ❑ Support those SMEs which would otherwise not obtain financing
- ❑ Overall targets supporting up to **330 000 SMEs**
- ❑ Debt and equity financial instrument:
 - **Loan Guarantee Facility (LGF)**
 - **Equity Facility for Growth (EFG)**

Details of the Loan Guarantee Facility

- ❑ Policy objective: Support for transactions which otherwise would not have taken place (e.g. perceived higher SME risk, insufficient collateral across all sectors)
- ❑ Guarantees to financial intermediaries for newly generated SME financing portfolios (promotional institutes, guarantee societies, commercial banks, alternative lending platforms, etc.)
- ❑ Provides opportunity for financial intermediaries to develop new client relationships

Technical details of COSME guarantee (1/3)

- Capped portfolio guarantee (direct guarantees and counter-guarantees)
- Guarantee rate of max. 50% per loan/guarantee/financing transaction included in the portfolio
- Capped at the level of expected losses of portfolio (max. 20%)
- Guarantee payment upon default, with pro-rata sharing of recoveries
- Covers newly generated SME transactions for investment and/or working capital financing, bank guarantees, leasing
- Repayment schedule: fixed or revolving
- Minimum duration of transaction is 12 months
- Max. guarantee of 10 years, underlying transaction can be longer

Technical details of COSME guarantee (2/3)

- ❑ Guarantee is free of charge (no guarantee fee)
- ❑ Maximum loan amount threshold of EUR 150,000 applies - larger loans can only be covered under the COSME LGF if SME does not meet any of the 12 InnovFin criteria
- ❑ COSME LGF is State Aid consistent, i.e. it does not contain State Aid but maximum financing amounts apply (between € 375 000 and € 1 500 000, depending on sector and duration)
- ❑ COSME LGF can in certain circumstances be combined with other financial instruments
- ❑ Guarantee facility provides a framework => financial intermediary can create product adequate for its market (unconditional / conditional guarantee possible)

Technical details of COSME guarantee (3/3)

Option 1

- ❑ Target Higher Risk Profile clients/products through:
 - New product set up for Start-ups; OR
 - Extension in maturities and/or reduction in collateral; OR
 - New products or existing products offered to previously excluded client sectors
- Ground up COSME cover

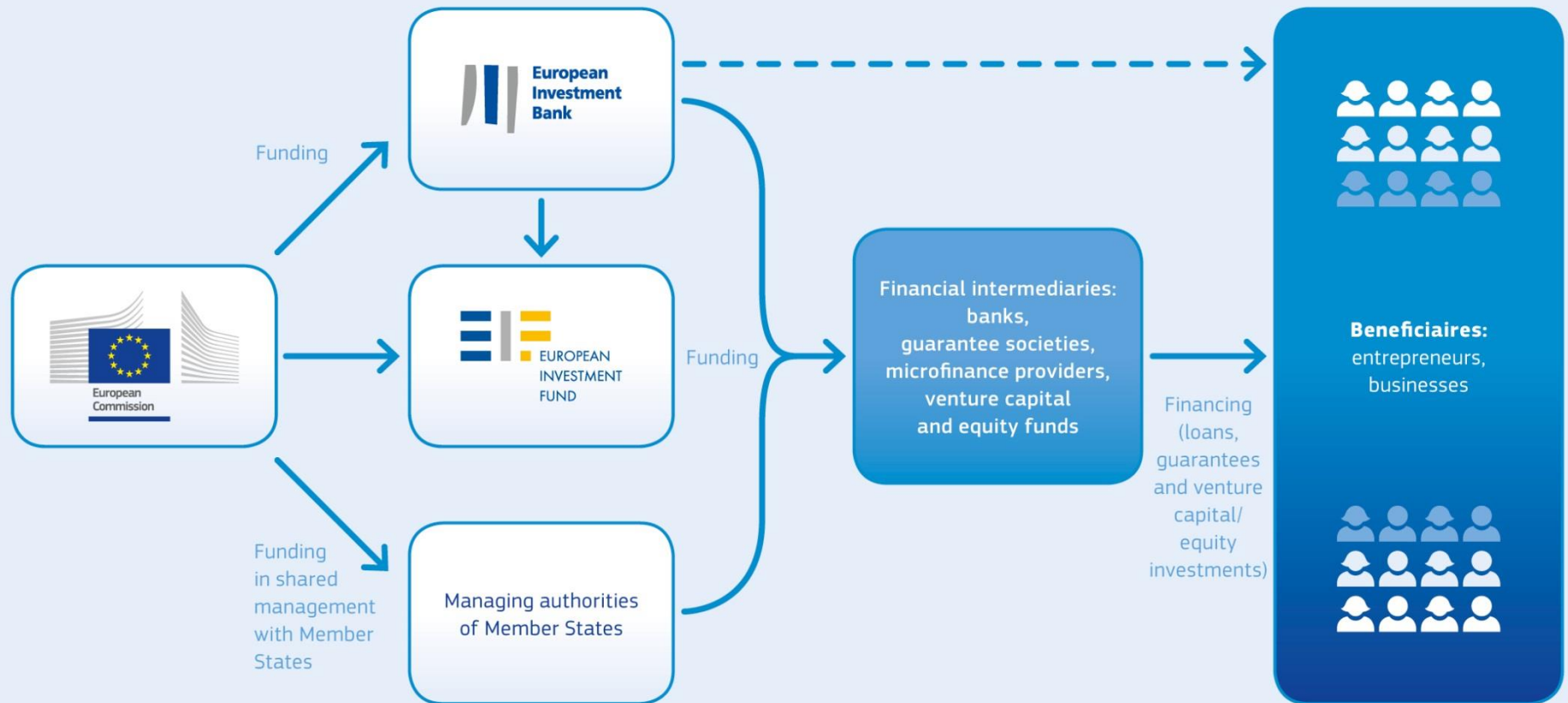
*“Unconditional”
guarantee*

Option 2

- ❑ Increase in volumes of (guarantees of) loans to SMEs related to
 - most risky 25% of current portfolio by internal rating; OR
 - full portfolio in case of guarantee institutions and promotional banks
- COSME cover is conditional on the Intermediary realising certain volumes of activities as defined within the Guarantee Agreement

*“Conditional”
guarantee*

Delegated implementation



What matters during implementation?





What does the Commission get in information from EIF?

- Name/address of Financial Intermediary
- Guarantee cap amount under COSME
- Performance of financial instruments (e.g. volume of investments into eligible final beneficiaries, leverage)
- Amounts of guarantee calls made
- Details of financing of eligible SMEs (number, size, sector)

Publication/visibility requirements

- ❑ EIF publishes at least once per year:
 - ❑ Financial intermediaries list (name, address, guarantee cap amount)
 - ❑ SMEs list (name, address, type of financing received) for all financing amounts > € 150,000, below this threshold publication of statistical information
- ❑ Each Financial Intermediary shall:
 - ❑ Inform SMEs about financial support from COSME
 - ❑ Create dedicated section on its website or a clear link to information regarding type of financing offered, description of eligibility criteria and information on the application procedure to be followed
 - ❑ Include in any press release that the Financial Intermediary has benefited from the support of the EU under COSME

78 agreements signed

	Austria	AWS*
	Belgium	SOWALFIN, PMV
	Bulgaria	CIBANK, BDB, NGF, Raiffeisenbank, Raiffeisen Leasing
	Croatia	PBZ
	Czech Rep.	CMZRB, Komerčni Banka, Equa Bank
	Denmark	Vaekstfonden, Vaekstfonden Farmers
	Estonia	Kredex, Swedbank, Swedbank Leasing
	France	France Active Garantie, SOCAMA*, SIAGI, GE Capital Equipement Finance, FranFinance
	Germany	lfa, KfW*, Buergschaftsbanken
	Greece	NBG, Eurobank, Alpha Bank, Piraeus Bank
	Hungary	K&H, AVHGA, Erste Bank
	Ireland	SBCI
	Italy**	BdM-MCC*, BCC Lease, Credito Emiliano*, CDP, 12 Italian guarantee institutions (confidi)
	Latvia	Swedbank, Swedbank Leasing, UniCredit Leasing, Altum
	Lithuania	Swedbank, Swedbank Leasing
	Montenegro	CKB
	Netherlands	Qredits
	Poland	BGK, PKO Leasing, Idea Bank, POLFUND
	Romania	Libra Internet Bank, Raiffeisen Bank
	Serbia	Banca Intesa, UniCredit Bank
	Slovakia	CSOB
	Slovenia	SEF
	Spain	Microbank, CERSA
	Turkey	QNB Finansbank
	UK	EZBOB, iwoca

- 25 countries where agreements have been signed
- 2 countries where transactions have been approved
- 3 countries where applications have been received



The slide is based on the transaction status as at 30/09/2017

* EIF signed 2 agreements with these intermediaries.

** 1 agreement in Italy was terminated.

How can financial intermediaries apply?

- ❑ EIF has launched continuous open calls for expression of interest through its website (open until 30 September 2020):
http://www.eif.org/what_we_do/guarantees/single_eu_debt_instrument/cosme-loan-facility-growth/index.htm

How will SMEs be informed ?

- Single portal on EU access to finance
- Provides information on how SMEs can apply for financing (guarantees, loans and equity financing) supported by various EU programmes
- Allows searching by country and by type of financing needed
- Functionality to be further fine-tuned in the future
- Businesses can still apply for financing from EU programmes from previous programming period (2007-2013)



Starting up

Managing

Expanding

EU market

Research & innovation

Responsible business

Finance and support

Exit strategy



Finance and support

► Access to finance

Business support

Access to finance

Updated 11/2012

Access to EU finance

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**Thank you for your
attention!**