

ETEAN S.A.

WORKING GROUP STATISTICS AND STUDIES
ATHENS, 06 OCTOBER 2017



Presentation Structure

1. From TEMPME S.A. a Credit Guarantee Scheme to ETEAN S.A. a Fund Manager: History, Identity, Performance.
2. Hurdles in implementation
3. Evolution of ETEAN S.A.: Vision, Mission, Objectives, Needs, Tools.

From TEMPME S.A. a Credit Guarantee Scheme
to ETEAN S.A. a Fund Manager:
History, Identity, Performance.

Identity of ETEAN SA

TEMPME SA

- Founded in 2002 as Credit Guarantee Fund
- Public company (100% state owned)
- Financial Institution under the supervision of BoG and the Ministry of Development
- Introduction of Guarantees in the Greek market

ETEAN SA

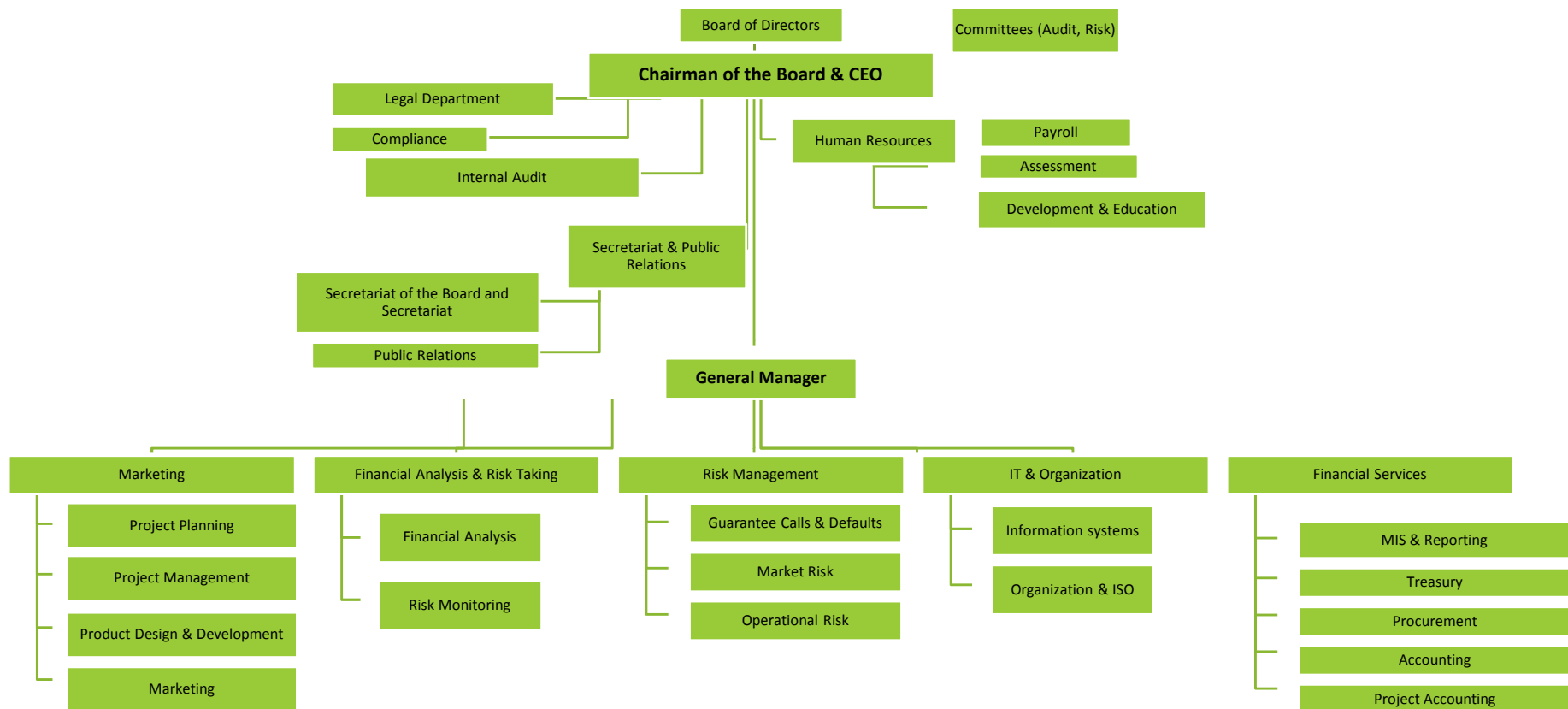
- Founded in 2011 as a successor of TEMPME SA
- Credit Guarantee Fund and a Fund Manager for recycling credit enhancement facilities for Greek SMEs
- Public company (100% state owned). Own capital of ~ 1,7 bil. Euro.
- Financial Institution under the supervision of BoG and the Ministry of Development
- 62 employees as of 31-12-2016
- As of 31-12-2016 is a group of Companies with its subsidiary, the “New Economy Development Fund SA - TANEO”, a VC Fund of Fund for SMEs

Mission of ETEAN SA

To facilitate the access of Greek SMEs to the financial system

- by undertaking a substantial part of their financial risks
- by ensuring the low loan cost or other financing costs
- by reducing the collateral requirements of financial institutions
- by identifying current market needs and developing viable schemes to address them

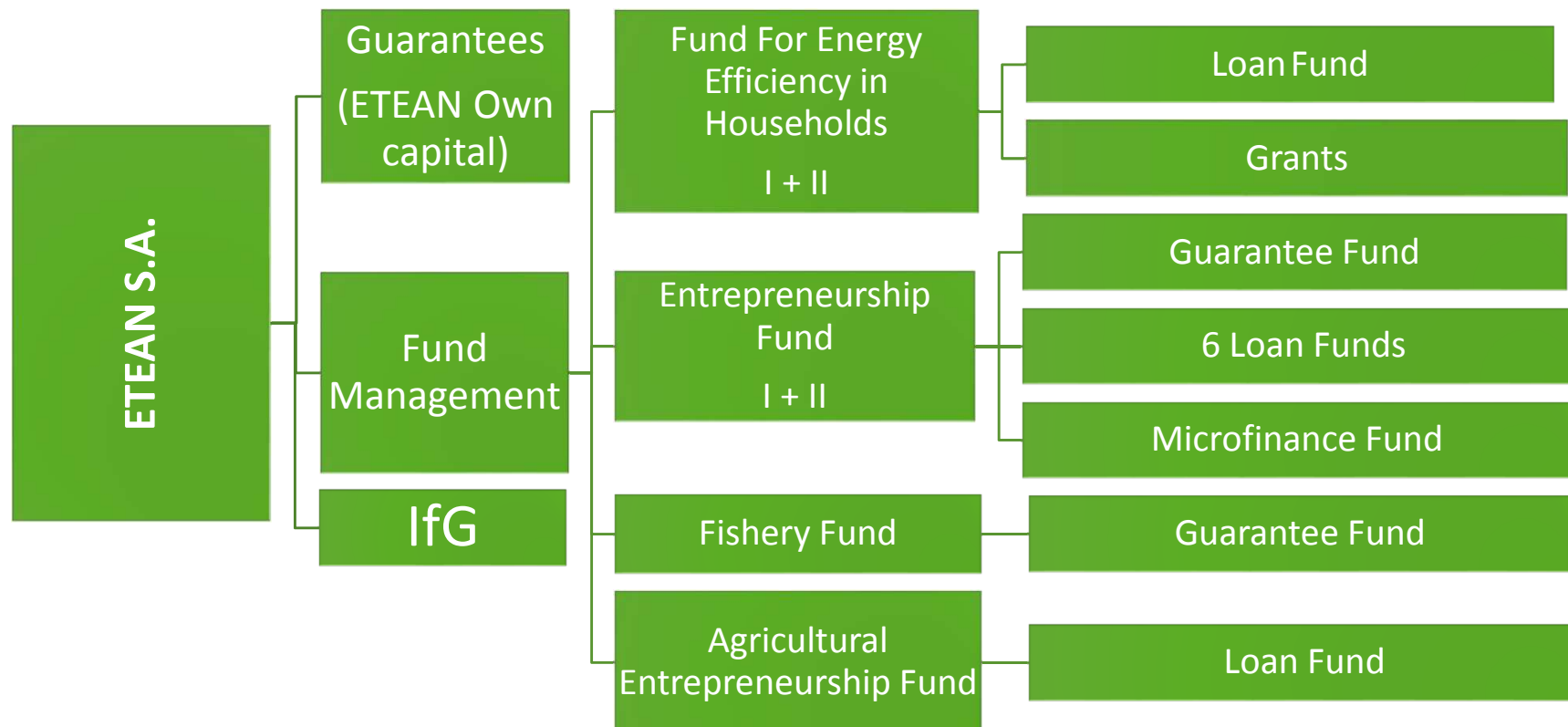
Organizational structure



Financial instruments for SMEs ⁽¹⁾

- Guarantees to SMEs through ETEANs own capital.
- Financial Engineering Instruments (FEIs): Managing and Co-investing
- Investment Funds or Investment Schemes: Co-investing or participation

Financial instruments for SMEs (2)



Characteristics and Performance of ETEAN Programs ⁽¹⁾

ETEAN SA Programs:

- Guarantee rate from 45% to 80%
- New and existing SMEs up to 50 employees
- Working capital or Investment loans or for Letters of Credit,
- Loan amount from 10 th. euro – 500 th. euro.
- Guarantee duration up to 10 years
- Counter guarantee from EIF under MAP
- Specific micro-guarantee program targeted to very small SMEs (up to 5 employees) and for loans 10 th. – 25 th. euro

Characteristics and Performance of ETEAN Programs ⁽²⁾

Performance:

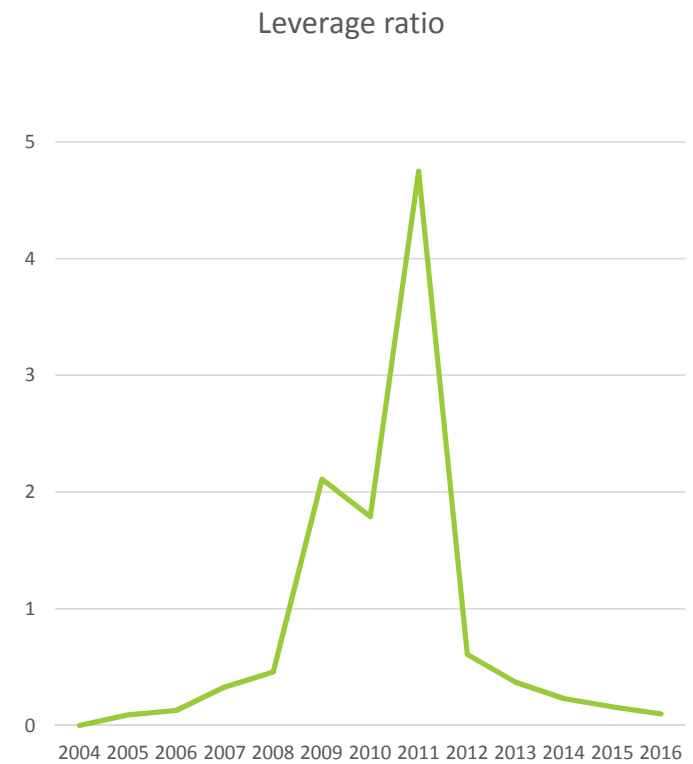
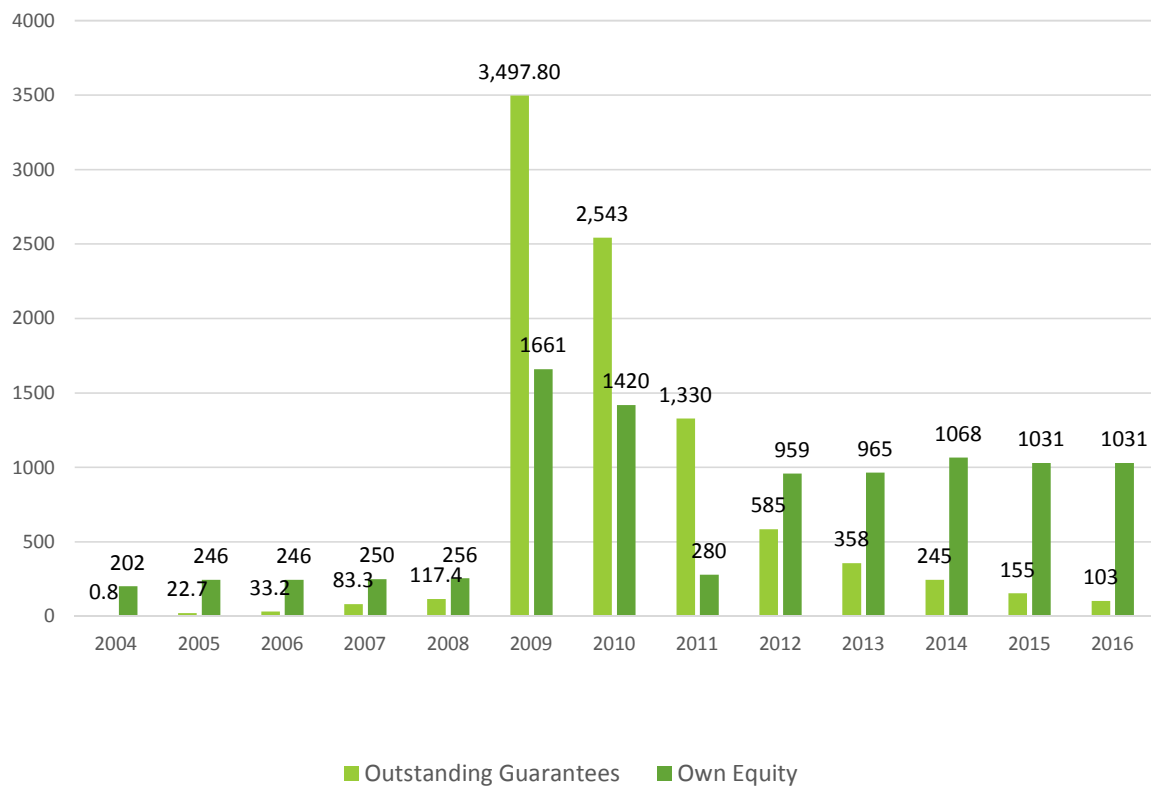
Excellent performance bearing in mind the recession period:

- More than 64.000 guarantees approved within the first 8 years of operations with a nominal loan value of 5,8 bil. euro and a nominal guarantee value of 4,6 bil. euro
- Almost 66% of the nominal guarantee amount has already been repaid
- 16,48% of the nominal guarantee amount has defaulted (as of 31-12-2016)



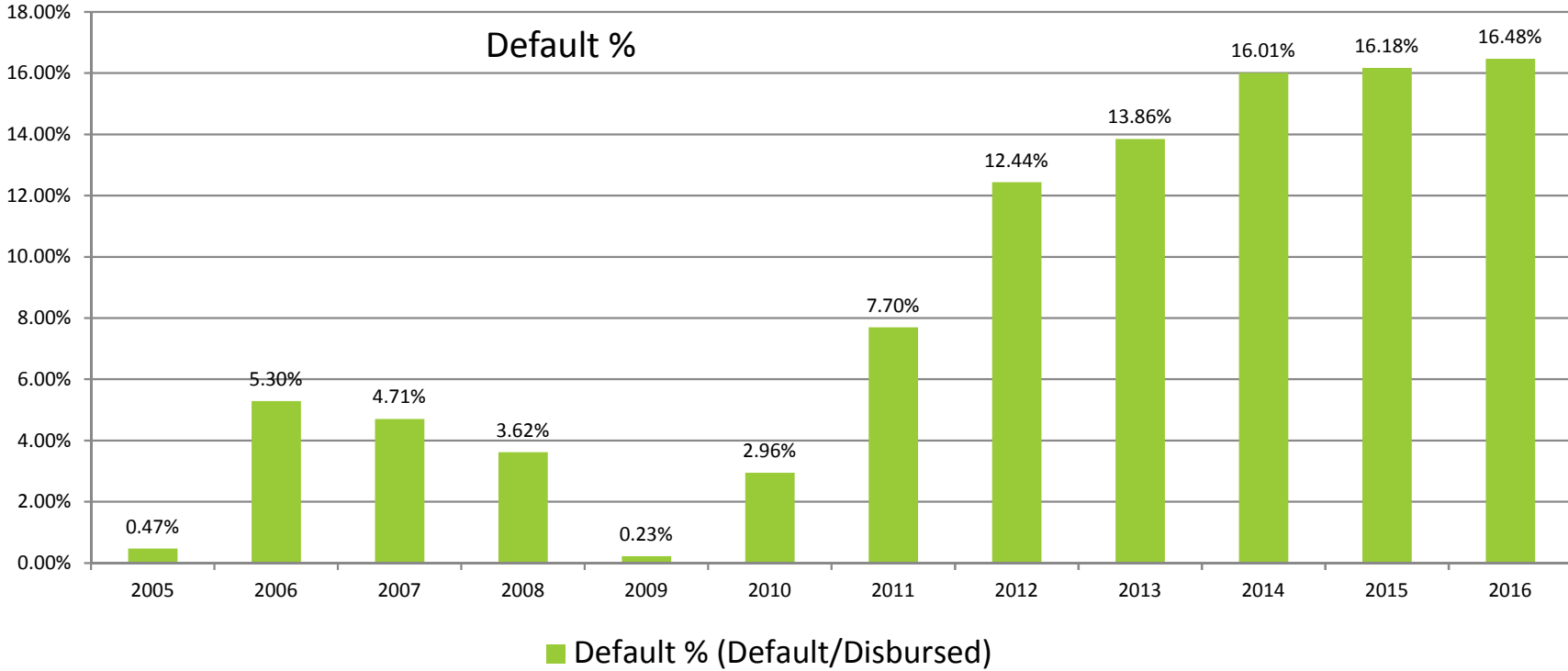
ETEAN SA Programs Performance ⁽¹⁾

[amounts in mil. Euro]



ETEAN SA Programs Performance (2)

[amounts in mil. Euro]



Characteristics and Performance of Fund Programs ⁽¹⁾

1. Loan Funds (Risk-Sharing)

- New and existing SMEs, for Working capital or Investments
- Households for energy efficiency
- Loan amount from 10 th.- 800 th. euro with a duration of 4-12 years. Smaller loans up to ~12 th. euro to households for energy efficiency for up to 6 years.
- Risk Sharing ratio from 33,33% up to 50% (except in Island Entrepreneurship: 100%).
- Grants for energy efficiency to households.

Characteristics and Performance of Fund Programs ⁽²⁾

2. Guarantee Funds

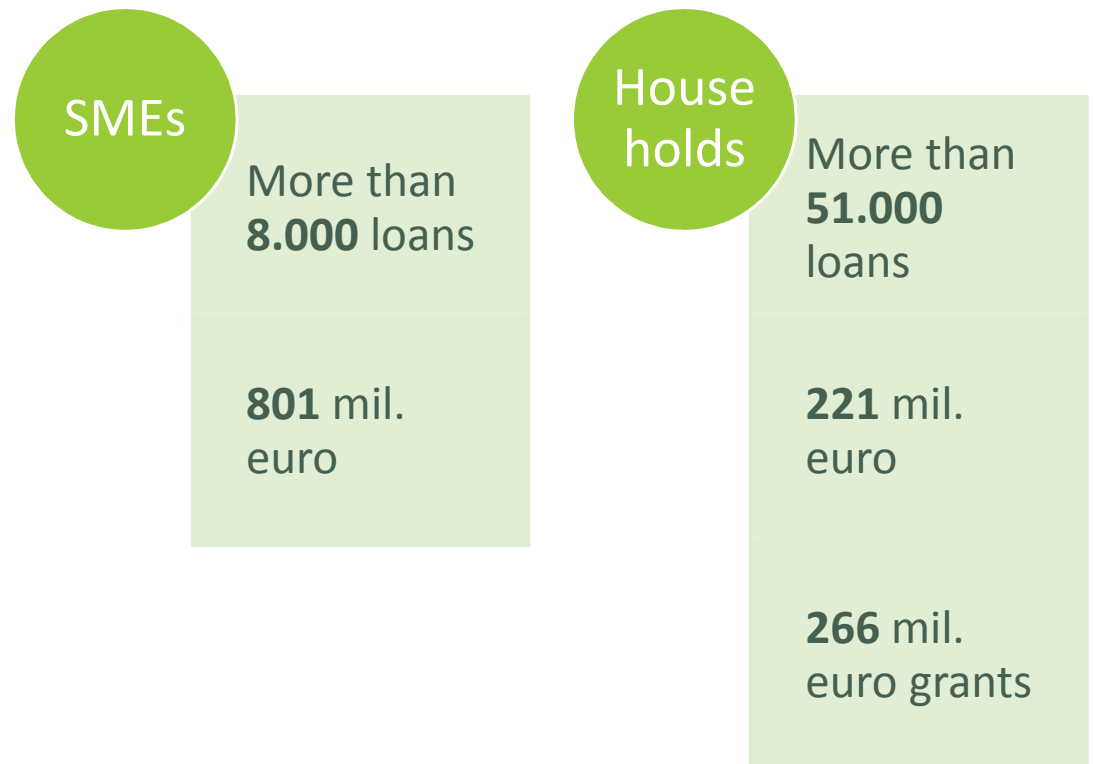
- Guarantees to SME loans for investments or working capital & advances of subsidies in preapproved NSRF (ESPA) programs
- Guarantees loans from 10 th. – 800 th. euro, with a duration from 2-10 years
- Guarantee rate 70% or 80%
- Guarantee commission 0,8% on the Loan amount one off payment
- Multiplier/Leverage ratio: 3

Characteristics and Performance of Fund Programs ⁽³⁾

Performance:

Very good absorption rate bearing in mind the economic climate and the liquidity problems in the banking sector.

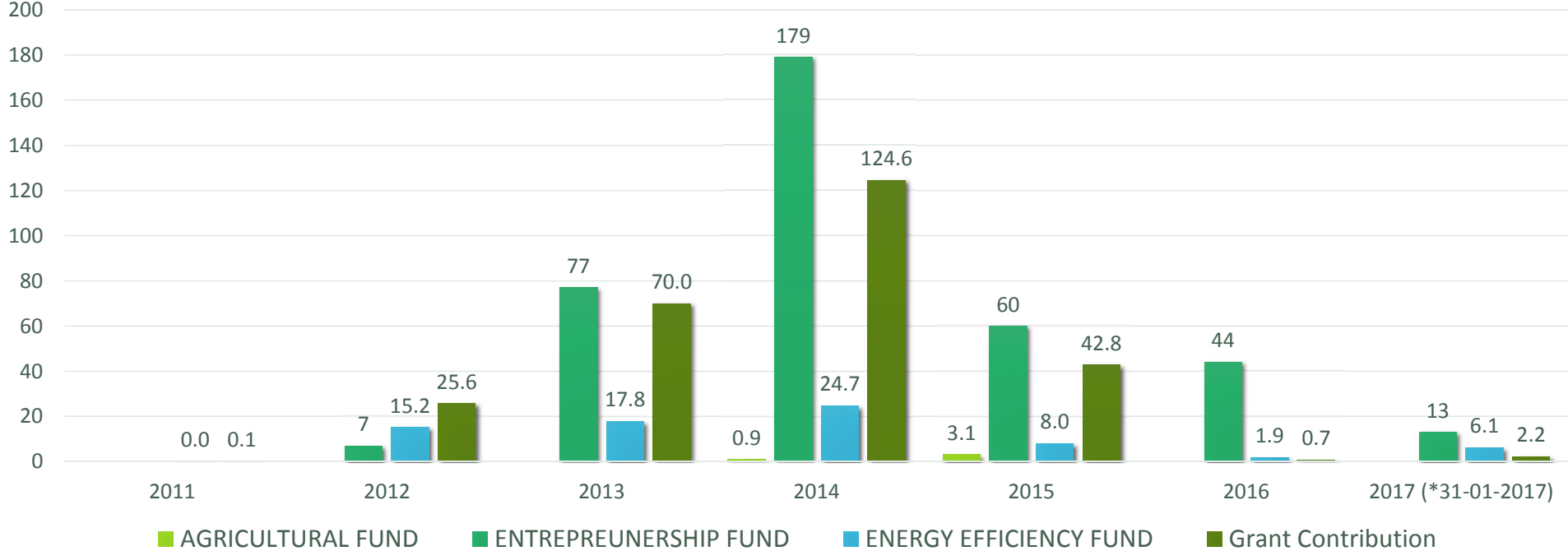
- **More than 59.000 loans of more than 1 bil. euro.**
- During the most difficult time period for the Greek economy and the banking sector
- Recycling nature of credit facilities
- NPLs below the market level



Fund Programs Performance ⁽¹⁾

[amounts in mil. Euro]

Disbursements



Hurdles in implementation

Hurdles ⁽¹⁾

- Introduction and establishing Guarantees for SMEs
- New partnership with the banks that needed time and proof of effectiveness to be established
- Banks reluctance to promote new Products regardless of the funding origin
- Global Financial Crisis resulted in liquidity needs
- The Hellenic Financial Crisis had an effect on the willingness and the ability of banks to provide new credit

Hurdles ⁽²⁾

- Limits on new guarantee production (Central Government Guarantee amount)
- Banks consolidation and mergers in the Greek market.
- Significant rise of NPLs
- Tighter credit standards, drop in borrowing demand, high borrowing costs, tough collateral requirements and doubts that applications would be approved
- Co-existence of competitive Financial Instruments (i.e. Jeremie Fund) with the same business model, the same target group and with the same business partners.

Hurdles ⁽³⁾

The result was the significant limitation of ETEANs activity as a Guarantee Scheme after 2010 and the need to seek also alternative activities. Thus, the shift of the business model towards Fund Management.

Questions - Answers:

Although the cold facts suggest otherwise, ETEANs performance throughout the years, bearing in mind the hurdles mentioned, that some still exist and some we had to cope and to overcome, has been more than satisfactory, in the sense that:

1. Was ETEAN's Performance satisfactory ?

- 120.000 loans
- 6,5 bil. Euro of loans
- Defaults below market level

2. Did we meet our shareholders expectations ?

- It introduced and established the new Financial Instruments in the Greek market
- It operates without burdening the Government Budget
- **It continued to provide much needed new credit in the form of Loans and Guarantees to Greek SMEs**

ETEAN S.A.

EVOLUTION

Greece needs to

- ❖ increase the supply of finance available to smaller businesses where markets don't work well.
- ❖ create a more diverse and vibrant finance market for smaller businesses, with a greater choice of options and providers.
- ❖ build confidence in the market by increasing smaller businesses understanding of the options available to them.
- ❖ leverage the extremely limited resources available to the country in relation to the needs
- ❖ achieve this efficiently and within a robust risk management framework.

Market Failures, Gaps

- Availability of Loans with low interest rates
- Need for eligible Guarantees
- Financial support of new-age entrepreneurs
- Financial support of innovative business and start-ups
- Microfinance
- Equity Finance

SAFE Gap (October 2016-March 2017) ^[1]

Table A
Latest developments in SAFE country results for SMEs

(over the preceding six months; net percentage of respondents)

	Needs				Availability				Financing gap		Financing obstacles	
	Bank loan		Bank overdraft		Bank loan		Bank overdraft		H1 2016	H2 2016	H1 2016	H2 2016
	H1 2016	H2 2016	H1 2016	H2 2016	H1 2016	H2 2016	H1 2016	H2 2016				
euro area	1	3	5	6	11	12	8	10	-3	-4	10	10
BE	6	4	7	8	13	7	6	7	-2	-2	7	9
DE	-10	-8	1	-2	11	12	8	11	-7	-9	7	6
IE	-1	-1	2	12	13	21	11	17	-5	-7	10	12
GR	26	31	24	39	-27	-23	-17	-16	23	24	34	36
ES	-3	2	6	11	26	28	25	26	-11	-10	12	9
FR	10	12	10	17	7	6	0	1	3	4	9	9
IT	8	8	6	10	10	13	3	6	-1	0	11	12
NL	-8	-12	-3	-7	6	11	8	11	-5	-11	12	12
AT	-10	-6	0	-2	0	7	5	2	-4	-4	7	5
PT	0	-6	3	1	15	16	14	12	-7	-8	12	10
SK	0	4	7	8	18	18	17	21	-5	-6	9	9
FI	-4	0	1	4	2	6	4	9	-4	-4	5	5

Note: For the definitions of needs, see the note to Chart 10, for availability, see the note to Chart 14 and for the financing gap, see the note to Chart 16. H1 2016 refers to round fifteen (April–September 2016) and H2 2016 to round sixteen (October 2016–March 2017).

ECB, Survey on Access to Finance (SAFE), Oct 2016–March 2017

<https://www.ecb.europa.eu/pub/pdf/other/ecb.accesstofinancesmallmediumsizedenterprises201705.en.pdf?17da4ff2a730b7ababea4037e4ce8cae>

Compared with the previous wave, a significant part of the improvement in bank loan availability was attributable to Ireland, Austria, the Netherlands and Finland. On the other hand, improvements in bank loan availability slowed markedly in Belgium and slightly in France, **while Greek SMEs continued to record a sizeable net worsening.**

Vision, Mission, Objectives, Needs, Tools

Vision: To be a first class Development Financial Institution for Greece

Mission: To support and facilitate the financial needs of Greek SMEs
To address the current market needs and to develop viable schemes to address them

Objectives: Use optimal mix of available funding from EU financial instruments, grants, own equity, private sector, IfG, etc.

Tools: Utilize existing and create new Funds, expand areas of activities

Thank you for your attention

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