



COSME Loan Guarantee Facility Implementation results so far

Brussels
11 June 2019



COSME LGF is a big success ... thanks to YOU!



2014

2019

124 agreements
signed under COSME LGF

30 countries
covered

EUR **43.0bn** total maximum
financing volume

EUR **1,391m**
budget allocation

Based on the transaction status as at 31/05/2019

414,735 SMEs
supported

535,299
transactions

ca. **2 million**
jobs supported

EUR **22.9bn** actual SME debt
financing

Based on inclusions made until 31/12/2018



COSME LGF and EFSI deployment

90% of activity under EFSI



COSME LGF

124 agreements

30 countries covered

EUR 1,391m
budget allocation

EUR 43.0bn total maximum
financing volume

COSME LGF - EFSI

95 agreements

26 countries covered

EUR 1,261m
budget allocation

EUR 56.6bn total maximum
investment volume

COSME LGF status vis-à-vis programme targets

Mission accomplished

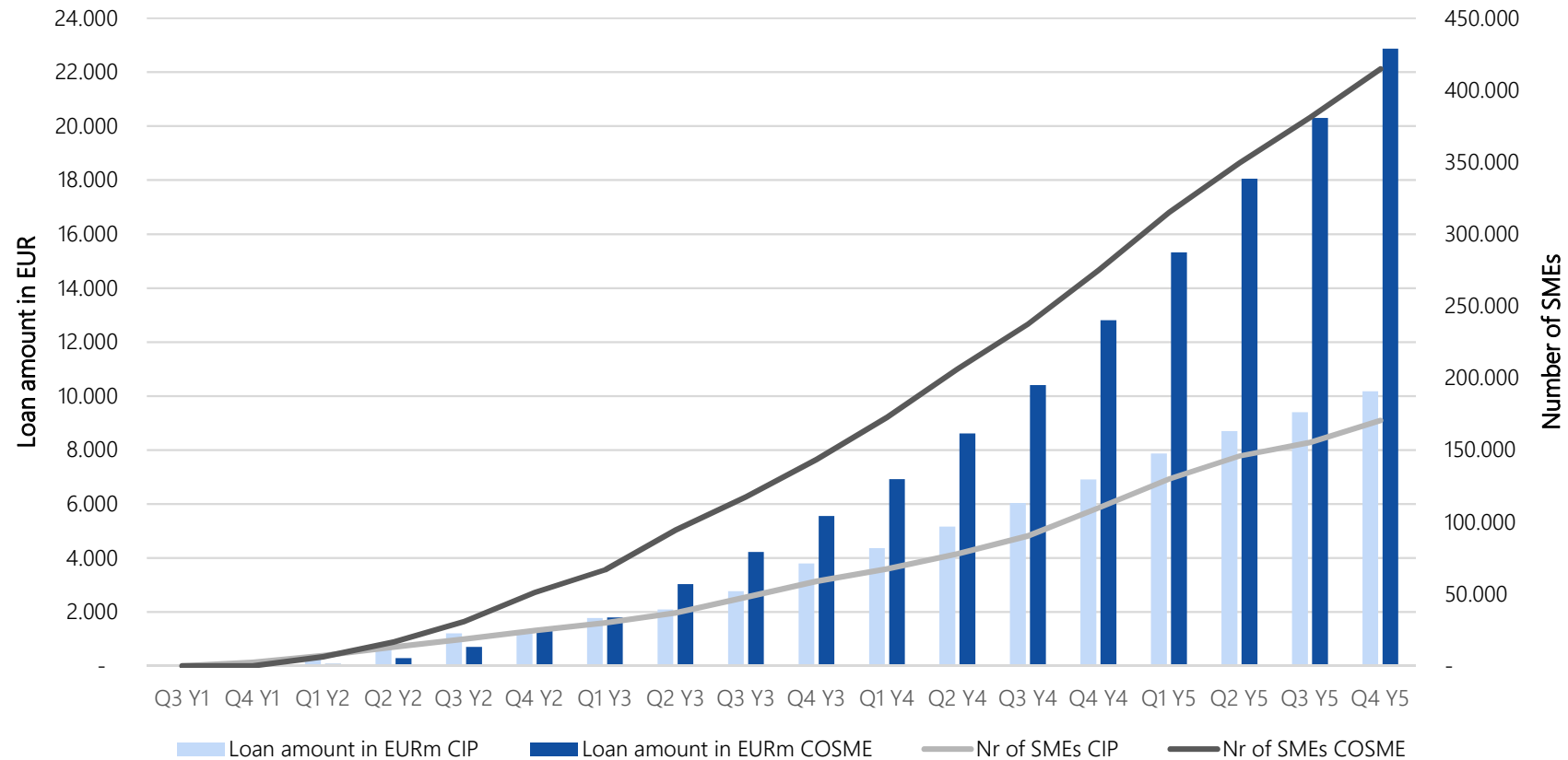


Criterion	Initial target	Status as at December 2018	Completion chart
Committed budget	c. EUR 700m	EUR 1,352m	0 700m
Supported loan volumes	EUR 14.3-21.5bn	EUR 22.89bn*	0 21.5bn
Supported number of SMEs	220,000-330,000	414,739*	0 330,000
Leverage	1:20 – 1:30	31	1x 30x

* Close to 90% of the inclusions are in respect of the first EUR 700m of committed budget as at Q4 2018.

COSME LGF vs CIP deployment

Scaling-up is worked well



6 years after the respective programme start, COSME supported more than twice as many SMEs with more double the loan volume compared to CIP.



Positive outcomes from three impact assessments on COSME predecessor programmes

EIF Working Paper 2015/29 - The Economic Impact of EU Guarantees on Credit to SMEs - Evidence from CESEE Countries

MAP	Bulgaria, Czech Republic, Poland and Romania	16,000 loans
		14,400 SMEs

Econometric study on the long-term effects of the loan portfolio guarantees on SMEs' performance (part of the ECA performance audit of Nov 2017)

MAP and CIP	France	85,600 loans
		57,200 SMEs

EIF Working Paper 2019/54 - Econometric study on the impact of EU loan guarantee financial instruments on growth and jobs of SMEs

MAP and CIP	Italy, the Benelux and the Nordic countries	59,000 loans
		15,800 SMEs

Key conclusions

- Final recipients **grew more** than “counterfactual” companies in terms of sales, employees and total assets. Effects still significant at time t+10.
- Total factor productivity** decreases in the short term and **increases in the longer term**
- Most of the treatment effect is due to **organic growth**
- Final recipients are **more likely to survive** than non-beneficiaries

summary of the three research papers to be issued shortly by EIF

Examples of COSME transactions

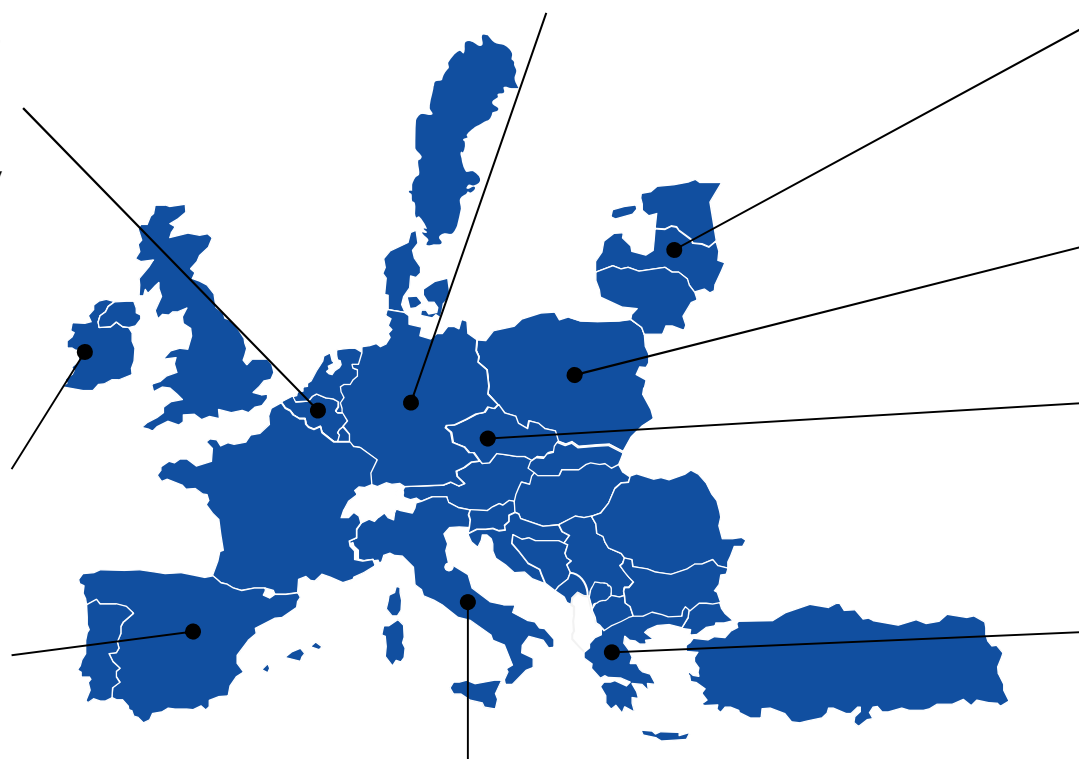


PMV (BE): increase in lending volumes to support financially underserved SMEs and high risk sole entrepreneurs wishing to create their own economic activities by providing mainly subordinated loans
SOWALFIN (BE): increase in volumes of guarantees to SMEs

SBCI (IE): introduction of risk sharing up to 80% on top of on-lending for loans and leases to SMEs, currently focused on agri companies

CERSA (ES): increase in volumes of counter-guarantees to SMEs

KfW (DE): increase in volumes of on-lending with an embedded risk sharing in respect of loans to start-ups based on positive experience under SMEGF 2001, MAP and CIP



Altum (LV): launch of programme targeting start-ups, providing debt financing, for the first-time, without requiring any collateral

BGK (PL): introduction of a guarantee product featuring 80% guarantee rate for unsecured SME loans <150k

CMZRB (CZ): increase in volumes of guarantees to SMEs

Alpha Bank, Eurobank, NBG and Piraeus Bank (GR): guarantee agreements signed with Greece's four systemic banks supporting SME debt financing with substantially reduced nominal collateral

CDP (IT): establishment of an EFSI investment platform allowing for introduction of risk sharing up to 80% on top of on-lending for SME debt financing

Case study 1: Qredits Microfinanciering (Netherlands)



About Qredits:

- private not-for-profit foundation established in 2008 by 4 large Dutch banks and 3 public partners to enhance the access to finance of SMEs;
- actively supported by HRH Queen Maxima of the Netherlands;
- provides debt financing and mentoring to Dutch SMEs.



Before the COSME agreement:

- Decline in the SME lending activity in the period 2012-2013 due to risk concerns;
- High rejection rate of loan applications.



Cooperation under COSME:

- Substantial increase of the lending volumes to financially underserved SMEs, now also supporting businesses in the Dutch OCTs;
- Utilisation speed exceeding the initial expectations;
- Close to EUR 60m already granted to more than 1,500 SMEs.

Case study 2: Vækstfonden (Denmark)

VÆKSTFONDEN



About Vækstfonden:

- public financial institution established in 1992 and owned by the Kingdom of Denmark to promote the development and growth of Danish businesses;
- provides debt financing in the form of loan guarantees, fund of fund investments and direct investments in SMEs (equity and loans).

Before the COSME agreement:

- young farmers struggling to gain access to finance to acquire a farm, mainly due to insufficient own funds;
- subordinated and unsecured guarantees (performance bonds) typically only available to better rated SMEs.

Cooperation under COSME:

- substantial increase of the lending volumes to young farmers wishing to acquire a farm, thereby enabling generational change in the sector;
- substantial increase of the subordinated and unsecured guarantees (performance bonds) to higher risk SMEs;
- support to alternative and digital financial intermediation by lending to higher risk SMEs through crowdlending platforms.

Case study 3: Banca Intesa and Intesa Leasing (Serbia)



About Banca Intesa and Intesa Leasing:

- Banca Intesa is a leading private universal bank operating in Serbia since 1991 providing national coverage through its network of ca. 160 branches;
- Intesa Leasing was established in 2005 and is one of the leading providers of financial leases in Serbia.

Before the COSME agreement:

- working capital loans only available with maturity up to 24 months and provided with substantial collateral requirements
- lease financing requiring substantial initial down payment and not available to start-ups

Cooperation under COSME:

- launch of working capital loans with increased maturity and grace period without requiring any collateral other than personal guarantees;
- Intermediary to start providing riskier SME lease financing (i) with no down payment and (ii) to start-ups;
- increased overall SME risk-taking in Serbian banking system by attracting other banks to apply to COSME LGF.

Annex

COSME LGF – NACE code distribution

Approximately 60% of the SME debt financing was granted to SMEs operating in the retail, manufacturing and construction

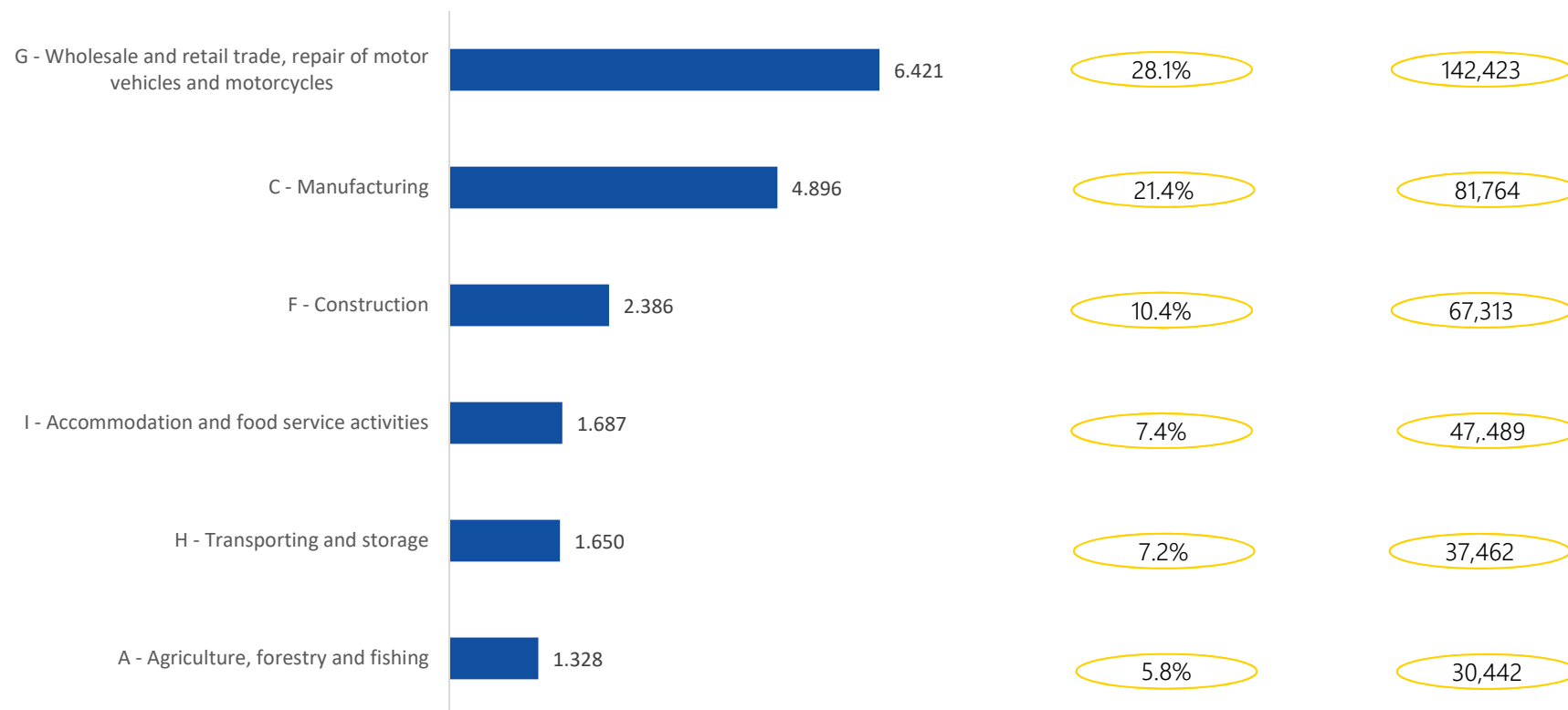


sectors

Breakdown of the supported SME debt financing by sector (EUR m)

% of supported SME debt financing

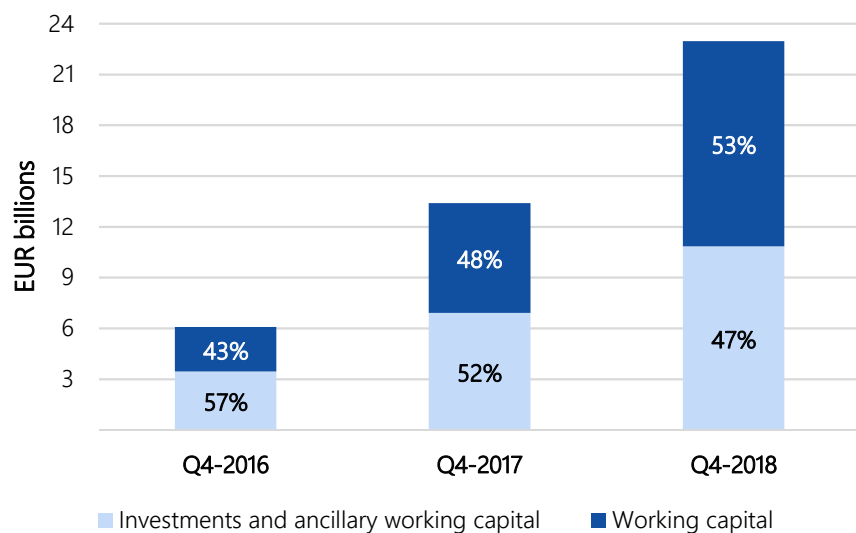
of SME transactions



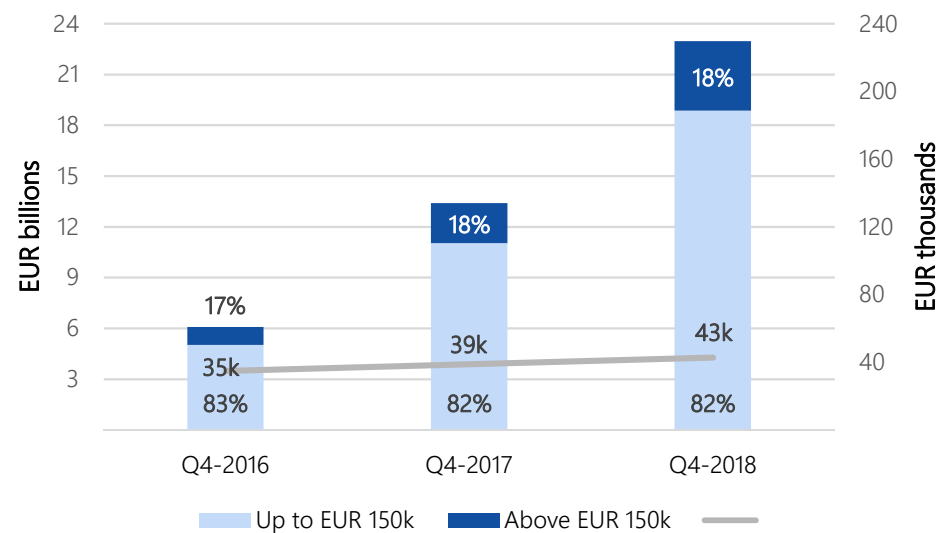
COSME LGF – Current trends in transaction purpose and ticket size



Purpose of the COSME supported financing



Ticket size of the COSME supported financing

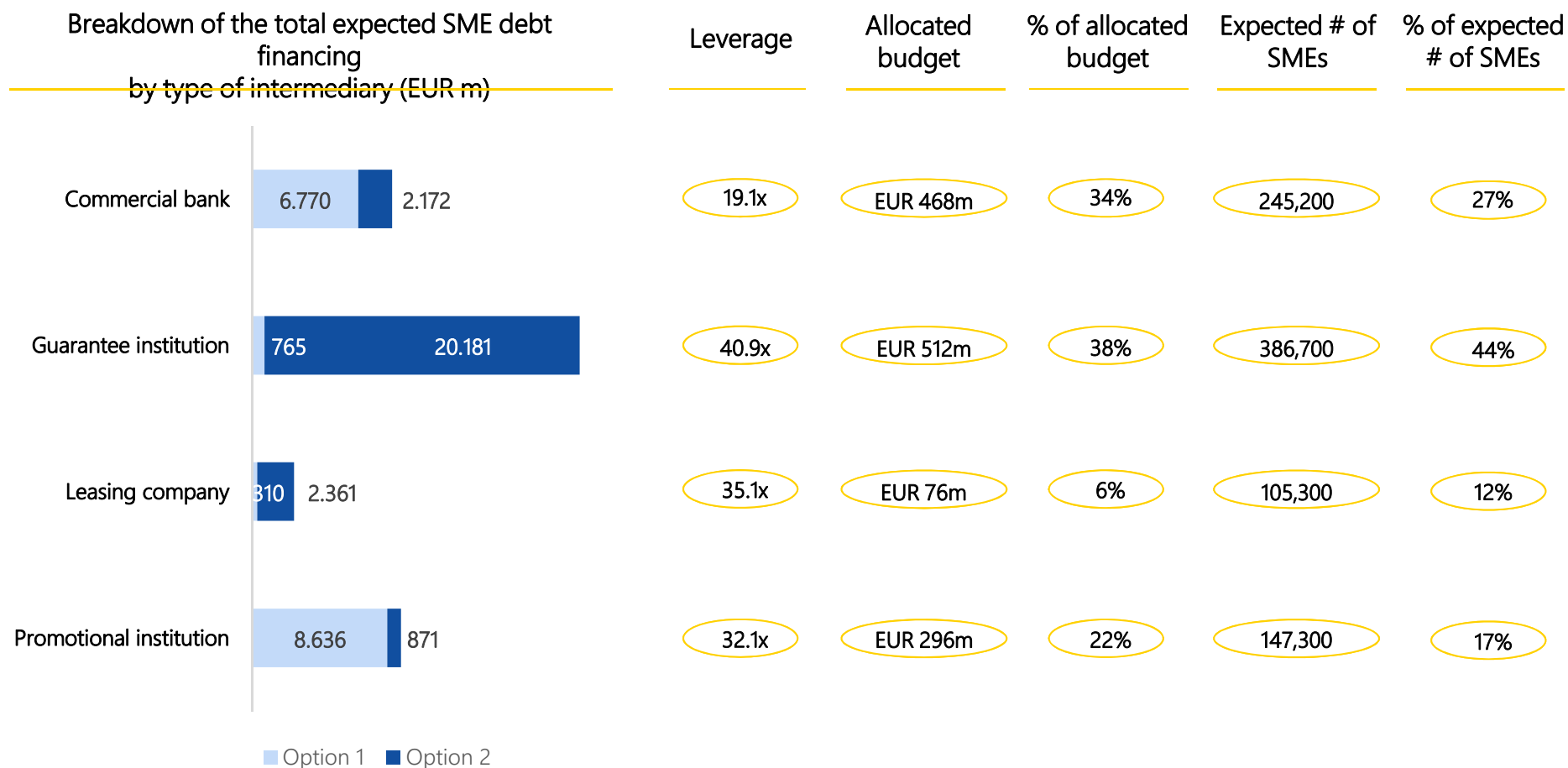


In 2018, a substantial increase in the demand for working capital loans was observed resulting in the volume of working capital debt financing exceeding the one related to investments.

Typically, COSME is used to support small debt financing tickets (usually between EUR 30k and 40k) with a stable share of volume of transactions above EUR 150k.

COSME LGF – Financial Intermediary types

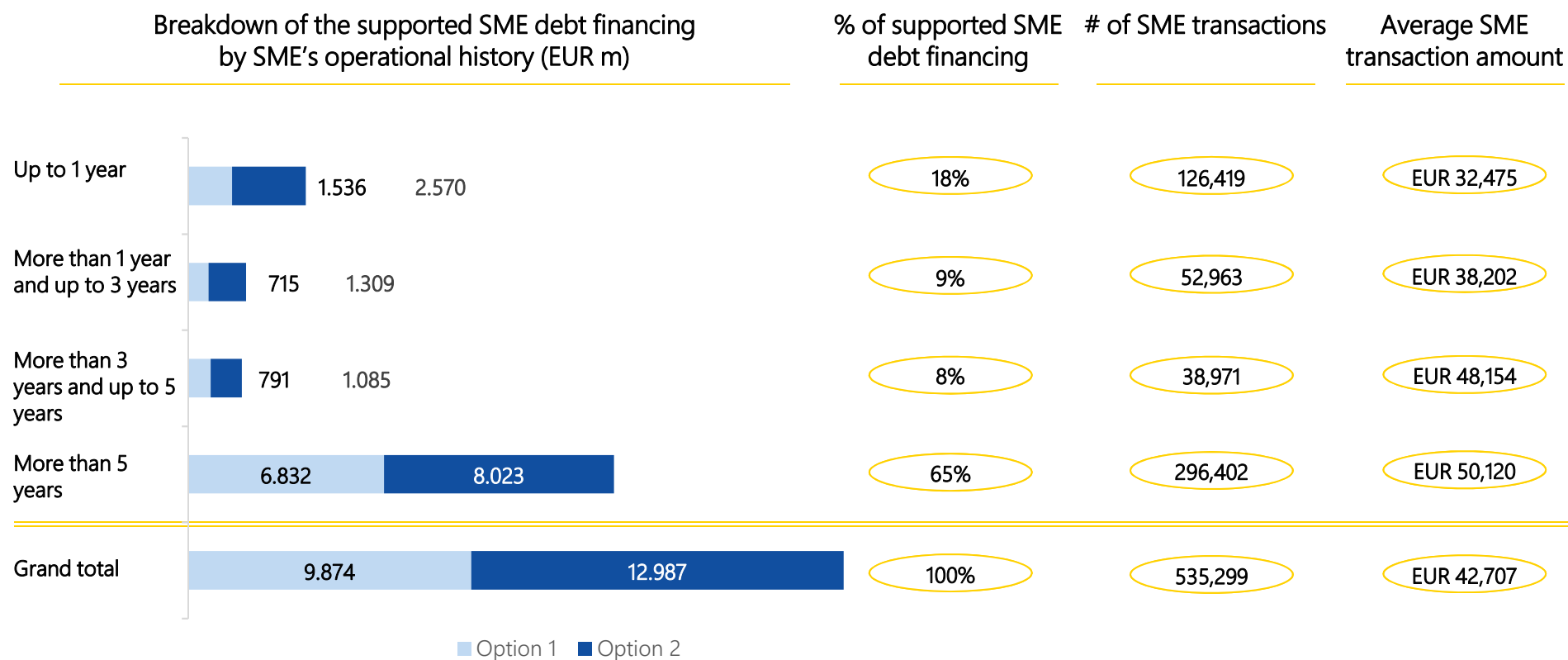
COSME agreements with guarantee institutions account for 44% of the SME to be supported with a leverage of 41



The slide is based on the Inclusions made until 31/03/2019.

COSME LGF – Start-ups

47% of the supported SMEs are start-ups



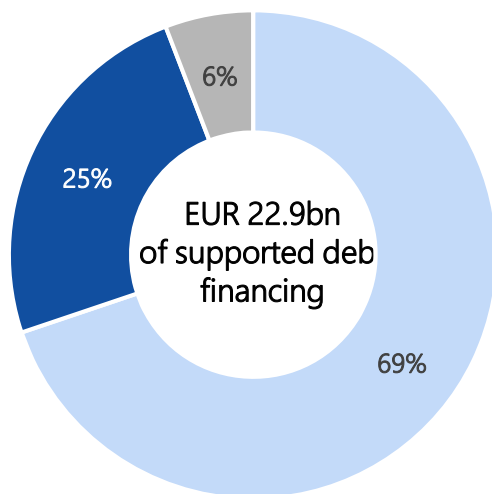
The slide is based on the Inclusions made until 31/12/2018.

COSME LGF – size of the supported SME

Almost 90% of the supported SMEs are enterprises with less than 10 employees



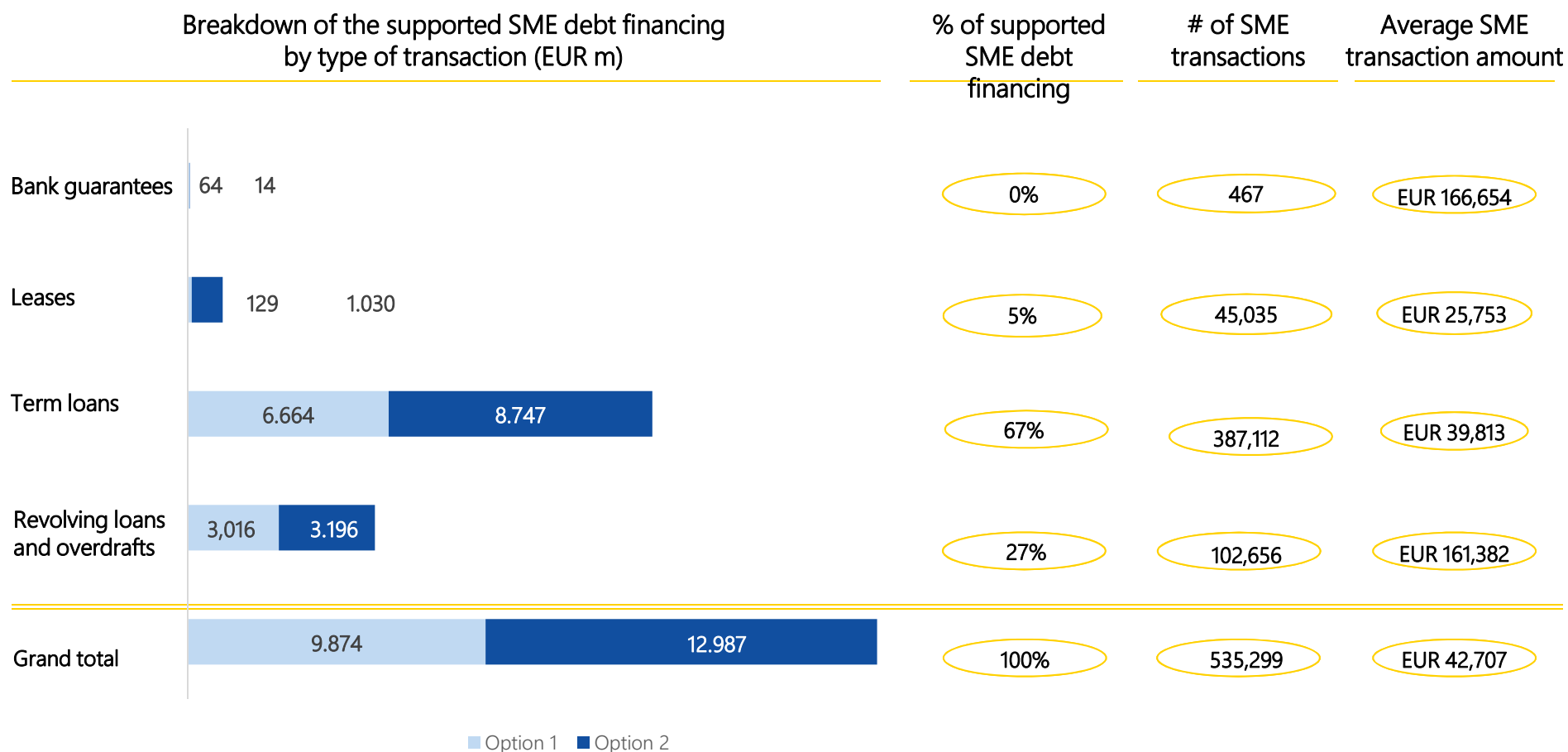
% of supported SME debt financing



	Volume of supported SME debt financing	# of SME transactions	# of SMEs	Average SME transaction amount
■ Micro enterprise	EUR 15,652m	458,216	367,675	EUR 34,158
■ Small enterprise	EUR 5,781m	69,244	42,603	EUR 83,494
■ Medium enterprise	EUR 1,428m	7,893	4,457	EUR 182,146
TOTAL	EUR 22,861m	535,299	414,735	EUR 42,707

COSME LGF – debt financing type

Almost 70% (EUR 15.4bn) of the SME debt financing is in the form of term loans



The slide is based on the Inclusions made until 31/12/2018.