



Private Finance for Energy Efficiency

PF4EE



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2. **EIB activity in Cyprus**
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4. **Other EIB instruments supporting the Private Sector in Cyprus**



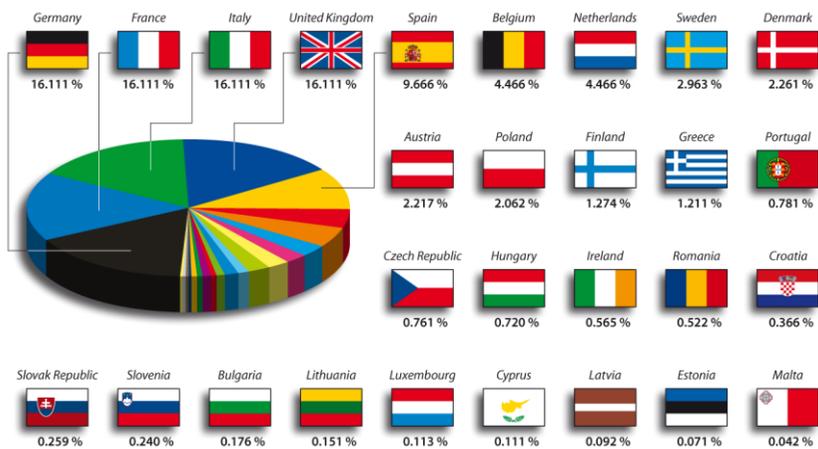
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the EU Bank: the only Bank owned by and representing the interests of the EU Member States (capital breakdown)



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|| The EU Bank



- **Natural financing partner for the EU institutions since 1958 – 60 years experience in financing projects**
- **Largest multilateral lender and borrower in the world**
 - Raising funds on the international capital markets
 - Passing on favourable borrowing conditions to clients (low interest rates + longer maturities)
 - Some 450 projects each year in over 160 countries
 - Around 90% of lending is within the EU

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EIB Group (EIB + EIF) financing in 2017

European Investment Bank *The EIB bank* EUROPEAN INVESTMENT FUND

EUR 78.2bn

European Investment Bank *The EIB bank* EUROPEAN INVESTMENT FUND

EUR 250bn
Total investment supported

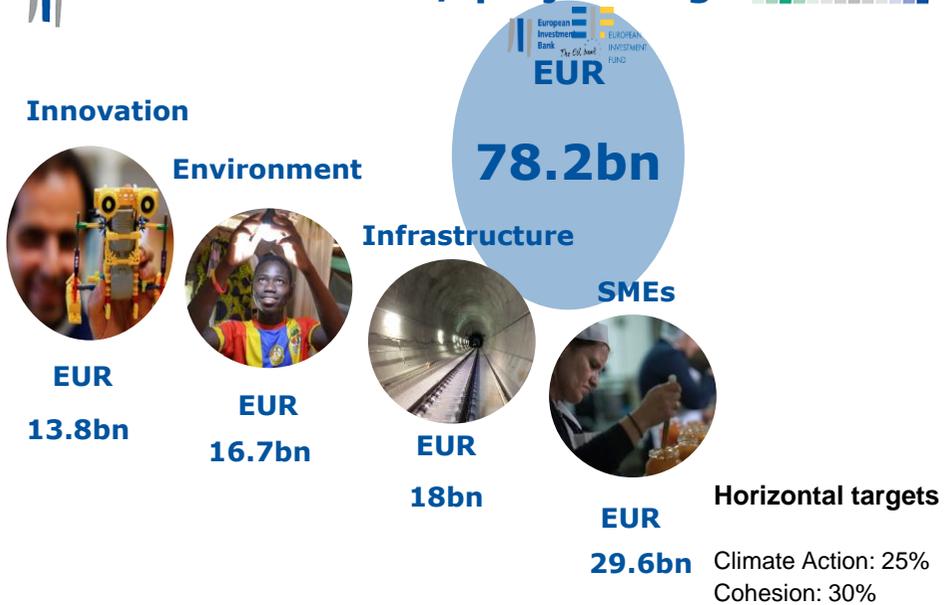
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EIB Priorities / project eligibilities



Supporting innovation in Cyprus – CING

Promoter:

Cyprus Institute of Neurology and Genetics

Project Scope: CING R&D program over next 6 years

EIB Loan: EUR 26m

Project cost: EUR 40m

Maturity: 25 years



|| Supporting innovation in Cyprus – UCY

Promoter: UCY

Library:

Project Scope: UCY Campus Development – 2nd Phase (8 sub-Schemes)



Engineering School



EIB Loan: EUR 162m

Project cost: EUR 250m

Maturity: 25 years

Biology School



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|| Supporting environment in Cyprus

Promoter: Ministry of Agriculture

Water pipeline

Project scope: Construction of water pipeline from the Vasilikos desalination plant to the Nicosia Region

EIB Loan: EUR 25m

Project cost: EUR 40m

Maturity: 25 years



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Supporting environment in Cyprus



Promoter: Larnaca Sewerage Board

Sewerage infrastructure and anti-flooding pumping stations in Larnaca

Project scope: Extension of the sewerage infrastructure and construction of the anti-flooding pumping stations

EIB Loan: EUR 90m

Project cost: EUR 185m

Maturity: 25 years



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Supporting strategic infrastructure in Cyprus



EAC's power plants at Vasilikos



Highway outside Limassol

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Supporting SMEs and MidCaps in Cyprus

Borrowers: Financial Intermediary (Local banks)

Promoters: Financial Intermediary (Local banks)

Final Beneficiaries: SMEs and MidCaps

Project scope: eligible new investments promoted by SMEs and MidCaps

Private school (education)



Halloumi production (Industry)

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Supporting SMEs (examples: *Tourism*)



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Supporting SMEs (examples: 3 SMEs in Agros)



Meat factory



Winery



Traditional sweets

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Horizontal Goal: Climate Action

Orites Wind Farm in Pafos



UCY's Photovoltaic Park

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EIB maintains high activity levels in Cyprus



Year	Signatures	Disbursements
	EUR m	EUR m
2013	250	198
2014	265	113
2015	215	128
2016	230	105
2017	333	263
Last 5 year total	1,293	807

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Some statistics of EIB's operations in Cyprus



- The EUR 333m signed between EIB and Cyprus in 2016 correspond to 1.8% of the CY GDP, which constitutes **the highest percentage among all EU Member States.**
- EIB's overall exposure in Cyprus (signed contracts with public and private sectors) stands at EUR 2.7bl, which corresponds to 15% of CY GDP.

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PF4EE STRUCTURE

GOALS

STATE OF PLAY

Key features of the CCB operation signed

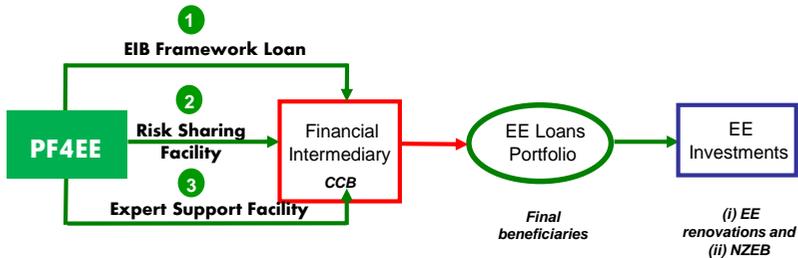
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1.1 PF4EE Structure



PF4EE
comprises
three
components

- 1 A loan to the financial intermediary to be used for financing of energy efficiency investments (“**EIB Framework Loan**”)
- 2 A risk mitigation mechanism, which covers losses incurred in the portfolio of EE loans granted by the financial intermediary (“**Risk Sharing Facility**”)
- 3 Consultancy services aiming at supporting the financial intermediary to create the abovementioned EE loans portfolio (“**Expert Support Facility**”)



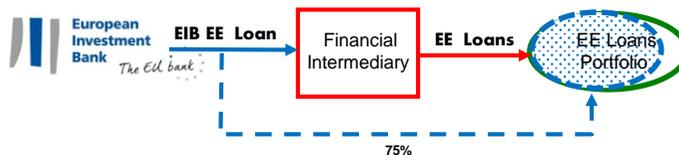
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1.2 EIB EE Loan



EIB EE Loan

- Attractive interest rates – a loan to CCB to be on-lent to enterprises and private households.
- Long term tenors - of up to 20 years.
- EE investments eligible for up to 75% of EIB financing (vs 50% EIB standard).
- Benefits for final beneficiaries: (i) Reduction of interest rates of at least 1% and (ii) longer terms than usual



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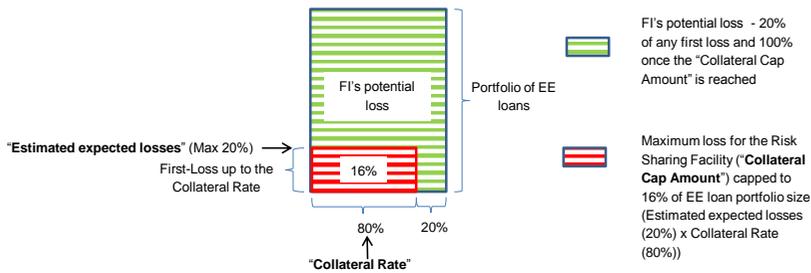


1.3 Risk Sharing Facility



Risk Sharing Facility

- Risk Sharing Facility provides “collateral” to financial intermediaries to cover losses incurred in relation to the EE loan portfolio.
- It will cover up to 80% of losses on a “loan-by-loan” basis, up to a maximum amount (“Collateral Cap Amount”) of 16%.



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1.4 Expert Support



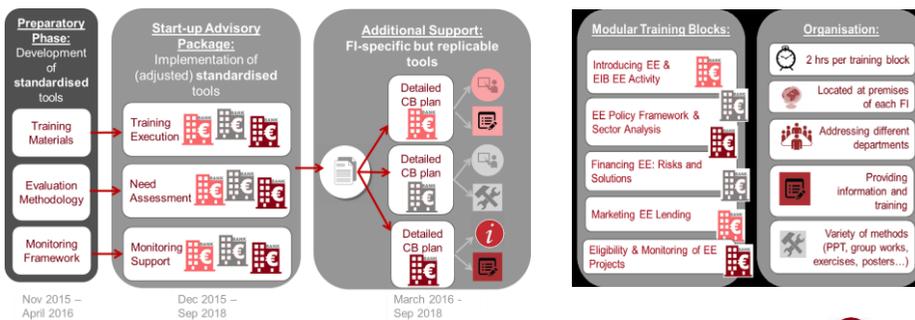
Objectives

- Ensuring actual lending from the financial intermediaries.
- Making EE lending a long-term sustainable activity.

Expert Support is articulated in two steps: **Start-up Package** and **tailor-made Additional Support**

Start-up package

Similar introductory and training workshops for all participating financial intermediaries.



MACS
Energy & Water

adelphi

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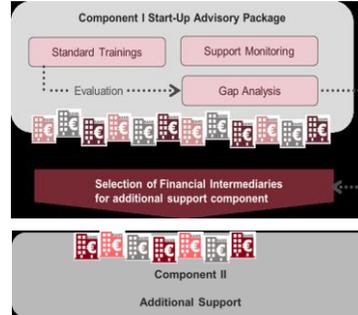


1.5 Expert Support: Additional package

Additional Support Package

Tailored to the needs of each individual FI according to the results of the gap analysis

- Development of marketing: strategy and support.
- Development of EE products: On-line tool for standard EE measures.
- Portfolio Development: Identification of sectors/ industries/projects.
- Appraisal of EE projects: establish eligibility criteria for EE lending in general.
- Technical risk analysis of individual projects and programs: support in risk management models.
- Energy Audits: support in finding and contracting auditors, establish guidelines.
- Monitoring: Database update and user management.



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PF4EE STRUCTURE

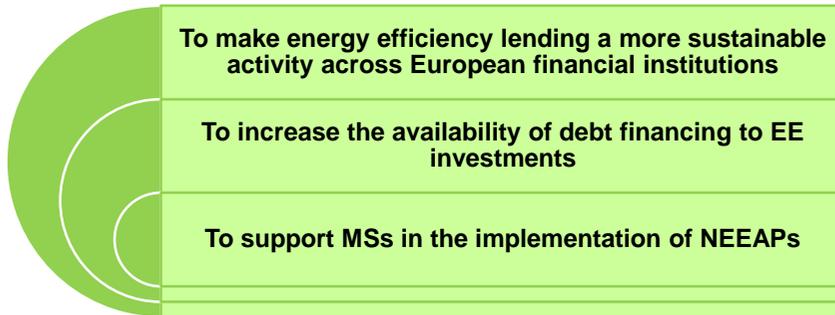
PF4EE GOALS

PF4EE STATE OF PLAY

Key features of the CCB operation signed

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2.1 PF4EE objectives

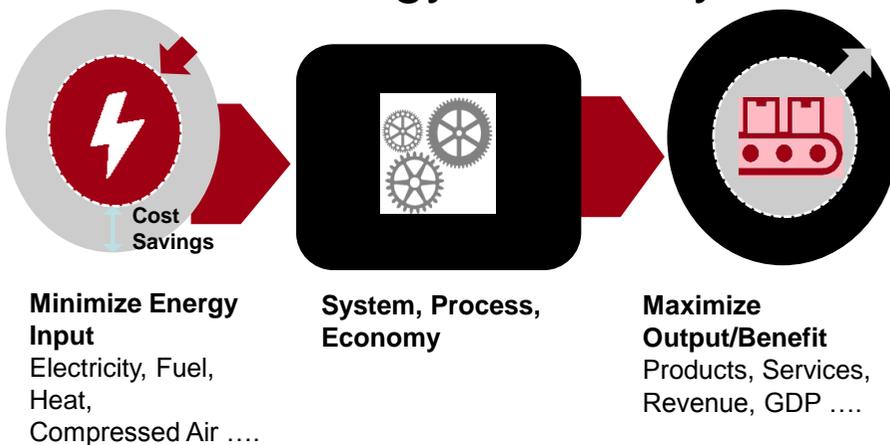


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2.2 What is Energy Efficiency?



What is Energy Efficiency?



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2.3 Eligibility Criteria



Financial Intermediaries

- Private sector financial institutions.
- Capacity to reach Financial Recipients in line with EE priorities of the Member States.
- Sound financial standing and acceptable counterpart to EIB.
- One financial intermediary per country on “first-come first-served” basis.

Investments

- Consistent with NEEAP priorities.
- Fulfil EIB EE technical and economic criteria.
- Compliant with EU directives.
- Capital costs of any size up to EUR 10m.

Final Recipients

- Natural persons, housing associations, enterprises, and any other legal entities undertaking EE Investments (e.g. ESCO).

EE Loans

- Tenor of up to 20 years.
- Dedicated to the financing of an EE investment.

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PF4EE STRUCTURE

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Key features of the CCB operation signed

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3.1 Commercialisation: Progress to date

Increasing number of information contacts,

Over 25 discussions with intermediaries that have expressed their interest

12 Applications received from 10 different EU countries

Belgium – Belfius	Italy – BPER
Croatia – Zaba	Portugal – Banco BPI S.A.
Cyprus – CCB	Spain – Santander
Czech Republic – KB & Ceska	United Kingdom – BNP Paribas UK
France – Credit Cooperatif	
Greece – Piraeus Bank & Attica bank	



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4.1 Characteristics of the operation

Overview:

- EIB Loan: EUR 25m
- CCB deal portfolio: EUR 45m
- Committed collateral: EUR 6m
- Implementation period: 01/2018 – 06/2020

Targeted investments:

Financing of eligible energy efficiency and small-scale renewable energy investments. As per CCB instruments:

- (a) Light renovations (rooftop thermal insulation);
- (b) Extensive renovations (complete energy efficiency renovation); and
- (c) construction of NZEB primary residence

Portfolio size:

CCB to build a portfolio during the implementation of at least:

- (a) Light renovations – at least EUR 5m
- (b) Extensive renovations – at least EUR 15m
- (c) Construction of NZEB – at least EUR 20m (not covered by the EC guarantee)

TOTAL LENDING – EUR 40m

Final Recipients:

- Private individuals / households
- Corporates – SMEs (up to 249 staff) and MidCaps (up to 3,000 staff)

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 - ❖ **Cyprus Enterpreurship Fund**
 - ❖ **EIF's InnovFin SME Guarantee**

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Other EIB Instruments for supporting Private Sector investments in Cyprus

1. Intermediated Lending for supporting local SMEs and MidCaps

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Intermediated Lending – Status

- **No of participating Financial Intermediaries:** 10 counterparts (in 2013 there were zero active counterparts);
 1. Alpha Bank (Cyprus)
 2. Bank of Cyprus
 3. Cyprus Cooperative Bank
 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

Note: The remaining two CY Banks (Astro and Ancoria) already expressed their interest to participate.

- **Signatures so far:** EUR 680m;
- **Allocations:** 350 investments for more than EUR 390m (as at end 2017);

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Intermediated Lending - Characteristics

- **The local banks bears the full portfolio credit risk;**
- **Reduction of interest rate for local enterprises:**
 - **For standard investments:** 0.75%;
 - **For investments that impact youth unemployment (up to 27 years old):** 0.75% + 0.50%;
- **Longer term tenors offered by local banks;**
- **Complementarity:** additional funds by participating banks of 1/3 of the allocated amount

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

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|| Intermediated Lending – Who is eligible?

- All activities are eligible with few exceptions:
 - **Refinancing of old loans (MUST be a new investment)**
 - **Real estate developments**
 - Production of weapons and ammunition, arms, military or police equipment
 - Gambling, betting and related equipment;
 - Tobacco manufacturing, processing, or distribution;
- Working capital / overdraft is eligible

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|| Instrument for supporting Private Sector investments

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

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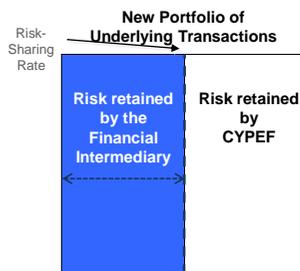
|| Cyprus Entrepreneurship Fund (CYPEF)

- **No of participating banks:** 2 counterpart;
 1. Bank of Cyprus (signed: EUR 60m)
 2. Ancoria (signed: EUR 10m)
- **For a total portfolio of new lending**
 1. Bank of Cyprus: EUR 120m
 2. Ancoria: EUR 20m
- **Current status** (as at 30/06/2017)
 - **Allocations:** approx. 220 allocations for a EUR 60m loan portfolio

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|| Cyprus Entrepreneurship Fund (CYPEF) - Characteristics

- **CYPEF is a Risk Sharing instrument**



- CYPEF's funding is priced below usual local bank's pricing , reducing the interest rate for SMEs;
- **Aim:** To facilitate access to finance for **smaller size / higher risk SMEs** at improved terms

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|| 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;

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|| EIB Instruments for supporting Private Sector investments in Cyprus

3. EIF InnovFin SME Guarantee (EFSI)

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EIF's InnovFin SME Guarantee (EFSI)

- **InnovFin SME Guarantee Facility is an unfunded instrument.**
 - EIF shares / guarantees 50% of all losses
- **No of participating banks:**
 1. Bank of Cyprus: EUR 10m
 2. RCB Bank: EUR 10m

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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;
- **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

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EIF's InnovFin SME Guarantee (EFSI) - Characteristics

Indicative example - Transfer of Financial Benefit

