

Investing in early-stage circular businesses

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Ljubljana, 21.11.2019

SID – Slovene export and development bank, d.d., Ljubljana



Established as a Stock Company
Slovene Export Credit Agency, 1992
under the Law on Insurance and Financing of
International Business Transactions (ZZFMGP), 2004.

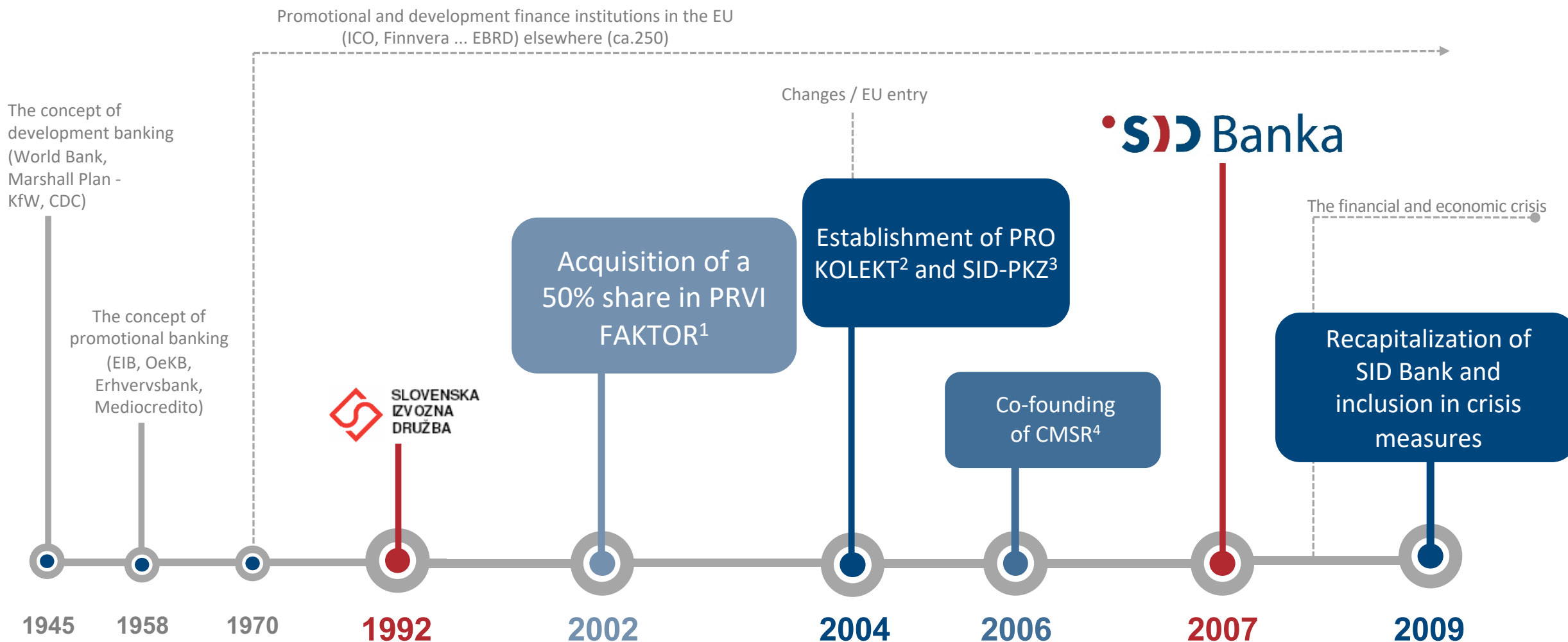
Transformation
to Slovene Export and Development bank, d.d.,
Ljubljana, 2005 – 2008.

Ownership
Republic of Slovenia - 100%.

Meeting customers' demands
and business needs in the area of market gaps
and failures.

Current credit rating:
AA-/A-1+ (S&P)

Development Finance Institutions and SID Bank



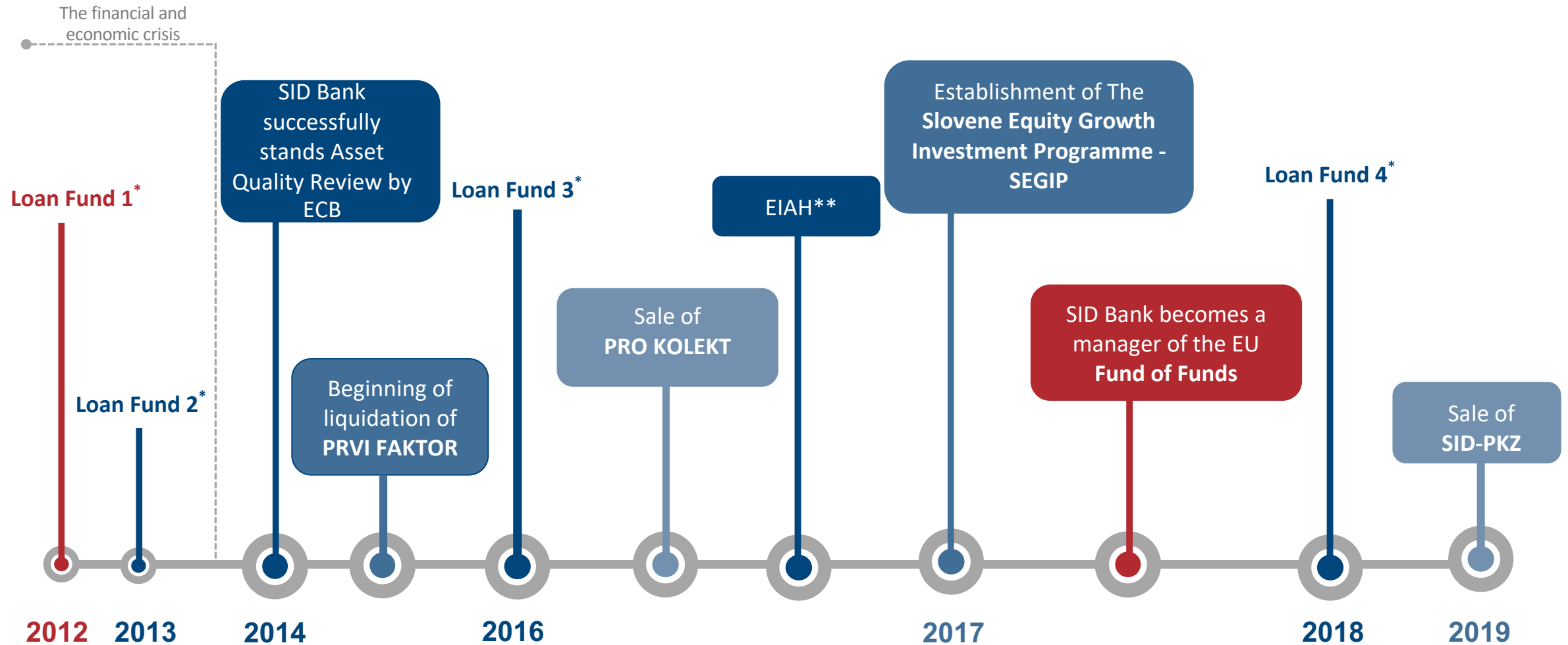
¹ PRVI FAKTOR – factoring

² PRO KOLEKT – debt collecting and credit reporting

³ SID-PKZ – short term credit insurance

⁴ CMSR – official development aid

SID Bank's development in the Last Decade



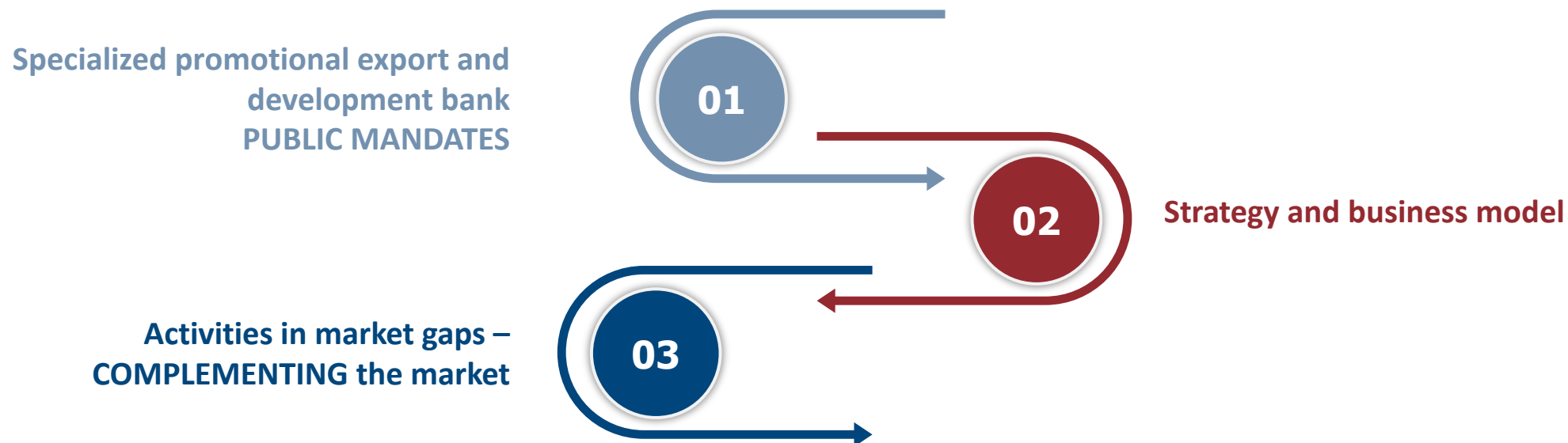
*LOAN FUNDS 1 to 4 – national financial instruments under GBER and DE MINIMIS

**EIAH – entry point for the Investment Plan for Europe

Mission



Strategy and Business Model



**Financing,
Guarantees,
equity**
own account

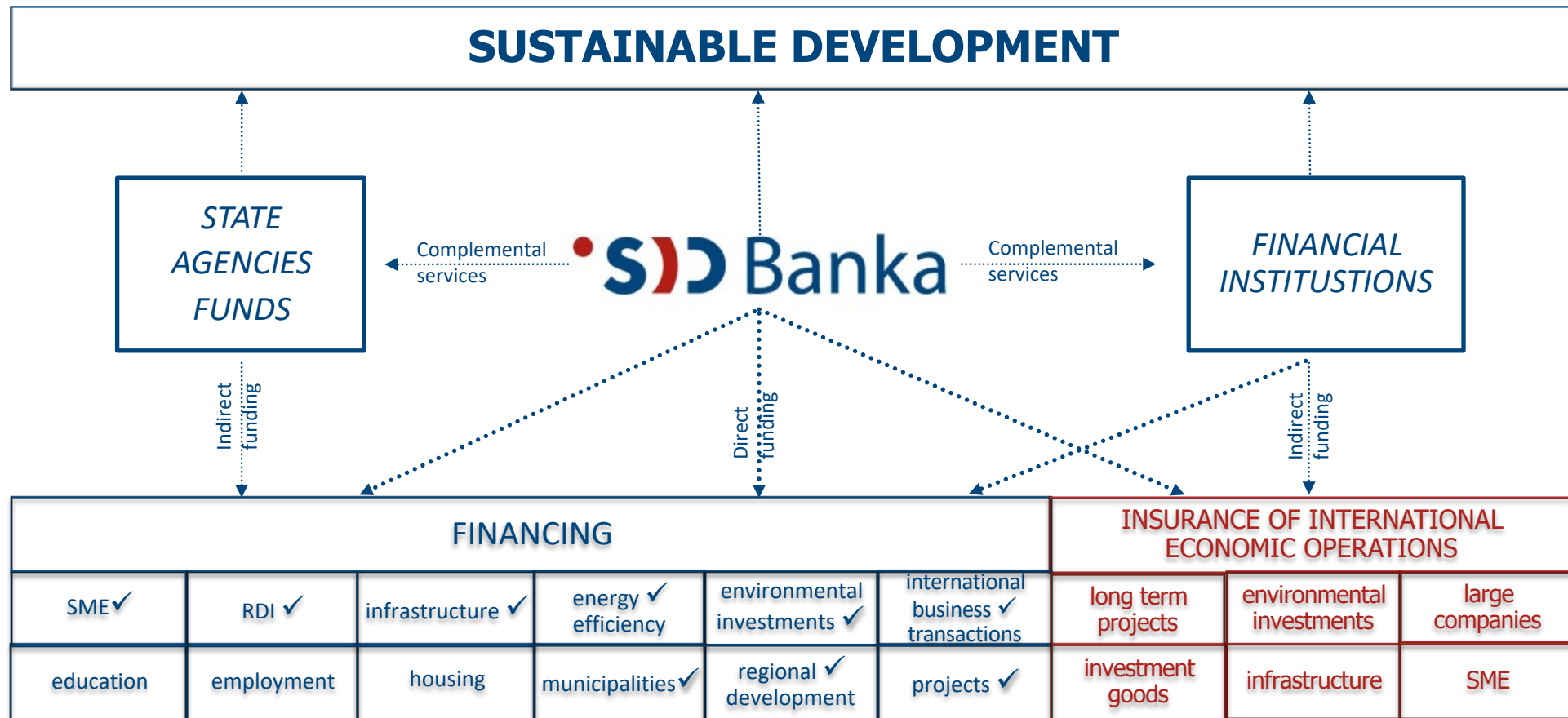
**Other non-financial
Advisory activities**
own account

**National financial
Instruments
(Loan fund)**
own and state account

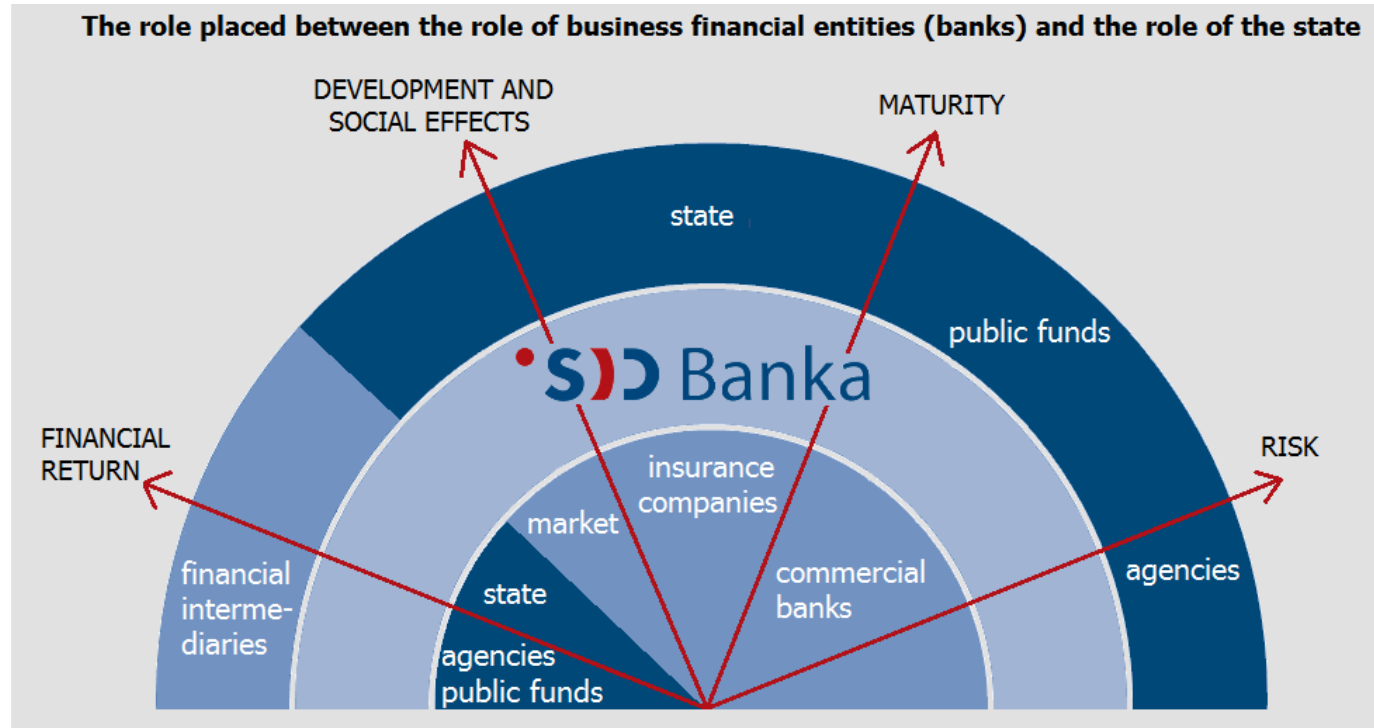
**Fund of funds
(EU)**
state account

**Insurance
(national ECA)**
state account

Areas of Operation

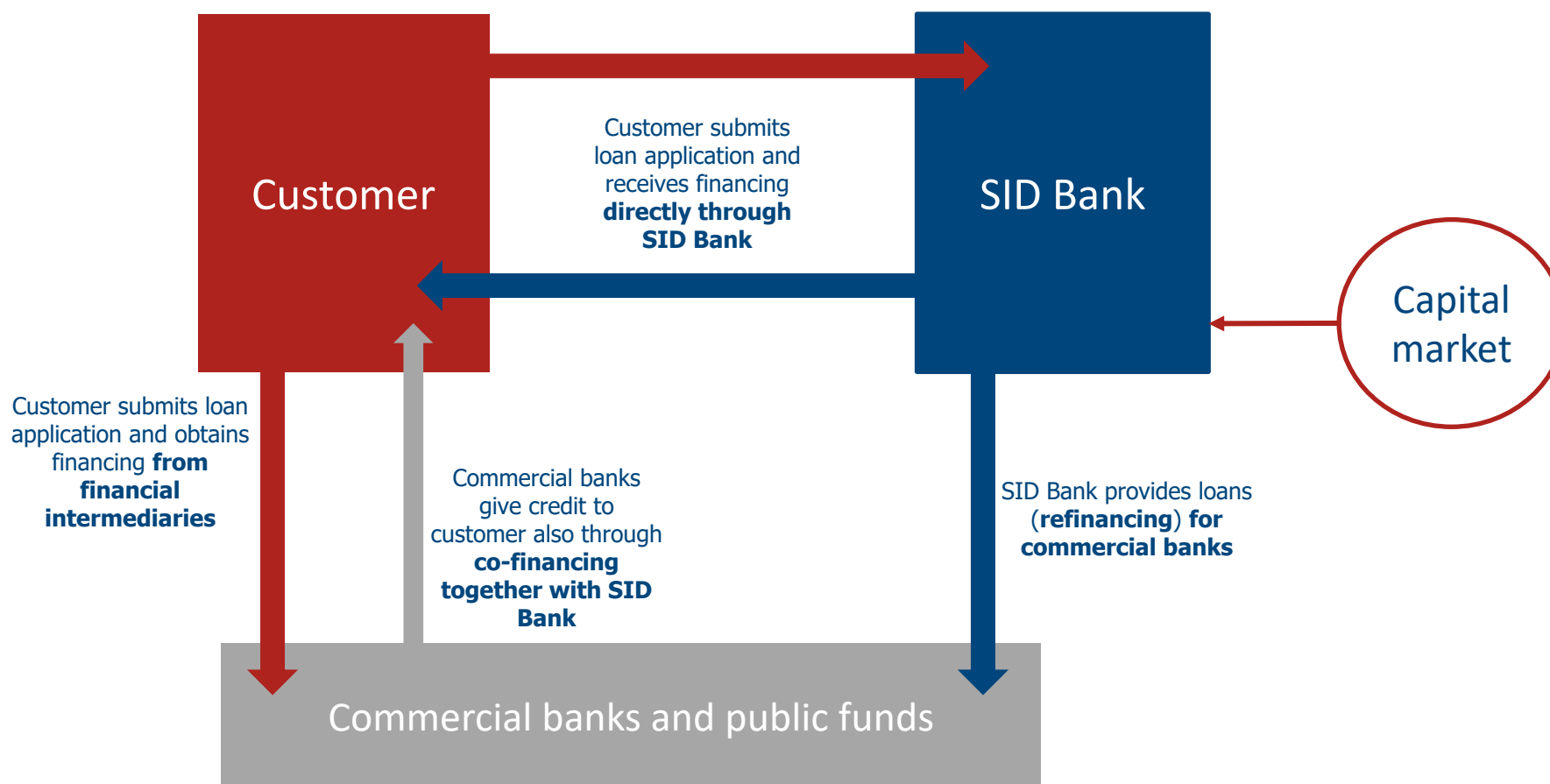


Role of SID bank



- SID bank does not aim to maximize profits like it is characteristic for commercial banks. Instead SID bank's **goal is to ensure its longevity and self-sufficiency.**
- As development bank, SID bank **takes on higher risks providing longer maturities with less collateral.**
- With banking and insurance services SID bank **promotes sustainable development and improves competitiveness** of Slovene economy.

Direct and indirect financing for sustainable growth of Slovene companies



On account of the SID Bank

On-lending via commercial banks and public funds

- Financing SME from various foreign sources (KfW, EIB),
- Financing the development of a competitive economy and internationalization,
- Financing regional and social development,
- Financing the development of a knowledge society and innovative entrepreneurship,
- Financing the development of environmentally friendly society and production.

Special loan programs

- Infrastructure financing,
- Export and project financing
- Financing of environmental investments (green bond),
- Financing activities in the field of innovation and new technologies (RDI),
- Financing for specific purposes (tourism, wood, investment, internationalization)
- Financing tailored to SME (mezzanin financing - strengthening capital,...)
- Financing of municipalities (EIB/CEB).

On account of the state/EU

- Other transactions under authorisation
- Non marketable risk insurance (800.000 EUR)
- Fund of Funds management (253 mio EUR)
- Emission allowances and Kyoto units management

Financing

Financing facilities provided by SID Bank include

- Loans (incl. suppliers' credit, buyers' credit, syndicated loans)
- Project financing
- Purchase of receivables
- Risks participation and guarantees
- Mezzanine financing (strengthening capital)
- Subordinated and MREL eligible loans for banks

Main characteristics

- Long-term financing
- Multi-currency financing
- Variable or fixed interest rate
- Individual approach as well as standardized products

Insurance

For the account and on behalf of RS – National Export Credit Agency

For the Exporters

- supplier credit insurance
- insurance of the exporter's service guarantees

For the Investors

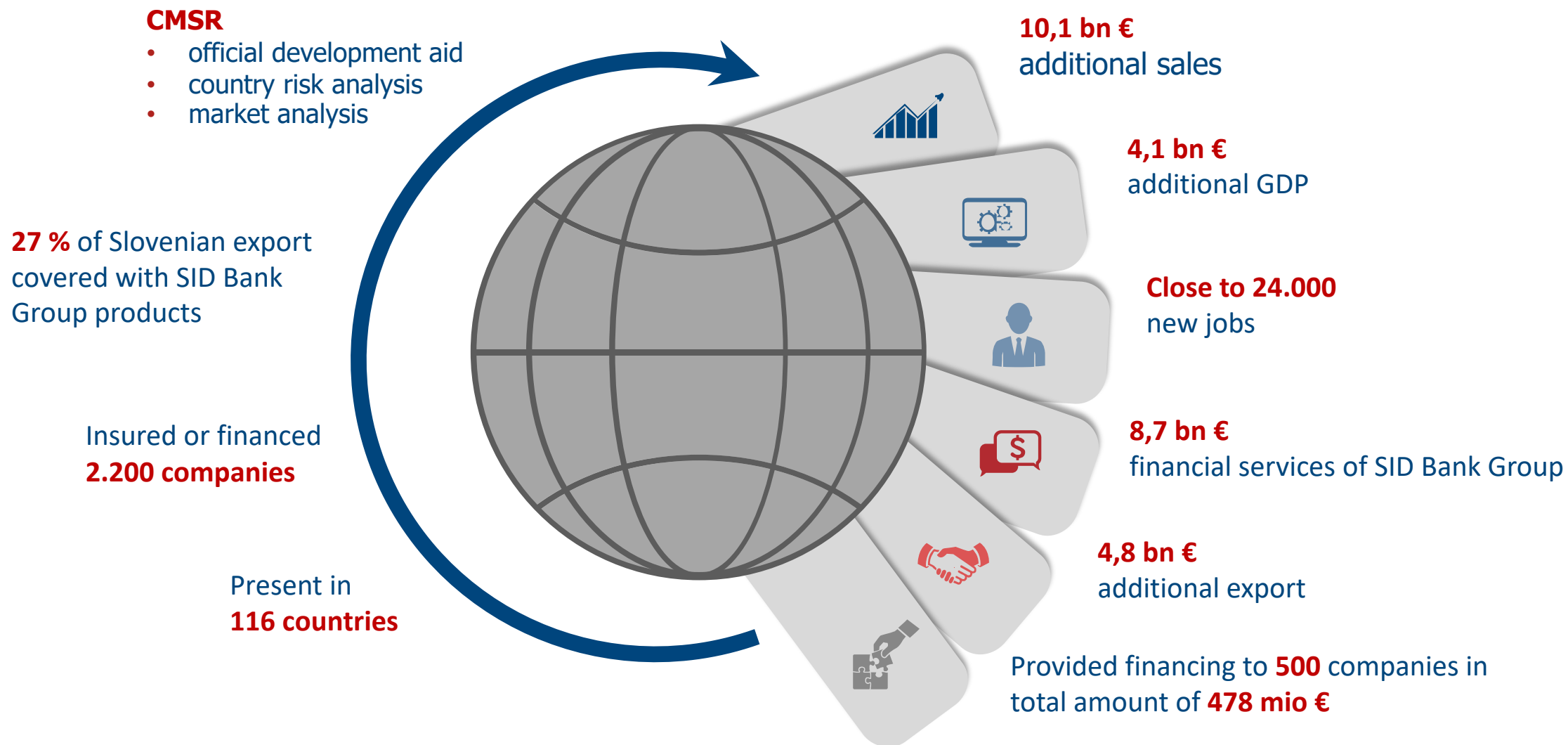
- equity insurance
- shareholder's loan insurance

For the Banks

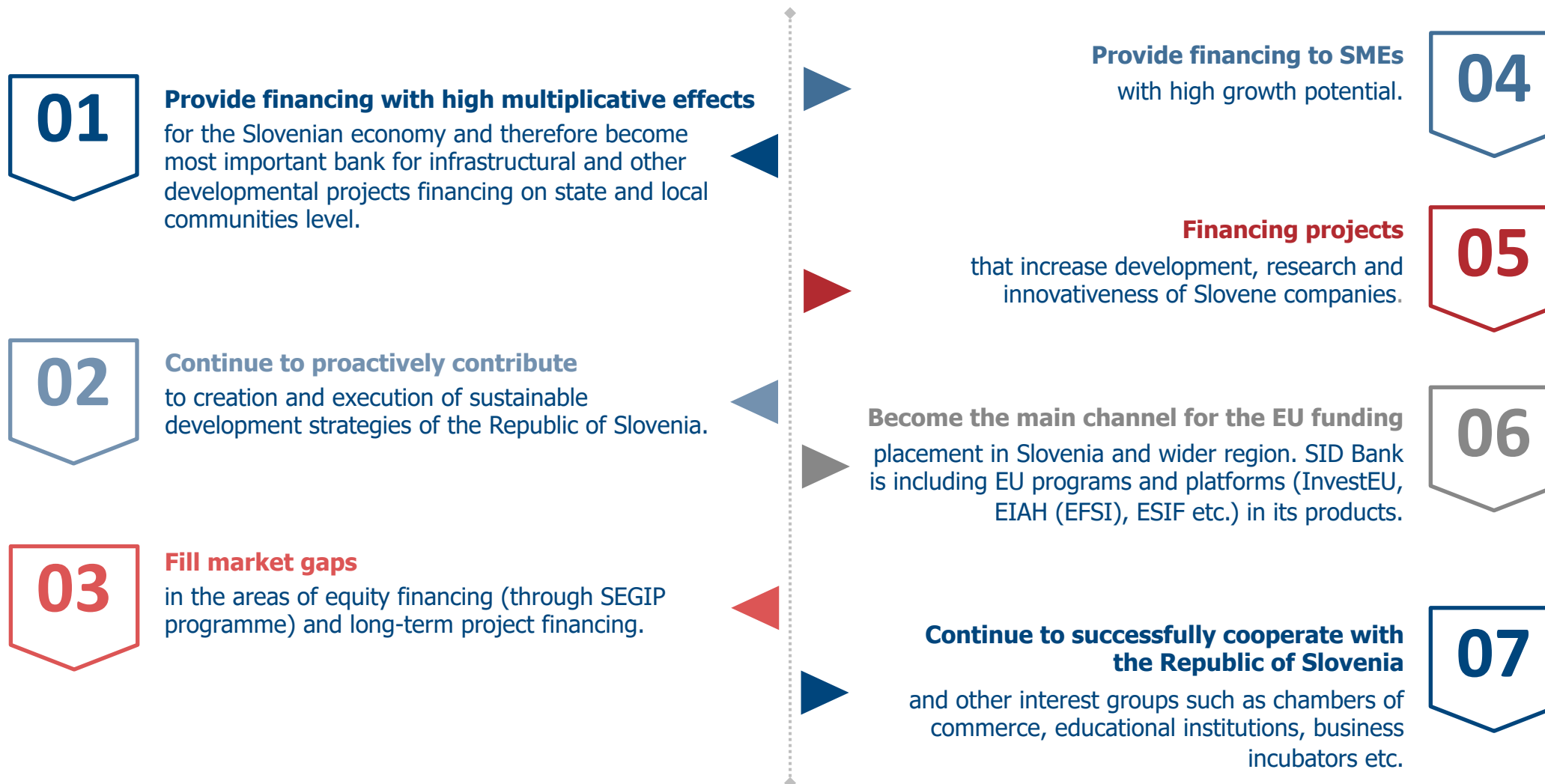
- foreign buyer credit insurance
- foreign bank credit insurance
- purchase of receivables insurance
- insurance of postfinancing of letters of credit
- non-shareholder's loan insurance
- insurance of the bank's service guarantee
- dedicated credit insurance
- credit line insurance

SID stands behind every 5th euro of Slovenian export

Effects of SID Bank Group in year 2018



Our Strategy



Green Bond of SID bank

»Green New Deal for Europe«

- **Goal:** climate neutrality by 2050.
- **Key points :** Thousands of € billion of investment over the years 2020-2030; » Fair Transition Fund«; 40% lower carbon footprint by year 2030; Carbon dioxide emissions tax; No more funding of fossil fuel projects.
- A **climate bank** is being created within the EIB. The latter also predicts a strengthening of **public-private partnership** funding by 2030.
- Collaboration of 130 banks with commitment of funding projects that support the **UN climate targets** and phasing out fossil fuel related projects.

SID bank and » Green New Deal for Europe«

Cooperation with
EIB since 2009

01

» Fair Transition
Fund«

02

€ 500 mio
environmental
projects in the last 12
years

03

Fund of funds

04

Green bonds
GEN-I → project
„SONCE“

05

Project
TP EIB ELENA

06

CEF Blending
Transport scheme

07

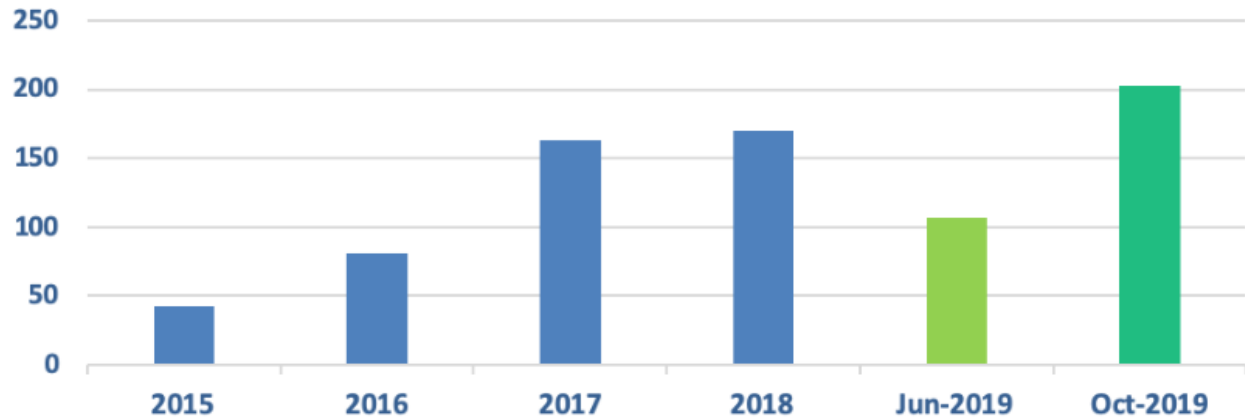
Vision 2025

08

Green bond market

Green Bond Issuance USD billion 2015- Oct 2019

Climate Bonds



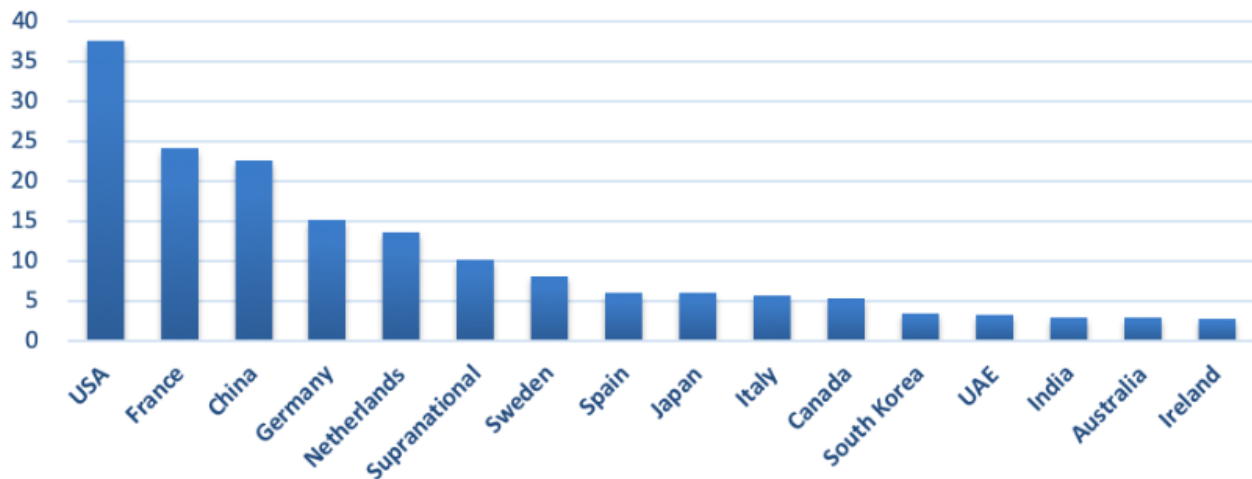
Bond: is a debt instrument, much like a loan. A standardized and usually unsecured form of capital market financing, typically involving a large number of investors.

Green bond: ordinary bond with commitment to spend money on green projects.

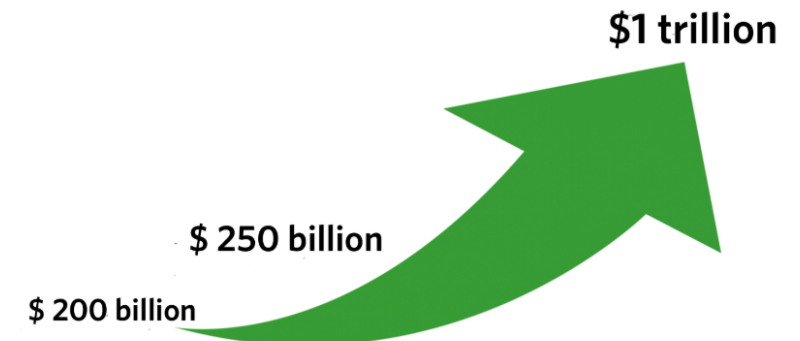
The issuer: countries, multilateral institutions, municipalities, banks, companies,...

2019 Green Bond Issuance (USD bn) as at 22 Oct

Climate Bonds



Slovenia: the first green bond issue Gen-I Sonce (2017), the first issue in the international capital markets and the first issue in the public sector **SID bank** (2018).



Green bond of SID bank

Affordable resources for new or existing environmentally sustainable projects

- Bond designation: SEDABI 12/12/2023
- Green bond
- Issue size: EUR 75,000,000
- S&P issuer rating: A+
- Coupon rate: 0.50%
- Yield: 0.532% (mid-swap rate + 0.26%)
- Date of issue: 4 December 2018
- Maturity date: 12 December 2023
- Listing: Vienna Stock Exchange (MTF)
- Structure of investors: 46% Slovenian, 54% foreign
- Bid-to-cover ratio: 2.3



Green frame

- Use of funds
- Project selection and evaluation
- Asset management
- Reporting
- External review



Suitable projects

A green bond is intended to raise funds for new or existing eco-sustainable projects. In all other respects, a green bond equals "ordinary" bond.

Renewable
energy

01

Energy efficiency

02

Pollution
prevention and
control

03

Environmentally
sustainable
management of living
natural resources and
use of land

04

Clean
transport

05

Sustainable water
and wastewater
management

06

Products, manufacturing
technologies and processes
appropriate for an
eco-efficient and/or circular
economy

07

Green buildings

08

Why should companies issue a green bond

Benefits for businesses:

- increasing the diversification of funding sources (capital market),
- transparency and long-term investor relations, an asset in times of crisis,
- normally unsecured form of borrowing (beneficial effect on the structure of resources),
- affordable resources,
- an innovative way of financing,
- positive media impact from the green component (increasing company visibility),
- increasing company visibility in the business and financial environment.

Similar to loans, bond issues incur costs (organizer hire, documentation, marketing activities, payment of clearing house, stock exchanges) that must be taken into account in the total cost of borrowing.

When deciding on a bond - credit, the total cost of borrowing with the bond is relevant to the business, compared to the total cost of borrowing with the loan, taking into account the above advantages of the bond.

Green bond for companies

Role of SID bank:

- co-investor in green bonds,
- assistance to companies in the issuing process.

Financing terms depend on:

- company ratings,
- issue sizes (minimal EUR 5 mio),
- maturity of financing,
- number of interested investors (banks, funds, insurance companies, foreign investors),
- Insofar as the project is of interest to the so called green investors, the price conditions can be even more favorable.

Key activities in the process :

- the choice of the organizer of the issue process,
- choice of clearing house,
- preparation of appropriate documentation and presentation for investors,
- marketing activities (meetings with potential investors),
- issuing bonds,
- an *additional option*: listing on a stock exchange or other trading venue.

Financing from the green bond source

Methodology for evaluating companies

- **Our own methodology for evaluating the circular orientation of companies** and assessing their potential for circular transformation and individual investments we finance.
- SID Bank's circular orientation assessment of companies is sensibly valued and placed in interest rate policy, or it **enables more favorable financing of circular economy companies and projects.**
- Business models that considers the elements of the circular economy and which companies are already incorporating into their products, services or operations in general, are more **sustainable** in the long run, and consequently **safer** for the development bank, while enabling **environmental and social goals to be achieved** faster.

Business assessment within the 5 balance sheets

- **Business assessment within five balances** (intellectual, raw material, environmental, energy and innovation), whereby the assessment and evaluation of the circular orientation of companies and projects is a qualitative upgrade of the current model.
- The “5 Balance Sheets” is establishing as a comprehensive framework for evaluating businesses also by **considering environmental and social effects**.
- The assessment and evaluation of companies is **integrated into financial instruments** that the bank performs. By changing the methodology for assessing the creditworthiness of borrowers, SID Bank fulfills its mission by promoting the competitiveness of the economy, job creation and sustainable development of Slovenia.

Successful stories

of companies that already received financing through our green bond sources.

RESALTA d.o.o.



ENERGY EFFICIENCY:

Financing of 5 projects in the field of public lighting and biomass & gas boiler room.

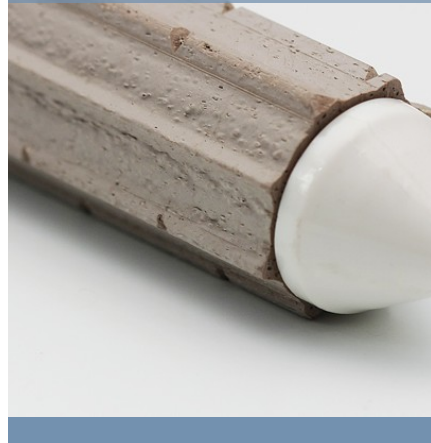
ROKS RECIKLIRANJE D.O.O.



CIRCULAR PRODUCTS:

Funding Roks, a compost collecting and processing company.

JANPLAST D.O.O.



CIRCULAR PRODUCTS:

Financing a company that deals with the recycling of plastic waste.

LOG - DRAGOMER



ENERGY EFFICIENT FACILITIES:

Energy renovation of an old school in Log.

ENERGY 9



ENERGY EFFICIENCY:

Financing of a biomass cogeneration unit (cogeneration of heat and electricity).

**SID bank, d. d.,
Ljubljana**

www.sid.si

www.skladskladov.si

Department for businesses

01/2007 480

Borut Kocič, dir. ☎ 01/2007 566

Creating future together.

SID Bank's financing and insurance enable you to walk with faster, stronger and safer steps on your business path.

- Questions ?

