



## EIB Support to the Financial Sector

# Lines of Credit to Financial Intermediaries

### Highlights:

- Loan agreement signed between the financial intermediary and the EIB.
- Sub-loan agreement signed between the financial intermediary and final beneficiaries to finance projects implemented by the final beneficiaries.
- EIB takes credit risk on the financial intermediary.
- Financial intermediary takes credit risk on final beneficiaries.
- EIB loan to financial intermediary to finance up to a predefined percentage of each of the sub-loans.
- Eligibility of final beneficiaries and projects is based on predefined criteria.

### Product description

Medium and long-term funding to financial intermediaries at attractive pricing to finance projects carried out by eligible final beneficiaries.

The size of the EIB credit line to the financial intermediary will be set within prudential limits according to the expected pipeline of final beneficiaries' projects over the forthcoming two years.

Individual sub-loans granted by the financial intermediary will be within an agreed range and their tenor has to be similar to that of the credit line, which can range up to 10 years.

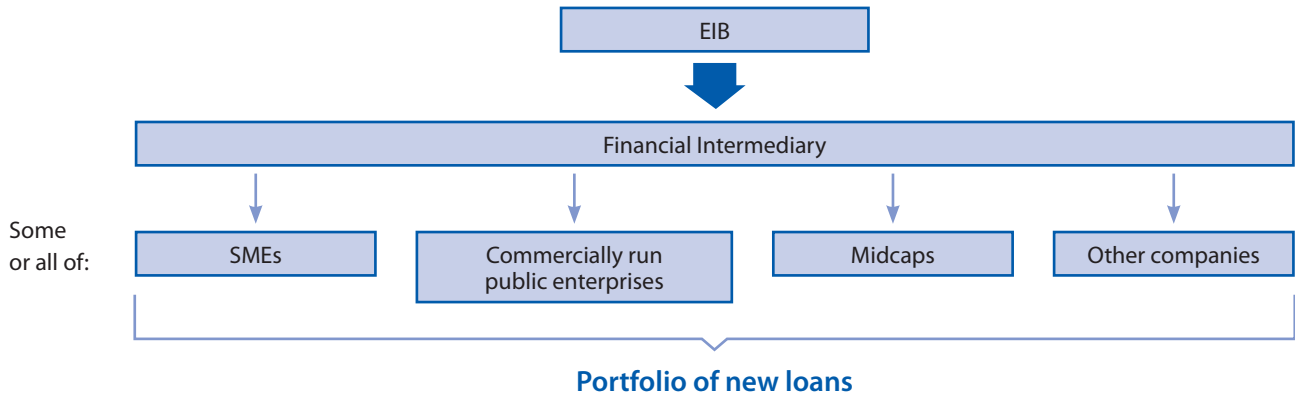
Final beneficiaries can be private-sector firms, commercially-run public-sector enterprises, or local authorities.

Projects are new investments or expenditures undertaken by final beneficiaries, carried out over a period of up to three years. They can also include investments in working capital, which should be funded by sub-loans with a minimum 2-year tenor.

### How it works

The EIB provides credit lines to financial intermediaries to finance up to 100% of the sub-loan. Agreement from the EIB is required on proposed final beneficiaries on the basis of standard summary project information.

The financial intermediary bears the risk on the final beneficiaries. Portfolio performance remains the responsibility of the financial institution and must be reported to the EIB on a regular basis.



### Overview of benefits

The line of credit allows the financial intermediary and the EIB to form a partnership with the goal of enabling the financial institution to develop its lending portfolio, thus providing greater access to credit for a wider range of clients and growing the loan book.

Financial intermediaries benefit from the EIB’s financial added value (longer tenors and attractive pricing) and transfer the advantage to final beneficiaries.

In conjunction with the credit line the EIB can provide technical assistance for capacity building to the financial intermediary as well as to the final beneficiaries.

### The EIB at a glance

The EIB is both a policy-driven bank and an institution of the European Union. As such, we are happy to be fully transparent about how we make decisions, work and implement EU policies. We cooperate with external controls such as the European Court of Auditors and the European Commission.

In-house, we have a team focused on the financial sector, as well as lawyers, technical experts and teams dedicated to commercial banks, microfinance and private equity.

As a public development financial institution, the EIB is inherently interested in the impact on local markets and on the development of private enterprises through the projects that it finances. The EIB will work with its intermediary banking clients and beneficiaries to set reporting requirements and assess information on the development impact generated.

The EIB invests EUR 75bn in over 400 projects in a typical year. This includes EUR 7.5bn invested outside the European Union, in around 50 separate projects.



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