Ex-Ante Derogations
from EFSI Limits Post 2020

Proposal by EIB
Questions concerning this note should be referred to
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EFSI Steering Board Decision on Ex-Ante Derogations from EFSI Limits Post 2020

Considering the current risk profile of the EFSI portfolio, as presented in the last risk report submitted to the Steering Board, as well as the pipeline of operations expected to be approved by the Investment Committee by 31 December 2020,

Considering the size and loan grading provided to the Investment Committee in respect of the operations approved or to be approved by the Investment Committee by 31 December 2020 and expected to be signed post-2020 during the investment period, as well as taking into account the uncertainties of the ongoing COVID-19 crisis,

Considering the relevant EFSI limits set out in the EIB Credit Risk Guidelines and Equity Risk Guidelines, as transmitted to the Commission as per EFSI Agreement,

Considering the derogations from EFSI limits amounting to about EUR 2.1bn granted to date by the EFSI Steering Board and that derogations for operations approved and to be approved by end-2020 have already been granted at approval,

Considering that the additionality and added value of all operations have been confirmed by the EFSI Investment Committee\(^1\) when approving the use of the EU guarantee,

In accordance with point 7(c) of the EFSI Investment Guidelines (Annex II to the EFSI Regulation) and Article 4.3 of the Sixth Amendment and Restatement to the EFSI Agreement, and

On the basis that such criteria and limits are unlikely to jeopardise the overall portfolio risk-level target at the end of the investment period,

**Effective as of 1 January 2021**, the Steering Board agrees on the following ex-ante criteria and limits under which EFSI Guaranteed Operations approved by 31 December 2020 but not yet signed shall benefit from a derogation referred to in point 7(c) of the Investment Guidelines until 31 December 2022:

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\(^1\) Or the European Commission according to Article 24 of the EFSI Regulation, in respect of the transitional operations approved by the EIB Board of Directors during the period from 1 January 2015 until the EFSI Agreement was concluded and the first appointments of all the members of the Investment Committee and of the Managing Director were made.
No further derogations from EFSI limits shall be granted to equity-type operations.

A **Global Envelope Limit** in the amount of EUR 500m is granted **ex-ante for debt-type EFSI Guaranteed Operations (Excluding Risk-Sharing Operations)**, to be applied as such:

- In respect of any debt-type EFSI Guaranteed Operation (excluding risk-sharing operations) for a higher amount than the EFSI limits, for as long as a deterioration in loan grading does not, under the EIB’s rules, policies and procedures, require an approval from its Board of Directors to proceed, a derogation from the EFSI limit shall **automatically** apply after the EIB internal approval provided that the amount is within the amount available under the Global Envelope Limit at any point in time and that it does not exceed the Transaction Derogation Limit referred to below.

- The utilisation of the Global Envelope Limit shall be on a **first-come-first-assessed basis, monitored by the EIB**. Should there be a (full or partial) cancellation of an operation for which a derogation was applied under the Global Envelope and correspondingly should that derogation no longer be required (in full or partially), the Global Envelope would be reinstated by the no longer applicable derogation.

In addition, without prejudice to the **Global Envelope Limit**, a **Transaction Derogation Limit** is set at EUR 170m, in respect of the maximum excess amount by which a specific debt-type EFSI Guaranteed Operation (excluding risk-sharing operations) may exceed the EFSI limit.

Until as at 31 December 2022, the **EIB shall submit quarterly reporting to the European Commission** listing the operations that benefit from such derogations post-2020 (including the amount by which the limit is exceeded in each case).