



Promoting Investments in the OCTs

EU-OCT forum, Nov. 2022

EIB – WHO WE ARE, WHAT WE DO

THE EIB GROUP



The lending arm of
the European Union since 1958

(active inside and outside Europe)



Specialist provider of risk finance to small
and medium-sized enterprises

*(focused on Europe and some selected
countries outside)*



EIB AT A GLANCE

Largest multilateral lender and borrower in the world

- We raise our funds on the international capital markets
- We pass on favourable borrowing conditions to clients

Over **€1.5 trillion** invested since 1958

- More than **14,400 projects** in over **160 countries**
- Crowding-in bank: **€ 4.8 trillion** overall investment mobilised

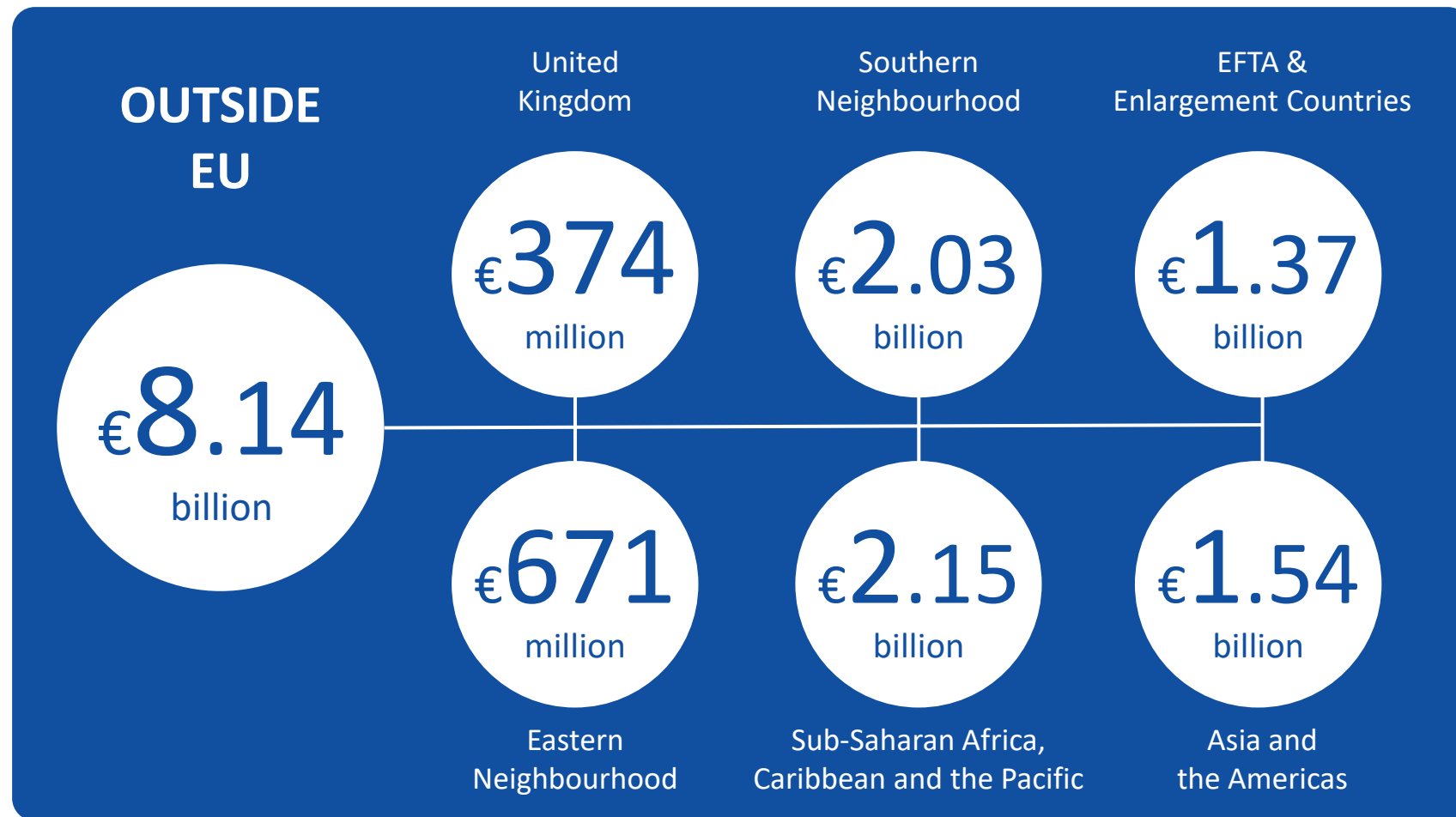
Headquartered in Luxembourg

- Around **3,800 staff**: In addition to finance professionals, we have engineers, economists and socio-environmental experts
- **54 offices** around the world

EIB GROUP FINANCING IN 2021



EIB GROUP FINANCING IN 2021 BY REGION



OUR PRIORITIES

INNOVATION,
DIGITAL AND
HUMAN CAPITAL

€20.70
billion

SUSTAINABLE
ENERGY AND
NATURAL
RESOURCES

€15.38
billion

SUSTAINABLE
CITIES AND
REGIONS

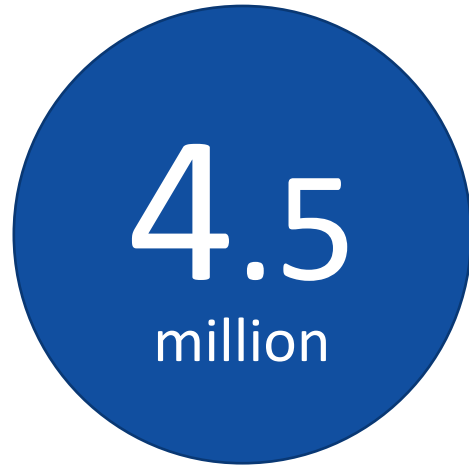
€13.80
billion

SMEs
AND
MID-CAPS

€45
billion

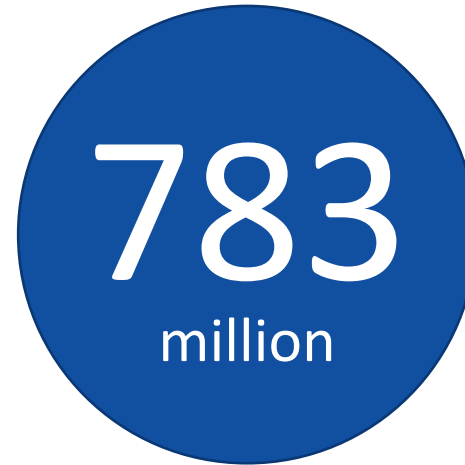
OUR IMPACT IN 2021

JOBS



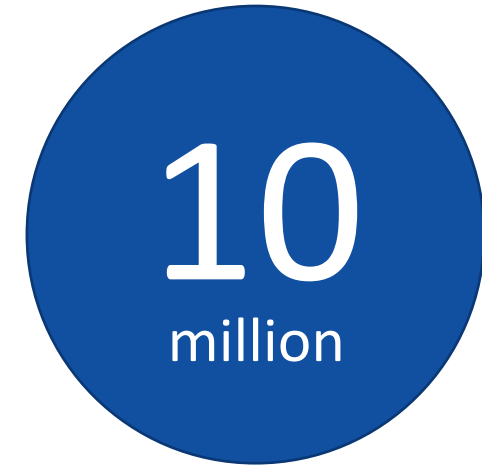
jobs sustained
in small businesses

HEALTH



patients to benefit from
improved health services

WATER



persons to have access
to safer drinking water

OUR IMPACT IN 2021

TRANSPORT

346

million

additional passenger trips on
EIB financed public transport

ENERGY

8.1

million

households to have access
to power

DIGITAL

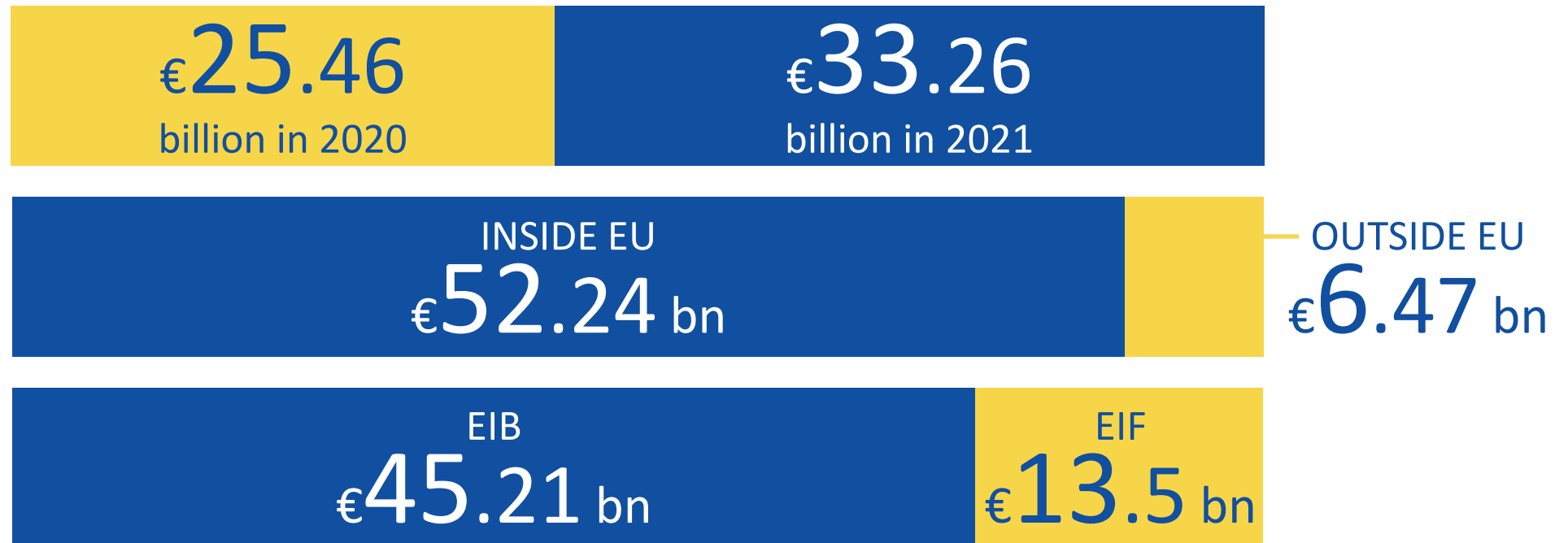
6.8

million

new subscribers
with 5G services enabled

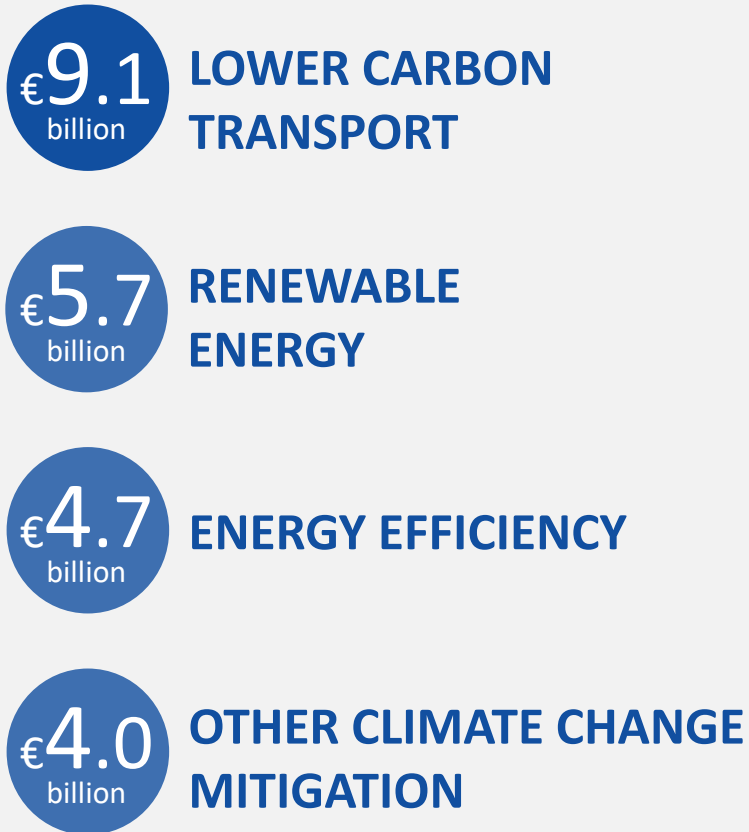
EIB GROUP FINANCING TO SUPPORT COVID-19 RECOVERY

€58.71 billion



GREEN INVESTMENTS

€27.6 billion in 2021



EIB PRODUCTS CATALYSE INVESTMENT

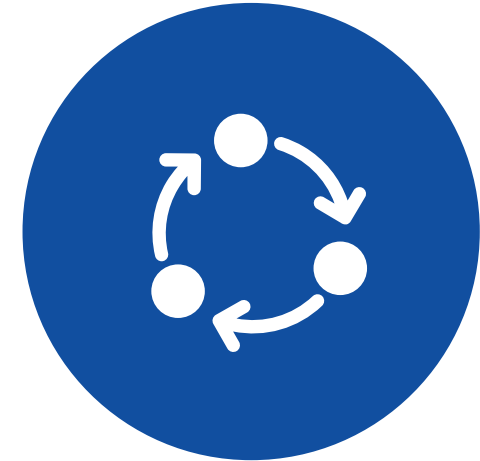
Each transaction is tailored to the needs of the project



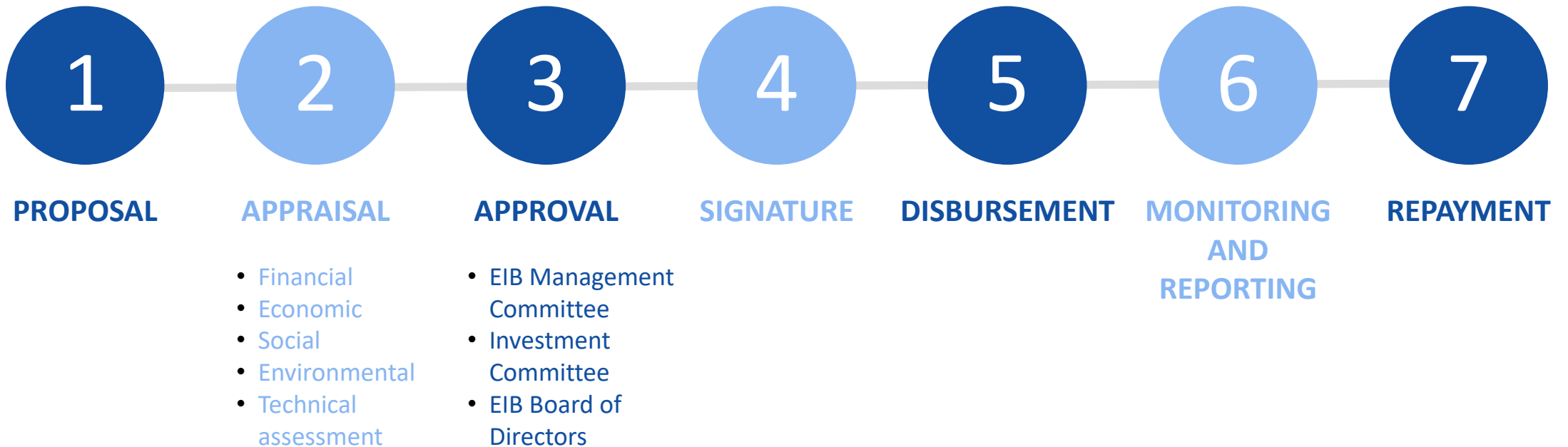
We offer loans, guarantees, equity investments, and advisory services



The products can be combined or blended with other sources of public financing



EIB PROJECT CYCLE



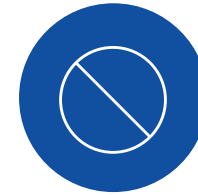
A RESPONSIBLE BANK



We monitor the environmental and social sustainability of all of our investment projects



We appraise all human, technological, or natural resources used by the project



We exclude certain economic activities



We report greenhouse gas emissions from all project with a significant impact

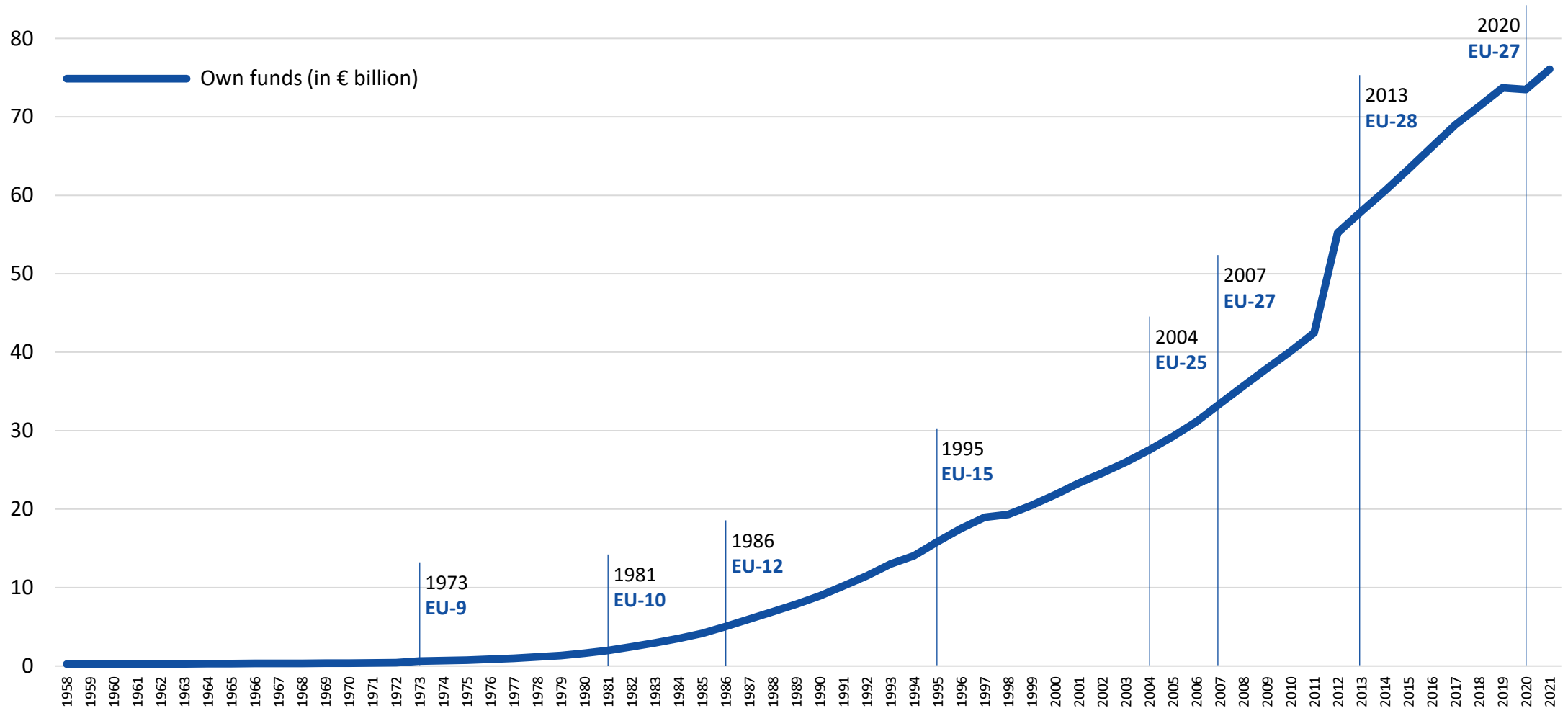


We monitor, report and implement reduction of our own environmental footprint



We ensure strong governance, transparency and accountability for ourselves and our counterparts

EIB OWN FUNDS SINCE ITS FOUNDATION

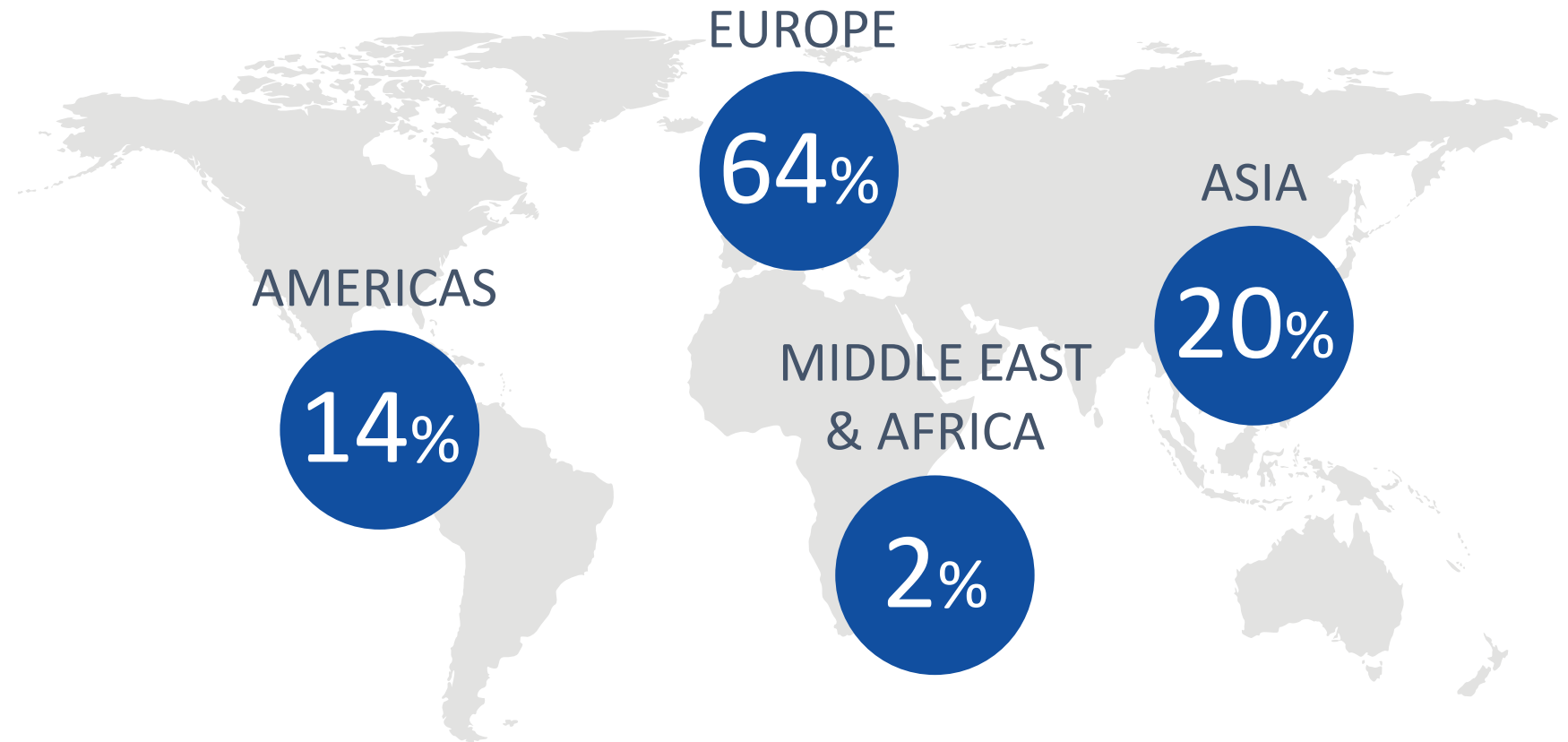


RAISING MONEY ON THE CAPITAL MARKETS

BORROWING
IN 2021

€55.26
billion

LARGEST SUPRANATIONAL
ISSUER OF GREEN BONDS



EIB – OPERATIONAL FRAMEWORK FOR OCTs

EIB – OPERATIONAL FRAMEWORK FOR OCTs



INVESTEU

Sustainable Infrastructure
Research innovation and digitalization
SMEs
Social investments and skills

EU GREEN DEAL

Fresh air, clean water,
healthy soil
Biodiversity, natural resources,
Cleaner energy and energy efficiency
Green transport
Healthy and affordable food
Waste management, circular economy

GLOBAL GATEWAY

Digital
Climate & Energy
Transport
Health
Education & research



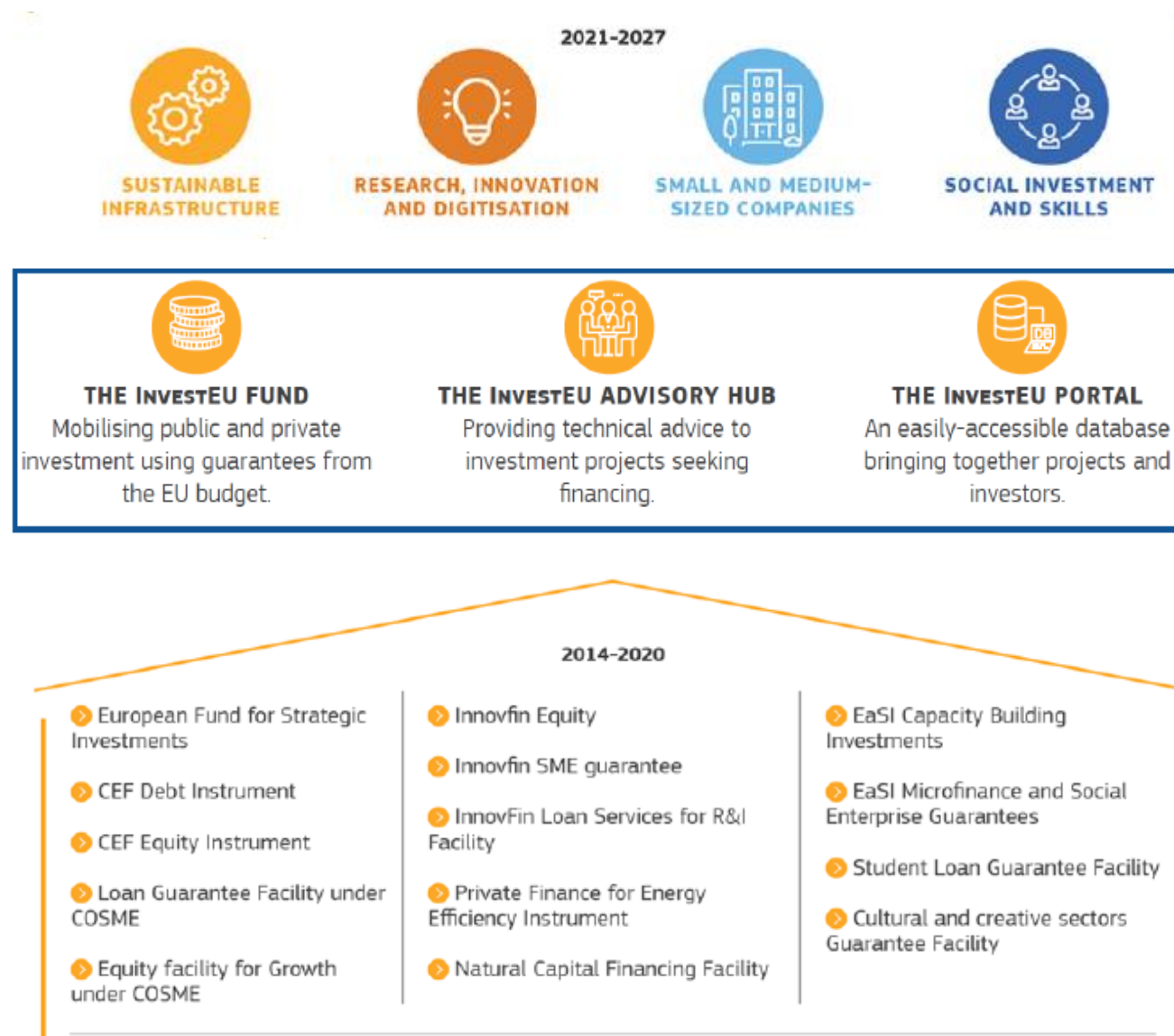
EU
foreign
instrument

NDICI
GLOBAL EUROPE

*Thematic
envelopes
only*

INVEST EU

- Comprehensive toolbox gathering a fund, a technical support hub and a matchmaking portal
- Single fund bringing together the many different EU-level financial instruments
- Policy-oriented with 4 dedicated investment windows
- OCTs eligible but no dedicated geographical ring-fencing



INVEST EU – THE POLICY WINDOWS

2021-2027



CROSSCUTTING THEMES (climate action, etc.)

- Renewable energy
- Digital connectivity
- Transport (Rolling stock, ...)
- Waste and water infrastructure (Waste to energy,
- Flood defense dams
- ...

- Innovative energy technologies (incl. storage)
- Innovative fuels (hydrogen)
- Demonstration projects

- Social housing
- Schools and universities
- Hospitals
- Other social infrastructure
- ...

- Intermediated financing via local banks (thematic credit lines)
- Direct financing (mid-caps)

INVEST EU – THE FUND

EUR 26 bn EU budgetary guarantee



**SUSTAINABLE
INFRASTRUCTURE**

€ 9.9 bn in EU guarantee



SMEs

€ 6.9 bn in EU guarantee



**RESEARCH, INNOVATION
AND DIGITISATION**

€ 6.6 bn in EU guarantee



**SOCIAL INVESTMENT
AND SKILLS**

€ 2.8 bn in EU guarantee

Mobilising

EUR 370 billion

in additional
investment

*(of which 30% to contribute
to climate objectives)*

- 75% of the guarantee allocated to EIB as main implementing partner, 25% to other EU NPBIs
- 40% provisioning, set aside in case calls are made on the guarantee (de-risk)

INVEST EU – THE ADVISORY HUB

single entry point for all types of advisory requests

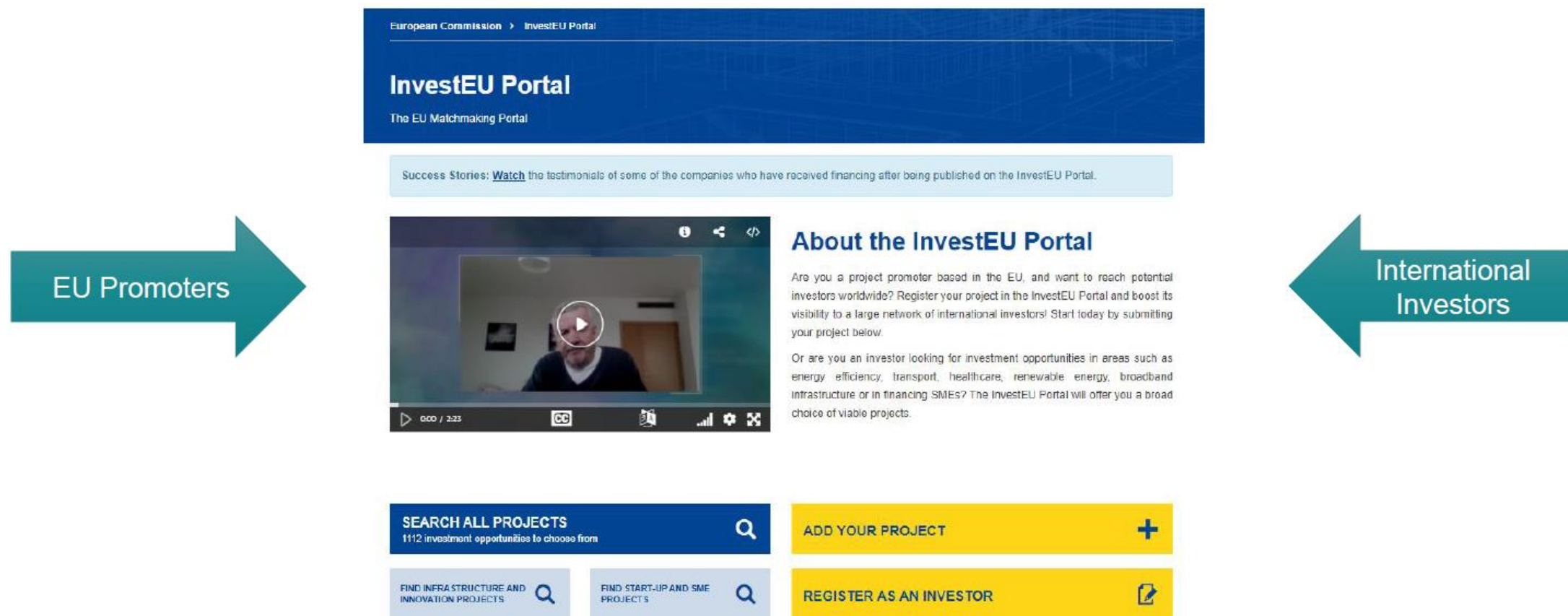
Support the
identification,
preparation,
development,
structuring,
procurement and
implementation of
investment projects

Enhance the
capacity of
promoters and
financial
intermediaries to
implement
financing and
investment
operations

Support awareness
raising and market
development
activities for
investment areas
experiencing
a market failure

INVEST EU – THE PORTAL

Online EU Matchmaking platform



EIB's INCREASED CLIMATE AMBITION

THE EUROPEAN INVESTMENT BANK IS
EUROPE'S CLIMATE BANK

€1 trillion for climate action and the environment unlocked by 2030

50 % of total financing to climate action and the environment by 2025 (current level: 30%)

2020 Fully aligned with the Paris agreement by the end of the year



THE EU's CLIMATE BANK ROADMAP

2021-2025

and
beyond



Align with the goals of the Paris Agreement



Accelerate the transition to a green economy



Prioritise innovation and digitalization to cut carbon emissions



More support for sustainable agriculture, forestry, bioeconomy, green cities, renewable energy, low-carbon transport



Prepare people and businesses for climate changes happening right now

EXAMPLE ENERGY SECTOR

Unlocking energy efficiency investments

- Energy efficiency first principle
- Financing up to 75% of costs
- Focus on building rehabilitation

- All low carbon technologies are eligible
- Financing up to 75% of costs for high policy value projects
- Support market integration of renewables
- Technologies at early stage of deployment
- Low carbon gases

Decarbonising energy supply

- Renewables, carbon capture and storage
- Batteries, demand response, e-transport
- Energy communities, microgrids, small isolated systems
- Increased automation, digitalisation and “smart” networks

Supporting innovative low-carbon technologies

- Power: transmission and distribution (renewables integration, flexibility)
- Gas: Network projects planned to transport low carbon gases
- District heating: Rehabilitation and expansion of district heating networks

Investing in a more secure enabling infrastructure

**NEW ENERGY
LENDING POLICY**
in place since 2019

EIB PRODUCT OFFERING

EIB offering

Systemic approach to improve public infrastructure, strengthen financial inclusion, increase access to finance, foster market development and address global challenges

SMEs + microfinance	MidCaps	Large companies	SPVs and Project Finance	Public sector
Credit line to Microfinance institutions	Direct loans			
Credit lines for SMES and MidCaps to local banks	Loans to financial intermediaries (local/national banks)			
Portfolio guarantees to local banks	Subordinated/Guaranteed loans			
Equity investments mainly via funds (venture capital and non-venture capital)	Guarantees			
Technical assistance				

(*) Support to private sector is conditional on eligibility and the nature of the risk and/or maturity level associated with the investment projects and the underlying economic markets. EIB actions in this area of intervention are analysed on a case-by-case basis.

Intermediated product

Non-intermediated product

Eligibility to obtain EIB financing

- | EU Policy Goals
- | Technically Sound
- | Economically Sustainable
- | Financially Viable
- | Environmentally Sound
- | Socially Acceptable
- | Procured Openly

Technical soundness, risks and mitigation measures, capacity for products/services

Promoter capability to implement, operate and maintain project

Timing, employment, operating and maintenance costs, comparison with costs of similar projects

Compliance with applicable legislation and EIB guidelines on procurement and environmental impact

Analysis of market and demand

Economic and financial profitability (e.g. rate of return)

Eligible investments

RULE
EIB finances up to 50% of
the total PIC

Eligible Investments

=

elements of the project investment cost that satisfy all Bank operational criteria
and on which a Bank loan could in principle be disbursed.

Project investment costs are **one-off expenditures**, incurred to allow operations in future times, creating or replacing tangible and/or intangible assets in relation to the specific project to be financed (**CAPEX**).

Land, second-hand assets or non-generated intangibles (such as telecom license fees) are not considered eligible costs (although under certain conditions these may be contemplated on the total cost of the project).

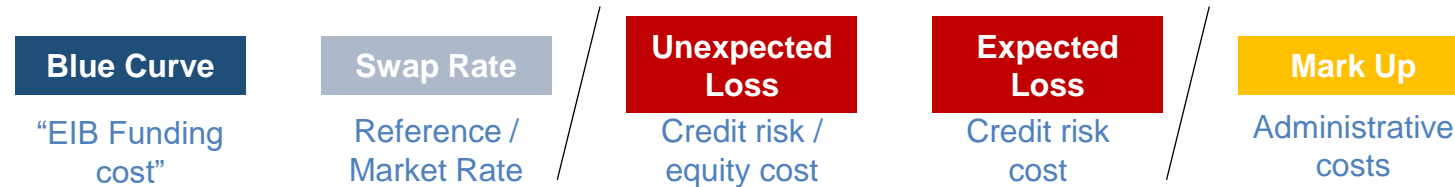
R&D expenditures on facilities or activities are both considered eligible investment costs
(usually a project can include RDI Capex and/or Opex expenses over 3-5 years)

Financing terms

Interest rates

The EIB's attractive pricing is the result of the trust investors have in us, which translates into **advantageous funding costs** on the financial markets.

EIB adds a margin on top of its funding interest rate to cover the risks and administrative costs associated with each operation.



➤ The interest rate of our product therefore reflects the credit risk profile of the individual project.

Depending on the contract, the **rate** may be **fixed or floating** and rates are **set at signature or at each disbursement**.

Financing terms - cont'd

Other fees and charges

The EIB may charge fees and expenses, including for costs incurred during the due-diligence process (such as legal fees, technical support, etc).

Currency

EIB's financing can be denominated in all major currencies or, where available, also in the local currency (TCX coverage).

Advantages of EIB financing

Pricing

Competitive interest rates (EIB's AAA funding advantage and not-for-profit institution).

Signaling Effect / Quality stamp

Certification of a **project's quality**, due to the Bank's reputation for its prudent lending policy, its strong market/technology know-how and expertise in green financing being the Climate Bank

Maturities

Long maturities matching economic life of the assets (up to 25/30 years for a sovereign loan, 10/12 years for a corporate loan and up to 20 years for PF)

Expertise

EIB sector and product expertise acquired over 60 years of activity in and outside of Europe; in-house engineers and socio-environmental experts.

Long-term

Long-term partner with an objective to support sustainable economic development.
No cross-selling and hold-to-maturity strategy.

Blending

Possibility of **blending**: combination of EIB financing, EU grants and/or other donor resources such as Technical Assistance.

THANK YOU

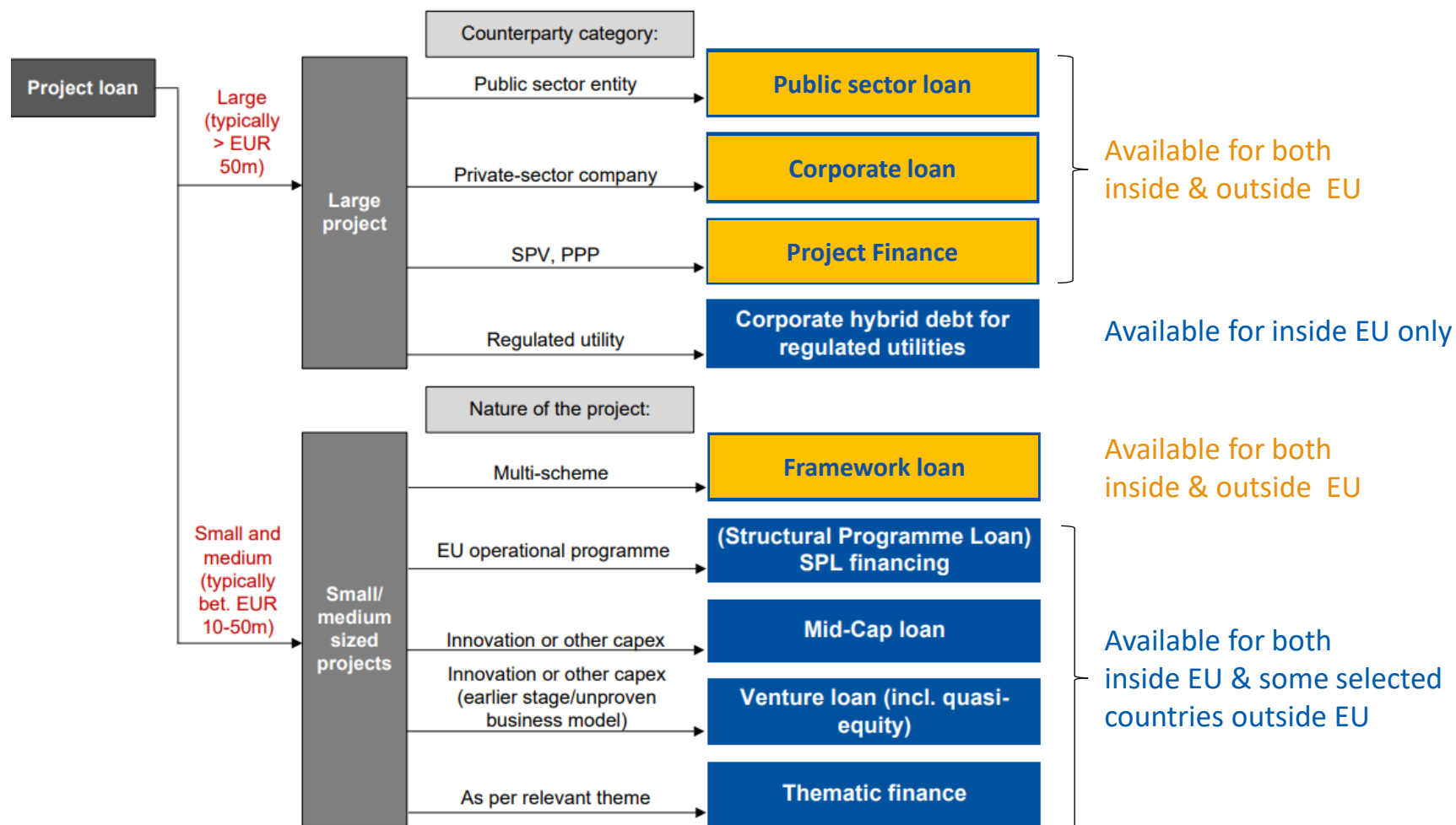
[Website](https://www.eib.org)

<https://www.eib.org>

BACK-UP slides



EIB type of financing for a project

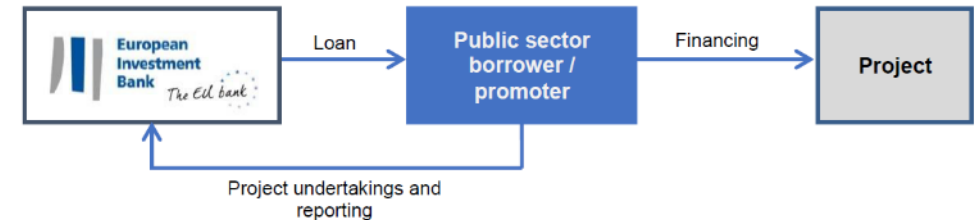


EIB type of financing for a project - cont'd

Public sector loan

EIB counterparty: Sovereign states, regional or local authorities, governmental bodies, public administrations, public sector companies.

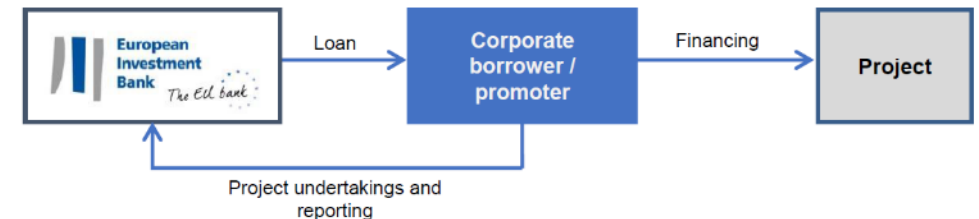
Target/Eligibility: Viable projects or investment programmes in strategic infrastructure (transport, healthcare, education, water, digital, energy including renewable energy or energy efficiency, etc.), social cohesion, innovation or benefiting the environment.



Corporate loan

EIB counterparty: Large company or group with private-sector ownership.

Target/Eligibility: Viable projects or investment programmes in research, development and innovation, strategic infrastructure (transport, healthcare, education, water, digital, energy including renewable energy or energy efficiency, etc.), social cohesion or benefiting the environment.

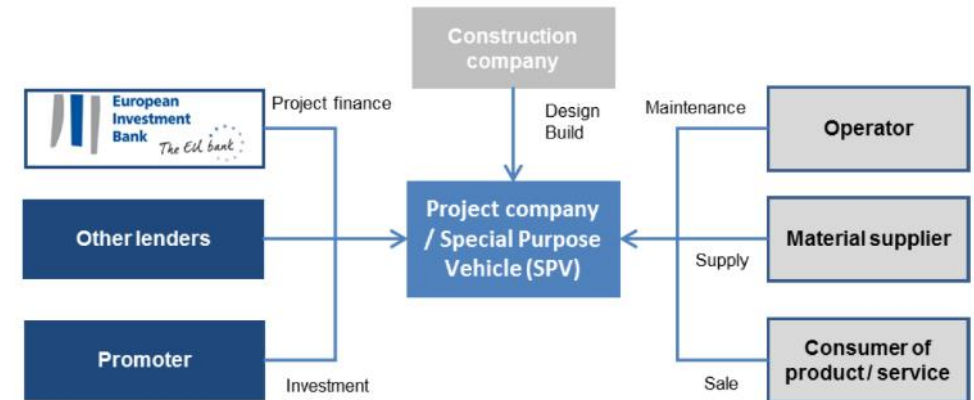


EIB type of financing for a project - cont'd

Project Finance

EIB counterparty: typically a special purpose vehicle or project company. Sponsors or promoters may be one or a consortium of private-sector companies or, in case of a public-private partnership (PPP), including public sector entities as grantors of a time-limited concession.

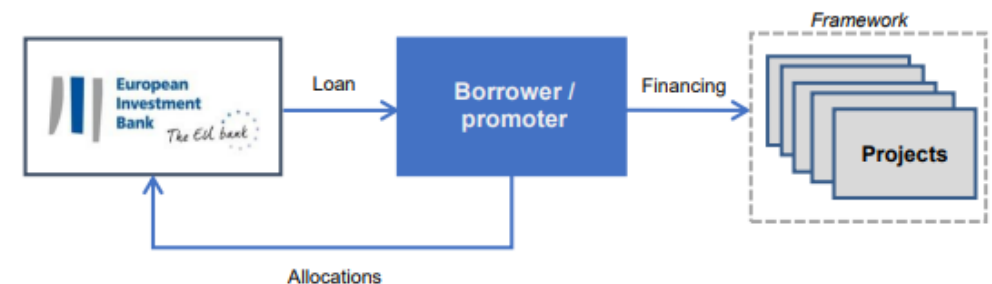
Target/Eligibility: Viable projects mainly related to strategic, sustainable infrastructure in sectors such as transport, energy, healthcare facilities, with the ability to generate stable cash flows during operation phase.



Framework loan

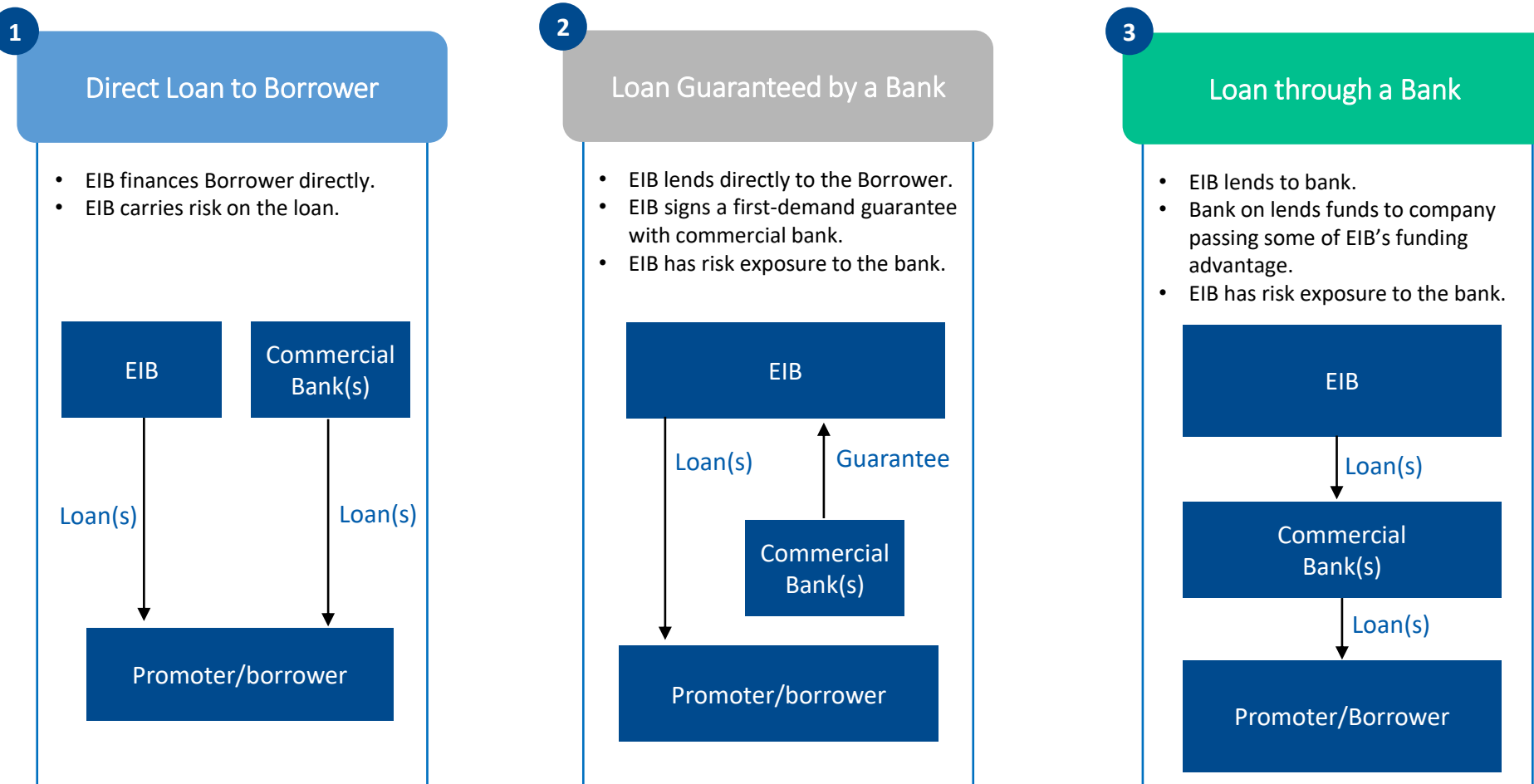
EIB counterparty: Public sector or corporate borrowers promoting multi-scheme investment programmes.

Target/Eligibility: The investment programme can cover a range of sectors, which must be agreed upfront (e.g roads, public transport, water, solid waste, urban revitalisation, social housing, culture, health, education or energy efficiency)



LOANS

THREE OPTIONS FOR LENDING



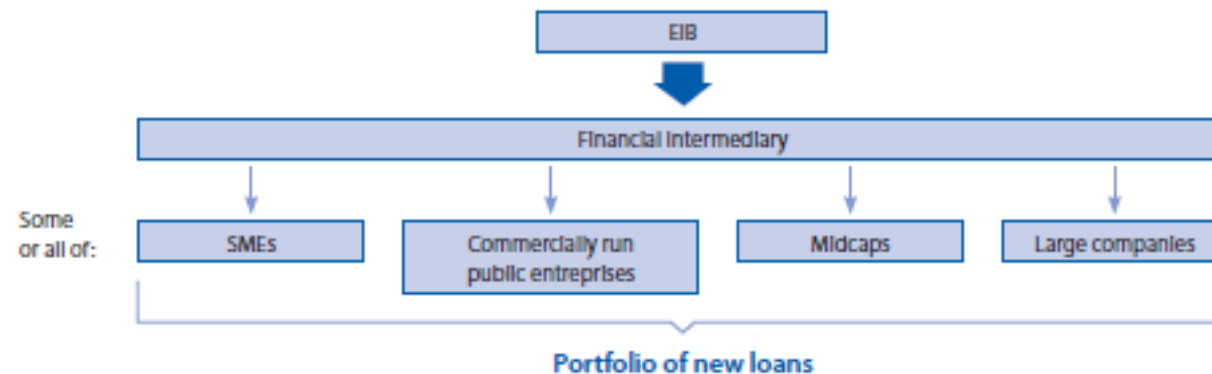
Banking sector – Multiple beneficiary intermediated loans (MBILs)

How do MBILs work?

- EIB loan to a financial intermediary for on-lending to small-scale projects by multiple beneficiaries such as MSMEs
- On-lending decisions remain with the intermediary institution, which also retains the financial risk of the on-lending
- EIB collects information on beneficiaries but has no contractual relationship with them

Why do we use MBILs?

- Access to suitable finance is key constraint to private sector development
- MBILs reach a broader section of the private sector than EIB direct lending
- MBILs provide longer term / local currency lending so that intermediaries can provide long-term loans meeting their customers' financing needs



Banking sector – Multiple beneficiary intermediated loans (MBILs)

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.

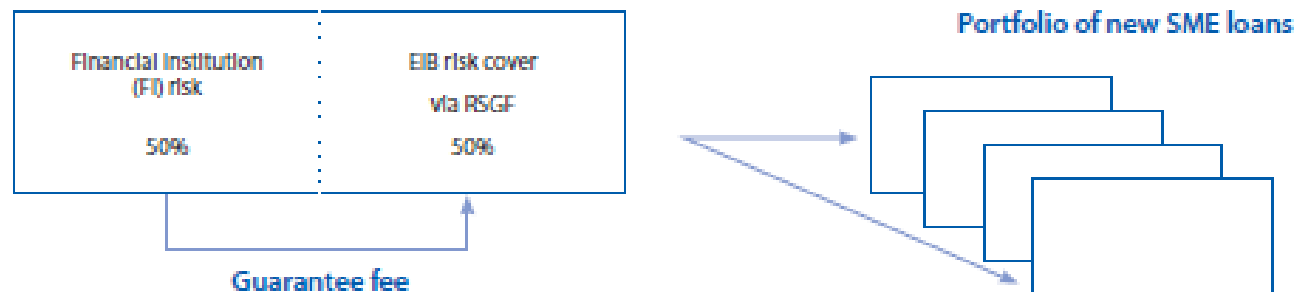
Benefits

- Portfolio growth: able to develop its lending portfolio, thus providing greater access to credit for a wider range of clients and growing the loan book.
- EIB's financial added value: longer tenors and attractive pricing, which are transferred to the advantage of final beneficiaries.
- Additional support: provision of technical assistance for capacity building if needed (recipient: financial intermediary and/or final beneficiaries)

Banking sector – Risk sharing facilities

Risk sharing facility (RSF): bilateral loss-sharing agreement between EIB and a financial institution

- **Capped guarantees** offering partial credit risk coverage on the first loss related to the eligible loan portfolio. The guarantee rate can typically go up to 80% per individual sub-loan and usually 16% of the portfolio (up to 50% possible).
- To **encourage local banks to grow their SME loan portfolios** and to increase their local currency lending activities.



Banking sector – Risk sharing facilities

Highlights

- EIB reimburses financial institution for up to 50% of principal losses incurred on a portfolio of eligible SME assets
- Eligibility is based on predefined criteria – EIB will not perform a review of individual assets at origination

The product itself is **most appropriate** for financial institutions **requiring credit risk protection** as opposed to funding.

Benefits

- Portfolio growth: ability to introduce or expand new products, attracting new clients, generating additional fee income, and spreading the fixed operating costs of the product line over an expanded portfolio of assets.
- Potential balance sheet/risk management improvements: enable to overcome single-obligor, industry or regional exposure limits, as well as improving measures of risk-adjusted return.