



BEI – NUOVI STRUMENTI DI GARANZIA

Giovanni Inglisa, Roma, 5 Aprile 2022

Linked Risk Sharing Overview

What
it is

First demand, unconditional, direct guarantee (50% rate) provided by EIB on a portfolio of **new financing** to SMEs and MidCaps

Why
we
offer it

Ensure uninterrupted access to finance to SMEs and MidCaps
Provide risk protection on green financing → in this case, up to **75% guarantee rate**

What
it is
NOT

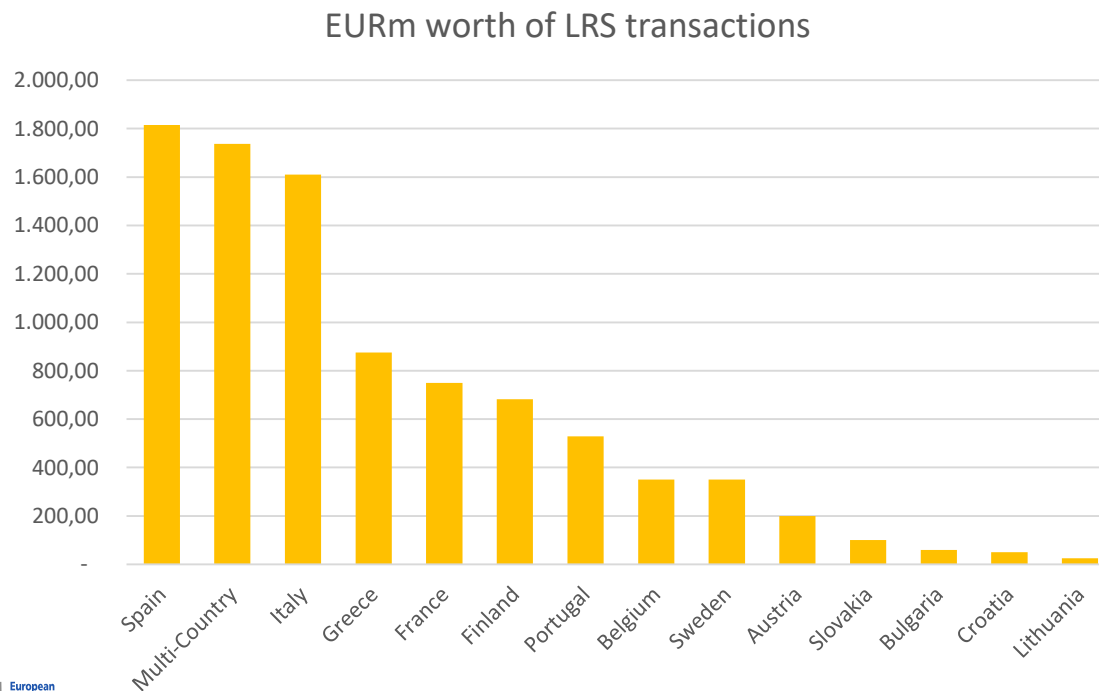
No originate-to-distribute – the intermediary **keeps 50%** of the guaranteed exposure (25% in case of green financing)

>> THE PRODUCT IS BEING FINALISED AND WE EXPECT IT TO BE READY SHORTLY<<

Linked Risk Sharing

The predecessor: EGF

- ❑ EGF has been the EIB Group response to the COVID crisis. It was an off-balance sheet instrument
- ❑ The EGF Linked Risk Sharing has been **the flagship product under EGF**, offering Fis significant and uncapped risk protection
- ❑ Across EU, **c. 9bn EUR** worth of transactions were signed



in Italy, signed with:



Linked Risk Sharing

Eligible counterparties



BANKS AND LENDERS

*retaining an independent risk/rating model and
eligibility assessment on the exposures to be
guaranteed*



PROMOTIONAL INSTITUTIONS



SPVs

*whereby a suitable
financial institution
acts as a sponsor of
the initiative*

Linked Risk Sharing

Eligible beneficiaries

SMEs

Companies with **less than 250** employees
FTE

Mid-
Caps

Those companies with more than 250 and
less than 3000 employees (FTE)

Large
Corp.

Companies with **more than 3000**
employees (FTE). Only allowed in Supply
Chain transactions

LOAN AMOUNT*

>[*]m / < 25m

< 50m

< 100m

Linked Risk Sharing

Technical form

LINE-BY-LINE GUARANTEES OFFERED ON:



Loans for medium/long term financing (up to 12y, of which 2 of grace, or 7y bullet) and **working capital** facilities (at least 2 years tenor)



Supply Chain facilities, covering the risk of the Buyer (a Large Corp./Mid-Cap), facilitating access to finance for their Suppliers (**primarily SMEs**, and Mid-Caps)



Factoring with SMEs/MidCaps as sellers, either *pro-soluto* or *pro-solvendo* (credit line of at least two years)

Linked Risk Sharing

Practical aspects

FULL DELEGATION

- ❑ At the outset of the transaction, EIB performs a full **due diligence** on the origination processes and **rating models of the FI**
- ❑ **The FI is then fully delegated** to include the exposures under the EIB facility, as per agreed portfolio criteria, and no consultation of EIB is foreseen in this process.
- ❑ The FI sends, on a quarterly basis, **a report listing the included exposures**



DUE DILIGENCE

- ❑ Qualitative assessment of **operating policies & procedures**, systems, models, corporate and risk governance, origination and risk assessment;
- ❑ **Portfolio analysis** to be performed based on the future portfolio composition assumptions/thresholds
- ❑ **Negotiation of risk mitigants**, such granularity level, eligible rating classes, concentration limits by sector and obligor



Linked Risk Sharing Portfolio limits



MAX LIMIT PER COUNTERPART:

EUR 1,6bn for investment grade FIs, **EUR 700m** for sub-investment grade (assuming 50% guarantee rate)

LT financing (12y
amortising, 2y
grace), BB clients

500m

M/LT financing
(7y amortising, 1y
grace), BB clients

700m

Working capital
facilities / supply
chain (3y bullet),
BBB clients

1,6bn

Linked Risk Sharing

Advantages for Fis – wide coverage of clientele

INTESA  **SANPAOLO**

A-IRB Scala di PD	Esposizioni in bilancio	PD media ponderata per l'esposizione (%)	Numero di debitori
- Altre imprese			
da 0,00 a <0,15	9.719	0,09	1.577
da 0,00 a <0,10	4.213	0,06	705
da 0,10 a <0,15	5.506	0,12	872
da 0,15 a <0,25	16.337	0,20	1.784
da 0,25 a <0,50	30.143	0,33	4.115
da 0,50 a <0,75	12.178	0,54	3.044
da 0,75 a <2,50	22.997	1,40	5.692
da 0,75 a <1,75	15.209	1,12	4.227
da 1,75 a <2,5	7.788	1,93	1.465
da 2,50 a <10,00	8.431	4,98	2.443
da 2,5 a <5	5.260	3,57	1.392
da 5 a <10	3.171	7,31	1.051
da 10,00 a <100,00	2.690	19,70	668
da 10 a <20	1.553	14,88	435
da 20 a <30	904	22,82	36
da 30 a <100	233	31,69	197
100,00 (default)	4.507	100,00	1.819
Subtotale	107.002	5,15	21.142

 **Santander**

PD scale	Original on- balance- sheet gross exposures	Average PD	Number of obligors
Corporates - Other			
0.00 < 0.15	37,211	0.08 %	2,116
0.00 to < 0.10	23,198	0.06 %	1,167
0.10 to < 0.15	14,013	0.15 %	949
0.15 < 0.25	15,155	0.24 %	2,133
0.25 < 0.50	19,021	0.37 %	5,160
0.50 < 0.75	23,889	0.60 %	8,130
0.75 < 2.50	17,983	1.42 %	11,784
0.75 to < 1.75	11,837	1.15 %	6,978
1.75 to < 2.50	6,146	1.89 %	4,806
2.50 < 10.00	6,231	4.08 %	5,982
2.50 to < 5	4,808	3.40 %	4,798
5 to < 10	1,423	6.80 %	1,184
10.00 < 100.00	2,430	21.06 %	1,211
10 to < 20	394	13.71 %	596
20 to < 30	1,938	23.90 %	443
30 to < 100	98	42.89 %	172
100.00 (Default)	3,563	100.00 %	1,926
Subtotal (exposure class)	125,483	3.15 %	38,442
Total (all exposures classes AIRB)	562,363	4.86 %	29,655,171

Up to

2,5% PD
accepted

Eligible clients c.

70%

Clients in lower
eligible classes c.

60%

Linked Risk Sharing

Advantages for Fis – financial impact

stylised exemplification of cost per unit of capital released on the guaranteed portion

	Baa3	Ba1	Ba3
PD 1y	0,5%	0,9%	2,5%
LGD	40%	40%	40%
EL	0,2%	0,3%	1,0%
Bullet maturity	3	3	3
indicative RW	70%	90%	120%
CET1 target	15%	15%	15%
Capital allocated	10,6%	13,7%	18,2%
indicative EIB Gtee cost	0,7%	0,9%	1,7%
Net cost	0,48%	0,54%	0,70%
Cost of capital relief	4,49%	3,95%	3,84%

- ❑ **First loss guarantee** with effects on loan loss provisions (*collettiva crediti*)
- ❑ **EVA positive intervention** compared to a non guaranteed loan
- ❑ Attractive **cost of capital release**

Contatti



European
Investment
Bank



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