EAFRD RO FoF – Portfolio Risk Sharing Loan

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Implementation workflow and status - operational level

- Call for Expression of Interest published in March 2018
- Strong market demand with 9 applications received well above the available budget
- 6 operational agreements signed with 5 financial intermediaries: Banca Comerciala Romana, Libra Internet Bank, ProCredit Bank, Raiffeisen Bank and UniCredit Bank
- At least EUR 160m expected of new loans to be originated, mostly in RON to more than 350 farmers and agricultural enterprises
- Expected leverage to be achieved of ca. 1.8%
Portfolio Risk Sharing Loan

**Structure of the product – Transfer of the resources**

- **Borrower**
  - Matched funding by the Financial Intermediary (1-co-financing rate)

- **Financial Intermediary**
  - Co-financing rate
  - SME loans

- **Interest rate paid by the farmer**
  - PRSL interest
  - PRSL interest
  - Pari-passu losses

**Transfer of benefit – Lower Interest rate**

- **Without the Instrument**
  - Loan Interest = 5.50%
  - Credit Spread & Cost of Capital = 2.50%
  - Profit Margin = 1.00%
  - Admin cost = 1.00%
  - Funding Cost = 1.00%

- **With the Instrument**
  - Loan Interest = 2.75%
  - Credit Spread & Cost of Capital = 2.50%
  - Profit Margin = 1.00%
  - Admin cost = 1.00%
  - Funding Cost = 1.00%

**Reduction assuming co-financing rate = 50% and 0 interest on RDP resources**

*If applicable. Often MS contribution priced at 0.*
Benefits of working with the EIF

- Great experience in the successful implementation of agricultural mandates, with fully-fledged and well-tested instruments.
- The proposed investment strategy responds to the market needs of the corresponding Member State / Region.
- Strong partner in relationships with financial intermediaries (400 banks, guarantee and promotional institutions).
- Loss protection, funding and capital optimisation from an AAA rating of the institution.
- Transparency in the management of the financial instrument, including due diligence procedure in compliance with EU / national regulations.
- Continuous management, monitoring and administration of the portfolio and regular updates provided on the progress of the implementation.