



The Voice of Leasing and Automotive Rental in Europe



NEW EDITION

# Supporting Europe's SMEs

European Investment Bank fact sheet for the European leasing industry



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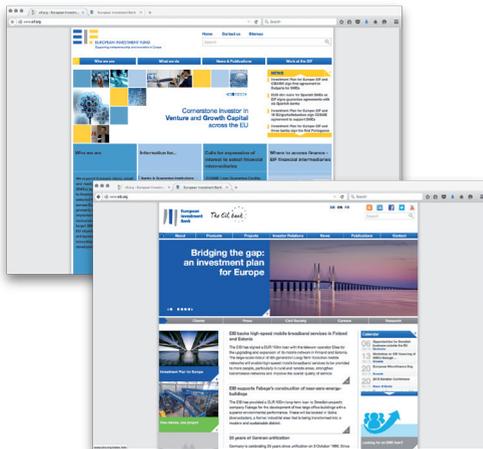
### → About the European Investment Bank (EIB) Group

The EIB Group consists of the European Investment Bank (EIB) and the European Investment Fund (EIF):

The **EIB** is the long-term financing institution of the European Union and is owned by the EU Member States. It provides finance and expertise for sound and sustainable investment projects which contribute to furthering EU policy objectives. To finance these projects, the EIB borrows on the international capital markets at advantageous rates. This enables the EIB to offer good terms for its clients.

The **EIF** is the EIB Group's specialist provider of risk financing for small and medium-sized enterprises (SMEs).

Further information is available at [www.eib.org](http://www.eib.org) and [www.eif.org](http://www.eif.org).



### → The EIB's objectives

Supporting growth and jobs is EIB's top priority. The EIB supports access to finance for SMEs, innovation and skills, strategic infrastructure and climate action. To ensure maximum impact, the EIB is lending to sound and sustainable investment projects, advising on technical and financial aspects and often combining EU / Member States funds with its loans.

**SMEs are the key to unlock economic potential and drive employment.** SMEs account for 99% of businesses in the EU and employ two thirds of the active working population. There are some 21.6 million SMEs in the non-financial business sector, employing approx. 88.8 million people and generating almost 60% of the EU's value added.

The EIB aims to improve financing conditions and enhance access to finance for SMEs. For maximum outreach, the EIB partners with financial intermediaries through a range of products, the 'Loan for SMEs' being its flagship funding product.

### → How the EIB can support leasing

The EIB works with an extensive network of financial intermediaries including many leasing companies across the EU to support the largest number of SMEs. Given their vast expertise in national and sectoral markets and direct links to a wide range of enterprises, **leasing companies are natural partners for intermediating EIB financing to reach SMEs in the EU.**

The EIB provides leasing companies with an alternative, attractive, long-term funding source for financing their SME clients. The EIB does not interfere in the commercial or risk assessment of the financial intermediaries - the choice of the SMEs receiving EIB support remains entirely with the financial intermediary. Also, partnering with the EIB can help leasing companies to increase their visibility within the SME market segment.

This fact sheet provides summarised information on the main EIB products available for leasing companies to support SMEs in the EU.

In addition to providing funding, the EIB Group also offers various guarantee instruments (guarantees and counter-guarantees for SME leasing portfolios, including also for securitisations). For more information, please see the [EIF fact sheet](#) for the leasing companies.

## → The EIB Loan for SMEs

The main EIB funding product for leasing companies is the **Loan for SMEs**. It is a medium to long term loan to financial intermediaries, including leasing companies, typically for up to 7 years bullet or 12 years amortising. The precise structure (including security requirements e.g. also securitisation) of the loan is negotiated for each transaction, reflecting also the credit profile of the counterpart.

The leasing company will need to deploy ('allocate') the EIB funds to SMEs within an agreed period, normally up to two years. The leasing company will need to match the funds provided by the Loan for SMEs with at least the same amount of additional funding for SMEs, creating a leverage effect. The leasing company will inform the SMEs of the favourable terms made possible by the EIB's involvement and also transfer a financial advantage to the SMEs, reflecting the benefit of the EIB's funding, typically as a reduction in the interest rate for the lease contracts allocated.

## → Which leasing companies and SMEs are eligible to receive EIB funding?

Both independent leasing companies and those owned by banks may be financial intermediaries for EIB Loans for SMEs, with eligible SMEs as lessees.

Leasing entities which are linked to specific suppliers or which do not finance selected assets using a free choice of supplier are currently not eligible. Leasing companies providing consumer finance are also not eligible.

SMEs (defined as enterprises with fewer than 250 employees on a full-time equivalent basis) active in all economic sectors are eligible for EIB finance, except for a limited number of [exclusions](#) such as real estate development, production of weapons, gambling, etc.

More details on the eligibility criteria and reporting requirements for leasing companies can be found in the first issue of the EIB/Leaseurope fact sheet available [here](#).

### **EIB partnering with leasing companies 2014 highlights**

**In 2014, EIB provided more than EUR 22 billion of finance for SMEs, of which approx. EUR 1.5 billion to leasing companies for supporting SMEs in the EU.**

**About 17,000 SMEs received finance for their leasing projects and they employed more than 750,000 people.**



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## → Further information

Leasing companies are invited to contact EIB Info Desk [infodesk@eib.org](mailto:infodesk@eib.org), which will ensure the query reaches the appropriate person.

Additional information on the support to SMEs and available EIB publications can be found at [www.eib.org/smes](http://www.eib.org/smes).

For further information, feel free to contact Leaseurope at [j.bucyte@leaseurope.org](mailto:j.bucyte@leaseurope.org) or join Leaseurope's LinkedIn Group to share any questions you may have with Leaseurope.