



PRESS RELEASE

Luxembourg, 23 October 2015

The European Investment Bank is partnering with Northstar Europe and Office du Dueroire Luxembourg in the first ever EIB facility to provide buyer credit financing for European SME and Midcap exports.

The European Investment Bank (EIB) has signed a EUR 50 million facility for Northstar Europe S.A. Luxembourg to make available 'buyer credit financing' to European SME and Midcap exporters. This is the first time ever that the EIB is engaging in export financing to support the internationalisation of European SMEs and Midcaps.

The new programme will fill a market gap by offering small buyer credits and bring substantial benefits to both exporters and importers: to exporters by improving their working capital management and to importers by giving them access to buyer credits on the best terms.

The concept of a facility of this type was raised by the market gap study on SME financing originated under the Italian EU Presidency and supported and driven forward during the Latvian Presidency. While holding the EU Presidency, the Luxembourg Government has enabled this operation by agreeing that Office du Dueroire ('ODL'), the Luxembourg Export Credit Agency ('ECA'), will be part of it. It will contribute to the programme by providing its securitisation guarantee product to the EIB. Thanks to this partnership, a totally new concept has been created in the funding structures offered by the EIB.

This new facility will allow Northstar to assist eligible European exporters of capital goods and equipment to increase their exports with the backing of competitive financing for their buyers, in the form of buyer credit loans. Often, 'small' ECA-backed structured loans are administratively too costly and therefore not financially viable for the larger credit suppliers. With its streamlined approach to buyer credit lending and narrowly focused product suite, Northstar has the ability to provide 'small' structured loans of this nature.

While signing the agreements on 23 October in Luxembourg, EIB Vice-President Pim van Ballekom said: "This initiative fills an identified gap in financial markets, offering vendor finance for 'small' export sales on the best terms. We believe that this unique partnership approach, combining the strengths of the EIB, the Export Credit Agencies and Northstar, will create value and make a difference for exporting European SMEs. The EIB is and will remain committed to supporting European businesses in their internationalisation strategies."

"With this novel facility from the EIB and with its commitment to helping increase European exports and provide more concentrated backing for the internationalisation of European SME and Midcap producers, we will contribute to the creation of a more level playing field for the smaller European exporter", said Matthias Wietbrock, Managing Director of Northstar Europe S.A.

The financing scheme will be run according to the standard procedures of NSE, whereby financing is provided by Northstar, from the funding from the EIB, to importers of European goods globally under an Export Purchase Loan Agreement. The scheme has the backing of 'ODL' under the tried and tested structures of ECA financing and with the support of the ECA of the exporters' country, working together in a unique European partnership model.

Note to the editors

Northstar Europe S.A., Luxembourg, is a public private partnership founded in 2009 and owned in part by the Luxembourg Government through ODL and the Société National de Crédit et d'Investissement ('SNCI'), and in part by the Canadian trade finance provider Northstar Trade Finance Inc ('NSTF'). With a focus on SMEs and Midcaps, the company provides ECA-credit insured structured term trade finance to purchasers of European capital goods exports. With loan sizes ranging generally from EUR 500,000 to a maximum of EUR 10 million, transactions to be funded by the Company are ones that, because of their size or term, would otherwise not have had funding generally available to them. The Company fills a recognised gap in financial markets, providing vendor finance for export sales.

The European Investment Bank (EIB) is the long-term lending institution of the European Union owned by its Member States. It makes long-term finance available for sound investments in order to contribute towards EU policy goals.

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