Press Release

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EIB and DZ BANK boost funding for municipal utilities and network operators

DZ BANK AG
Deutsche Zentral-
Genossenschaftsbank

Press Office

- The European Investment Bank (EIB) is providing guarantees totalling €500 million
- Risk-sharing enables additional financing of up to €1.2 billion
- Support for local municipal utilities and network operators with their investments in energy, heating and water infrastructure

The European Investment Bank (EIB) and DZ BANK are joining forces to support local municipal utilities and network operators with their investments in energy, heating and water infrastructure. As part of its "Growth4Energy" initiative, the EIB is providing DZ BANK with guarantees totalling €500 million. Thanks to the risk-sharing arrangement, DZ BANK is able to provide additional financing of up to €1.2 billion. The cooperation agreement was concluded at a formal signing ceremony held at DZ BANK's premises.

The energy and heating transition requires substantial investment. The German Association of Energy and Water Industries (BDEW) and EY estimate that investment requirements in Germany will amount to more than €700 billion by 2030.

Local municipal utilities and network operators play a crucial role in this mammoth task. However, smaller and medium-sized utilities in particular often have only limited financing options. They often find it difficult to meet the requirements of capital market financing and are particularly reliant on bank loans.

In terms of financing, banks may in future come up against lending limits in this sector. The EIB guarantee addresses this obstacle: It covers up to 50 per cent of DZ BANK's credit risk in relation to the respective borrower. This takes the pressure off the bank and creates scope for additional loans. This enables DZ BANK to finance projects involving larger loan amounts or longer terms.

Stefan Beismann, Head of Corporate Banking at DZ BANK, says: "Municipal utilities and network operators must now invest in networks, storage facilities and generation capacity to ensure that the infrastructure keeps pace with the demands of the energy and heating transition." For smaller utilities in particular, financing is at risk of becoming a bottleneck. "Together with the EIB, we can offer our customers a wider range of financing options whilst strengthening our position in this growing market."

Nicola Beer, Vice-President of the European Investment Bank, says: "High energy prices are putting a strain on households and businesses alike. This makes it all the more important that municipal utilities are able to modernise their networks and heating supply. Through our guarantee,

we are helping DZ BANK to raise additional funds for these investments. This is how we help to strengthen local infrastructure and ensure a reliable energy supply."

The initiative focuses on the expansion and modernisation of electricity distribution networks and district heating systems, as well as investment in water and wastewater infrastructure. The guarantee is aimed in particular at local infrastructure projects with investment costs of up to €80 million.

About DZ BANK:
DZ BANK AG, Deutsche Zentral-Genossenschaftsbank in Frankfurt am Main, is the central institution of the Volksbanken Raiffeisenbanken Cooperative Financial Group and the central bank for all German cooperative banks, in which it holds a majority stake. Its remit is to support the operations of the many independent local co-operative banks and to strengthen their competitive position.

About the EIB Group:
The **European Investment Bank Group** (EIB Group) is the EU's financing arm and is owned by its 27 Member States. It funds projects that support the EU's key objectives. The European Investment Fund (EIF) facilitates access to capital for small and medium-sized enterprises and start-ups, and aims to mobilise up to €80 billion for innovative companies in partnership with investors.

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