

## Case Study

# *Türkiye Risk Participation Program* Global Development Institution

## Funded Risk Participation Program Supports Turkish Economy and Climate Agenda

### The Client

This global development institution provides investment, advisory, and asset management solutions that promote private-sector growth in less developed countries.

### The Challenge

Financial intermediaries play a crucial role in all economies, providing credit to local importers and exporters along key value chains across a wide variety of sectors. In Türkiye, many of these institutions continue to face trade and supply chain disruptions caused by COVID-19 as well as wider economic challenges. In order to keep the economy growing, there is a need for increased financing to improve the availability of credit to local importers and exporters.

Citi has a market-leading Financial Institutions Group franchise in Türkiye, which provides a broad range of services including cash clearing, trade finance,

markets, and debt capital markets origination. To enhance Citi's ability to participate in Turkish banks' syndicated loans, Citi recently entered into a new risk participation program with a global development institution that will enable it to continue to supply credit to these key financial institutions and, in turn, their clients.

### The Solution

The program is a 39-month funded risk sharing facility where Citi and the global development institution each share the risk, on an up-to-50/50 basis, in a portfolio of up to \$200 million of term loans that Citi provides to financial institutions in Türkiye. The project is part of a wider COVID-19 response, through which the global development institution plays a countercyclical role at a time when the appetite of lending institutions and other investors may be subdued due to the negative economic impacts of the global pandemic.

The global development institution operates a trade initiative to support equipment and projects that have clearly defined climate change benefits. As part of the agreement, Citi and each Turkish bank will use 50% of the proceeds from Citi's portion in the syndicated loan for climate-eligible trade.

### The Result

This risk sharing program for Türkiye is a first-of-its-kind risk sharing facility for term loans and establishes a template that can be scaled and replicated. It not only provides vital support to the Turkish economy, helping to drive the recovery and prosperity of this key regional country, but also furthers the global development institution's climate change mitigation efforts.