

## Spain: COVID-19 – EIB Group and BBVA provide €1.423 billion for SMEs and mid-caps affected by the crisis



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The European Investment Bank (EIB) Group and BBVA are set to join forces to support Spanish small and medium-sized enterprises (SMEs) and mid-caps affected by the COVID-19 crisis, signing two agreements to provide total financing of €1.423 billion.

The EIB will grant €450 million to BBVA, which will in turn add a further €450 million, bringing the financing made available to the SMEs and mid-caps in question to €900 million.

In addition, the EIB Group – via the European Investment Fund (EIF), its subsidiary specialising in venture capital for SMEs – has provided BBVA with an €87 million guarantee for an SME loan portfolio via synthetic securitisation. This agreement will enable BBVA to expand its lending capacity and grant €523 million in extra financing at a critical time for the Spanish economy. The EIB Group is providing this guarantee under the [Investment Plan for Europe](#), the support of which enables the EU bank to expand its capacity to finance investment projects that have a higher risk profile owing to their structure or nature.

These two agreements are part of the package of financial measures deployed by the EIB Group as a rapid response to the crisis caused by the pandemic. In concrete terms, in March the EU bank approved measures to mobilise up to €28 billion by providing guarantees and financing and taking other actions to mitigate the shortage of working capital among SMEs and mid-caps, in cooperation with financial intermediaries in the EU Member States. At the same time, the EIB Group is reorienting its operations and making its internal processes more flexible in order to meet the financing needs created by COVID-19 and offer assistance to European businesses as soon as possible.

The COVID-19 economic shock has affected 96% of Spanish SMEs, and over 85% believe it will be difficult for them to survive, according to a report from the Spanish Confederation of Small and Medium-sized Enterprises (CEPYME). The two agreements signed by the EIB Group and BBVA will make it possible to provide financing to SMEs and mid-caps across all sectors of the Spanish economy, with a view to offering liquidity and also helping to finance their operating costs.

**EIB Vice-President Emma Navarro, who is responsible for the Bank's operations in Spain,** said: *"Supporting small and medium-sized enterprises is a priority for the European Investment Bank, which is why we have launched various initiatives since the beginning of this crisis to meet their most urgent financing needs. We are delighted to strengthen our partnership with BBVA to continue providing this support to Spanish SMEs and mid-caps, offering them substantial additional resources at a critical time. Agreements like these are key to protecting industry and jobs, and to consolidating Spain's economic recovery as soon as possible."*

**BBVA CEO Onur Genç** added: *"From the beginning of the crisis, BBVA has been striving to help our customers to overcome this difficult situation. This agreement enables us to continue providing financial assistance to small and medium-sized enterprises to contribute to mitigating the impact of the crisis on their businesses, thereby helping to make the recovery as fast and as strong as possible."*

## **EIB response to COVID-19**

The EIB Group is playing a key role in directly combating COVID-19 by supporting EU efforts to halt the spread of the pandemic, find a cure for the illness and develop a vaccine. To this end, the EU bank is prioritising all investments related to the health sector and research and development programmes focusing on this goal. The EIB's current project portfolio for supporting both critical healthcare infrastructure and research and development investments in the EU health sector stands at around [€6 billion](#). The EIB and the World Health Organization also recently signed an [agreement to drive cooperation between the two institutions and work together](#) to strengthen healthcare systems in the countries most vulnerable to the pandemic.

To combat the economic impact of this crisis and as part of the package of measures the EU is deploying to tackle the economic effects of the pandemic, on 23 April the European Council approved the EIB Group's creation of a

[€25 billion pan-European COVID-19 guarantee fund](#) focusing primarily on supporting SMEs across the EU. The fund will make it possible to mobilise up to an estimated €200 billion of additional financing.

Under the initial package of financial measures approved in March, the EIB is offering an asset-backed securities (ABS) purchase programme to enable banks to pass on the risk of their SME loan portfolios to the EIB, with the aim of mobilising €10 billion. The EU bank is also adapting its existing financing instruments shared with the European Commission to mobilise up to €10 billion in additional financing for European SMEs and mid-caps. For its part, the [EIF](#) (the venture capital specialist subsidiary of the EIB Group) is offering specific EU-backed guarantees to financial intermediaries that will [help to mobilise up to €8 billion](#).

[More detailed information on the support offered by the EIB and EIF](#)