

Spain: EIB Group and Santander provide over €900 million to support SMEs affected by the COVID-19 crisis



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- The EIB Group is subscribing a total of €198 million of the securitisation issued by Santander to support SMEs and mid-caps affected by the COVID-19 crisis.
- The EU bank is granting this loan as part of its package of emergency measures to support European companies.
- Some of these funds will be provided under the European Fund for Strategic Investments (EFSI).

The European Investment Bank (EIB) is joining forces with Santander to provide financing on favourable terms to the Spanish small and medium-sized enterprises (SMEs) and mid-caps affected by the economic impact of COVID-19. To this end, the EIB and the European Investment Fund (EIF) will subscribe several tranches of a synthetic securitisation of a SME loan portfolio originated by Banco Santander, enabling the Spanish bank to provide more than €900 million of financing to inject liquidity and support SME investments.

The EIB will subscribe €193 million from Banco Santander's securitisation, with the latter committing to offer financing on favourable terms to the SMEs affected by the pandemic. This will boost the recovery of Spanish industry

and support SMEs projects with an innovative focus, such as information and communication technologies (ICT). Part of this EIB financing is supported by the [European Fund for Strategic Investments \(EFSI\)](#).

In addition, the [EIF](#) (the EIB Group subsidiary specialising in SME financing) will subscribe a further €5 million from the same securitisation. Under this agreement, Santander will finance the investments of Spanish SMEs that aim to support climate change mitigation and adaptation.

The EIB Group is carrying out this operation as part of the initiatives it launched in March as a rapid response to the crisis caused by the pandemic. The EIB has also taken extraordinary measures to speed up its processes and make its internal policies more flexible in order to – among other things – deploy its support as quickly as possible and finance expenses that it would not normally cover, such as the operating costs of European businesses. The agreements signed with Banco Santander fall under this strategy.

EIB Vice-President [Ricardo Mourinho Félix](#), who is responsible for the EU bank's operations in [Spain](#), said: *"I am very proud that my first official announcement as EIB Vice-President is the signature of an operation aimed at supporting SMEs to cope with the systemic impact of COVID-19, one of the key priorities for the EIB Group. The participation of the EU Bank in this securitisation will support Santander to mobilise more than €900 million, fostering the green investments of Spanish SMEs as well as their projects focused on innovation and digitalisation. Agreements like these are essential for driving productivity and safeguarding jobs, and for boosting a sustainable and inclusive recovery of the Spanish economy."*

European Commissioner for the Economy, Paolo Gentiloni, said: *"Once more the Investment Plan is joining forces with the EIB and EIF to support lending to SMEs hit hard by the COVID-19 crisis. The newly available financing from Banco Santander in Spain will benefit a large number of small and medium-sized companies, especially those operating in the digital sector or seeking to adapt to climate change."*

EIB response to COVID-19

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.

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.

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

Supporting small and medium-sized enterprises (SMEs) is one of the EIB Group's key priorities in Spain. The Bank dedicated over €4.8 billion to this goal last year, representing 57% of the EIB Group's activity in Spain, which received more support for SMEs than any other country. These funds benefited more than 82 600 Spanish companies employing 766 000 people.

Banco Santander (SAN SM, STD US, BNC LN) is a leading retail and commercial bank, founded in 1857 and headquartered in Spain. It has a meaningful presence in 10 core markets in Europe and the Americas, and is one of the largest banks in the world by market capitalisation. Its purpose is to help people and businesses prosper in a simple, personal and fair way. Santander is building a more responsible bank and has made a number of commitments to support this objective, including raising over €120 billion in green financing between 2019 and 2025, as well as financially empowering more than 10 million people over the same period. At the end of the first half of 2020, Banco Santander had over €1 trillion in total funds, 146 million customers, of which 21.5 million are loyal and 40 million are digital, 11 800 branches and 194 000 employees.