



## PRESS RELEASE

Luxembourg, 2021-06-21

### **Germany: EIB Group and LBBW join forces to support small and medium-sized companies in the COVID-19 crisis**

- **EIB Group synthetic securitisation will enable LBBW to lend up to €570 million to small and medium-sized companies in Germany in response to COVID-19**
- **The operation is backed by an EFSI guarantee under the Investment Plan for Europe**

The European Investment Bank (EIB) Group has provided a guarantee of €95 million to Landesbank Baden-Württemberg (LBBW). The guarantee will provide capital release for LBBW and enable Germany's biggest Landesbank to provide new lending of up to €570 million to small and medium-sized companies. The transaction is expected to support smaller businesses in their recovery from liquidity shortages caused by the COVID-19 crisis. The EIB expects the overall lending to expand to €800 million via the engagement of additional lenders, and the transaction is expected to support 28 000 jobs.

The transaction benefits from the support of the European Fund for Strategic Investments (EFSI). EFSI is the central pillar of the Investment Plan for Europe, in which the EIB Group and the European Commission are strategic partners to mobilise investments in the European economy. The EIB Group consists of the European Investment Bank (EIB) together with the European Investment Fund (EIF), which provides smaller companies with loans under favourable conditions.

The EIF will issue a €95 million guarantee to LBBW covering a mezzanine tranche of a €1.8 billion loan portfolio in a synthetic securitisation structure. A counter guarantee (back to back) from the EIB will fully mirror the EIF's obligation, so that the EIB takes on the mezzanine risk with LBBW.

"Due to COVID-19, many companies are experiencing a slump in demand for their goods and services, a lot of them are even struggling to stay in business," said EIB Vice-President Ambroise Fayolle, who is responsible for operations in Germany and EFSI. "Transactions like this one with LBBW are crucial to making financing for these companies available. They help companies to weather the crisis and secure tens of thousands of jobs. I am glad that we can rely on LBBW as a trusted partner to provide the financial means so badly needed by businesses in Germany in these challenging times."

EIF Chief Executive Alain Godard added: "The EIF is pleased to be working with LBBW and the EIB to provide additional access to finance for SMEs and mid-caps. The combination of the EIF's investment and structuring expertise and the EIB's efficient deployment of EFSI funds offers a competitive financing solution for LBBW that will serve to boost the supply of finance in the real economy. In these trying times, it is important that we work together with trusted partners to generate much-needed support for European businesses."

European Commissioner for the Economy, Paolo Gentiloni, said: "I welcome this support for small and medium-sized German businesses through the Landesbank Baden-Württemberg, which is backed by a guarantee from the EIB Group and the Investment Plan for Europe. Thanks to this agreement, companies will have additional access to finance to maintain their operations and safeguard jobs. We will continue to show strong support for businesses in these difficult times."

Karl Manfred Lochner, the member of LBBW's Board of Managing Directors responsible for corporate banking, said: "For LBBW, the top priority is to support its customers in this crisis and at the same time reliably assist them in their transformation. It is particularly difficult for SMEs to invest sufficiently in research and innovation in the current situation."

"Therefore, we are pleased to be one of the first German banks to take advantage of this opportunity with the EIB in the current crisis to provide our customers with discounted financing," added Jürgen Harengel, Managing Director of corporate banking.

Dr Christian Ricken, Member of the Board of Managing Directors responsible for the capital markets at LBBW, said: “The transaction is an excellent example of how capital market instruments can be cleverly used to create additional financing opportunities for SMEs.”

“Capital market solutions can also add value for SMEs in many other areas. We therefore intend to further expand our activities in a focused manner”, added Christian Sagerer, Head of the Financial Institutions & Corporates division at LBBW.

## **Background information:**

### **About the EIB**

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 investment in order to contribute towards EU policy goals.

### **About the EIF**

The European Investment Fund (EIF) is part of the EIB Group. Its central mission is to support Europe's micro, small and medium-sized businesses by helping them to access finance. The EIF designs and develops both venture and growth capital, guarantees and microfinance instruments which specifically target this market segment

### **About LBBW**

Landesbank Baden-Württemberg (LBBW) is both a Mittelstand-minded universal bank and the central bank of the savings banks in Baden-Württemberg, Saxony and Rhineland-Palatinate. With total assets of €276 billion and 10 000 employees (as of 31 December 2020), LBBW is one of the largest banks in Germany. Its core activities are corporate banking, in particular for small and medium-sized enterprises, and retail banking, as well as savings banks. A further focus is on real estate financing and the customer-oriented capital market business with banks, savings banks and institutional investors.

### **About the Investment Plan for Europe**

The Investment Plan for Europe is one of the EU's top priorities to boost investment and to create jobs and growth by making smarter use of existing and new financial resources. The EIB Group is playing a vital role in this investment drive. Through guarantees from the European Fund for Strategic Investments (EFSI), the EIB and the EIF are able to take on a higher share of project risk, encouraging private finance providers to participate in projects. In addition, EFSI is accompanied by a new advisory service, the European Investment Advisory Hub, which enables public and private project operators to structure their investment projects more professionally. The projects and agreements approved for financing under EFSI so far are expected to mobilise €546.5 billion in investments and support more than 1.4 million start-ups and SMEs across all EU Member States.

## **Press contacts:**

### **LBBW**

Bernd Wagner  
Team manager – Press  
+49 711 127 76402  
[Bernd.A.Wagner@LBBW.de](mailto:Bernd.A.Wagner@LBBW.de)

### **EIB**

Donata Riedel  
Senior Media Officer Germany & Austria  
+49 30 590047912  
[d.riedel@eib.org](mailto:d.riedel@eib.org)

### **European Commission**

Flora Matthaes  
Spokesperson's Service  
+32 460 755148  
[flora.matthaes@ec.europa.eu](mailto:flora.matthaes@ec.europa.eu)