



PRESS RELEASE

Luxembourg, 13 December 2022

Germany: EIB Group and LBBW join forces once again to support to small businesses

- **LBBW will provide loans of up to €960 million on favourable terms to small businesses (SMEs) in Germany.**
- **The synthetic securitisation transaction between the EIB, EIF and LBBW aims to assist SMEs with their recovery from the negative impact of the coronavirus pandemic and inflation.**
- **The junior tranche in the transaction is backed by the European Guarantee Fund (EGF), part of the European Union's €540 billion COVID-19 response package.**

The European Investment Bank (EIB) Group has provided a junior tranche guarantee of €160 million to Landesbank Baden-Württemberg (LBBW) in a synthetic securitisation operation. The transaction will release capital for LBBW and enable Germany's biggest provincial bank (*Landesbank*) to provide new lending of €960 million to small businesses (SMEs). The transaction is expected to help these businesses to recover from pandemic-induced liquidity shortages.

The EIB expects the addition of further lenders to expand the overall lending to €1.34 billion, supporting 24 000 jobs.

The transaction is supported by the European Guarantee Fund (EGF). The EGF has been designed to be a high-risk, high-impact intervention of limited time. Its goal is to respond to the economic impact of the coronavirus pandemic by ensuring that eligible entities and primarily SMEs in the participating EU Member States have sufficient liquidity available. While the most prominent economic symptoms of the COVID-19 crisis are fading, the economic risks, in particular in light of currently rising commodity prices and inflation, continue to prevail. Improved access to finance helps companies to weather the crisis in the medium and long term.

The EIB Group consists of the EIB and the European Investment Fund (EIF), which provides smaller companies with loans under favourable conditions. The new guarantee will be provided by the EIF to LBBW. A (back-to-back) counter guarantee from the EIB will fully mirror the EIF's obligation, so that the EIB takes on the junior risk with LBBW.

EIB Vice-President Ambroise Fayolle, who is responsible for operations in Germany, said: "Transactions like this one with LBBW are crucial to making financing for SMEs 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 EGF 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."

Member of the Executive Management Board of LBBW Christian Sagerer said: "Serving the European economy by actively supporting corporates as a trustworthy and reliable partner is part of LBBW's DNA. Thanks to our partners the EIB and EIF and our second joint transaction, we are able to further support the European economy and especially German small and medium-sized corporates with additional liquidity."

Background information:

The **European Investment Bank (EIB)** is the long-term financing institution of the European Union. Its shareholders are the EU Member States. The EIB's remit is to contribute to the achievement of the European Union's policy objectives by providing long-term finance for viable projects. The EIB's activities focus on the following priority areas: climate and environment, development, innovation and skills, small and medium-sized businesses, infrastructure and cohesion. The EIB works closely with other EU institutions to foster European integration, promote the development of the European Union and support EU policies in over 140 countries around the world.

The **European Investment Fund (EIF)** is part of the **European Investment Bank Group**. Its central mission is to support Europe's micro, small and medium-sized enterprises (SMEs) by helping them to access finance. The EIF designs and develops venture and growth capital, guarantees and microfinance instruments that specifically target this market segment. In this role, the EIF contributes to the pursuit of key EU policy objectives such as competitiveness and growth, innovation and digitalisation, social impact, skills and human capital, climate action and environmental sustainability and more.

The **European Guarantee Fund** was founded by the EIB Group (EIB and EIF) with contributions from EU Member States to protect businesses that are struggling due to the crisis caused by COVID-19. With almost €25 billion in guarantees, this fund enables the EIB and the EIF to provide companies, mainly small businesses and mid-caps, with quick access to loans, guarantees, securities and other financial instruments. The European Guarantee Fund forms part of the recovery package adopted by the European Union aiming to provide €540 billion in total to support the sectors of the EU economy most badly affected.

Landesbank Baden-Württemberg (LBBW) is both an SME-minded universal bank and the central bank of the savings banks in Baden-Württemberg, Saxony and Rhineland-Palatinate. With total assets of €282 billion and 10 000 employees (as of 31 December 2021), LBBW is one of the largest banks in Germany. Its core activities are corporate customers — particularly small and medium-sized enterprises — and private customers, as well as savings banks. Further emphasis is placed on real-estate financing and customer-oriented capital market business with banks, savings banks and institutional investors.

Press contacts

EIB

Donata Riedel, d.riedel@eib.org, tel.: +49 30 590047 90, mobile: +49 151 14659021

Website: www.eib.org/press — Press Office: +352 4379 21000 — press@eib.org



LBBW

Bernd Wagner, Bernd.A.Wagner@LBBW.de, tel. +49 711 127 76402, mobile +49 151 416 40 377

Website: www.lbbw.de — presse@LBBW.de

