

## Spain: EIB Group and Santander provide almost €760 million for SMEs affected by COVID-19



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- **The EIB is providing this loan as part of its initial package of emergency measures to support European companies.**
- **Some of the funds will go to businesses operating in the agri-food sector and to investment in renewing transport fleets.**

The European Investment Bank (EIB) and Santander have signed several agreements to support Spanish companies affected by the economic impact of the pandemic. With this goal in mind, the EU bank will provide the Spanish institution with €757 million to inject liquidity and finance the investments of small and medium-sized enterprises (SMEs) and mid-caps at a particularly difficult time. Under this agreement, it will be possible to offer them financing with favourable conditions in terms of both interest rates and maturity periods to drive the recovery of Spanish industry.

The EIB is providing these funds as part of the initiatives it launched as a rapid response to the crisis caused by the pandemic. In concrete terms, in March the EU bank approved an [initial response](#) to mobilise up to €28 billion in financing by providing bridging loans and deferral periods 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. The EIB Group 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.

Under the agreements signed with Santander, €100 million will be specifically targeted at financing the investment projects of SMEs operating in the agri-food sector and affected by the crisis caused by the pandemic, and a further €100 million will be used by Santander Consumer Finance to provide liquidity to Spanish SMEs affected by the COVID-19 crisis and that need to renew their transport fleets with new, more efficient and environmentally friendly vehicles. This credit line will also make it possible to purchase agricultural equipment and buses.

**EIB Vice-President Emma Navarro, who is responsible for the EU bank's operations in Spain,** said: *“The EIB is proving to be a key component of the EU response to the COVID-19 crisis. We have adapted our activities to the new reality and have implemented a package of emergency measures aiming to support European industry and protect our SMEs. We are delighted to expand our cooperation with Santander to continue offering this support and granting financing to the businesses that need it most, helping them to remain operational and make the investments necessary to improve their competitiveness.”*

### **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** is available on the following website: [www.eib.org/covid-19](http://www.eib.org/covid-19)

### **Background information**

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 quarter of 2020, Banco Santander had €1 trillion in total funds, 146 million customers, of which 21.3 million are loyal and 38.3 million are digital, 11 900 branches and 195 000 employees. Banco Santander made underlying profit of €1.977 billion in the first quarter of 2020, an increase of 1% compared to the same period of last year.