

# EIB Group and Commerzbank join forces for additional lending to SMEs and Mid-Caps



- Up to EUR 400m fresh money for innovative businesses
- Support of EU bank provided under Investment Plan for Europe

The EIB Group, consisting of the European Investment Bank (EIB) and the European Investment Fund (EIF), has provided a mezzanine tranche guarantee of around EUR 100m to Commerzbank AG on a EUR 1.500m granular portfolio of loans to SMEs and Mid-Caps originated by Commerzbank in its ordinary business. The guarantee will release regulatory capital for Commerzbank and will enable Commerzbank to provide further lending of up to EUR 400m to innovative SMEs and Mid-Caps in Germany.

The transaction was made possible by the support of the “European Fund for Strategic Investments” (EFSI). The EFSI is the central pillar of the “[Investment Plan for Europe](#)”, or Juncker-Plan, in which EIB Group and the European Commission are strategic partners to strengthen the competitiveness of the European economy. Under the guarantee, EIB takes on the mezzanine risk under a synthetic securitisation transaction with Commerzbank. EIF is fronting the operation by providing a guarantee to Commerzbank in relation to an existing portfolio of SME and Mid-Cap loans. EIB will provide a back-to-back counter-guarantee to EIF which will fully mirror EIF’s obligations under

its guarantee.

EIB Vice President Ambroise Fayolle, in charge of innovation and operations in Germany, commented: “The transaction clearly leverages EIB Group synergies, and strengthens Commerzbank’s capacity to provide fresh funds to innovative companies. This is a top priority for the EIB Group as SMEs and Mid-Caps are responsible for the creation of one in every two new jobs. Only this new operation with Commerzbank is expected to support nearly 60000 jobs. Therefore I am very glad that we are continuing our long and successful cooperation with Commerzbank in providing fresh access to finance for innovative businesses in Germany.”

EIF Chief Alain Godard: “EIF is pleased to be working with Commerzbank and the EIB to provide additional access to finance for SMEs and Mid-Caps. The combination of EIF’s investment and structuring expertise and the EIB’s efficient deployment of EFSI funds offer a competitive financing solution for Commerzbank which will serve to boost the supply of finance in the real economy.”

Roman Schmidt, Head of Capital Markets, Commerzbank AG said: “Commerzbank is Germany’s leading bank for SME and mid-cap lending and has been proudly co-operating with promotional banks for many years. This innovative product helps us to satisfy increasing client demands whilst providing the opportunity to manage our capital. Closing this consecutive synthetic securitisation under EFSI is a further proof of Commerzbank’s innovative spirit as well as a commitment to further support the German Mittelstand at competitive conditions.”

## **Background information:**

### **About Commerzbank**

Commerzbank is a leading international commercial bank with branches and offices in nearly 50 countries. The Bank’s two business segments – Private and Small-Business Customers and Corporate Clients – offer a comprehensive portfolio of financial services precisely tailored to their customers’ needs. Commerzbank transacts approximately 30% of Germany’s foreign trade and is the market leader in German corporate banking. The Bank offers its sector expertise to its corporate clients in Germany and abroad and is a leading provider of capital market products. Its subsidiaries, Comdirect in Germany and mBank in Poland, are two innovative online banks. With approximately 800 branches going forward, Commerzbank has one of the densest branch networks in Germany. The Bank serves more than 11 million private and small-business customers nationwide and over 70,000 corporate clients, multinationals, financial service providers, and institutional clients worldwide. Its Polish subsidiary mBank S.A. has around 5.6 million private and corporate customers, predominantly in Poland, but also in the Czech Republic and Slovakia. In 2019, Commerzbank generated gross revenues of €8.6 billion with approximately 48,500 employees.

### **About the European Investment Bank**

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 Investment Plan for Europe**

The Investment Plan for Europe, the Juncker Plan, 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 the 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 the EFSI so far are expected to mobilise €458.8 billion in investments and support around more than one million start-ups and SMEs across all 28 Member States.

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### **Disclaimer**

This release contains forward-looking statements. Forward-looking statements are statements that are not historical facts. In this release, these statements concern inter alia the expected future business of Commerzbank, efficiency gains and expected synergies, expected growth prospects and other opportunities for an increase in value of Commerzbank as well as expected future financial results, restructuring costs and other financial developments and information. These forward-looking statements are based on the management's current plans, expectations, estimates and projections. They are subject to a number of assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from any future results and developments expressed or implied by such forward-looking statements. Such factors include the conditions in the financial markets in Germany, in Europe, in the USA and other regions from which Commerzbank derives a substantial portion of its revenues and in which Commerzbank holds a substantial portion of its assets, the development of asset prices and market volatility, especially due to the ongoing European debt crisis, potential defaults of borrowers or trading counterparties, the implementation of its strategic initiatives to improve its business model, the reliability of its risk management policies, procedures and methods, risks arising as a result of regulatory change and other risks. Forward-looking statements therefore speak only as of the date they are made. Commerzbank has no obligation to update or release any revisions to the forward-looking statements contained in this release to reflect events or circumstances after the date of this release.

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# ESMA finds continued high risks as financial markets remain highly volatile

The European Securities and Markets Authority (ESMA), the EU's securities regulator, today publishes the first [Trends, Risks and Vulnerabilities \(TRV\) report of 2020](#). ESMA identifies continued high risks and a weaker economic outlook as markets remain highly sensitive to geopolitical events. The risk outlook is stable, however risks are high, particularly in the securities markets and for retail investors.

This TRV is the first report since the entry into force of the new ESA Regulation on 1 January 2020 and, in line with ESMA's new mandate, includes new sections about sustainable finance and consumer protection.

## **Risk outlook is stable, with an increase in potential sources of financial risk**

- **Market risk** remained very high in the second half of 2019, due to excessive asset valuations in the context of weaker growth prospects, looser monetary policy and continuing uncertainties such as those on Brexit and on US-China trade relations. Equity markets experienced recurring episodes of volatility and bond spreads tightened in signs of continuing search-for-yield. Markets remained highly sensitive to events, as was visible in reactions to recent oil price shocks and the US repo squeeze;
- **Credit risk** and **liquidity risk** remained high. Credit risk, in particular, remains elevated with deteriorating corporate debt quality and increasing risks of *fallen angels* (bonds being downgraded to below BBB) as the share of BBB-rated debt grows;
- **Consumer risks** persist across key investment products as market risks increase. Overall, retail investors remained cautious, predominantly allocating savings to bank deposits;
- **Looking ahead**, ESMA sees a weaker economic outlook and continuing uncertainty over the potential impact of the coronavirus, global trade negotiations and Brexit.

## **Focus on risks in bonds, BigTech and short-termism**

This TRV also takes an in-depth look at specific risk issues in three articles:

- **EU funds risk exposure to potential bond downgrades:** ESMA has simulated the impact of a wave of downgrades of fallen angels on bond funds and finds that the direct impact would moderately affect fund performance.

Asset sales from bond funds would only have a limited and non-systemic impact on asset prices, though EU bond funds could amplify certain shocks;

- **BigTech – implications for the financial sector:** This article looks at the importance of large technology firms (BigTechs) that increasingly offer financial services, taking advantage of their vast customer networks, data analytics and brand recognition. ESMA's analysis considers the impact these firms could have and concludes that regulatory cooperation is needed to manage financial stability risks that could arise as BigTechs increase market concentration; and
- **Short-termism pressures from financial markets:** ESMA considers the recent evidence collected by a survey on drivers of short-termism, carried out in response to the European Commission's request to collect information on potential undue short-term pressures in financial markets. Survey results suggest that the misalignment of investment horizons and the remuneration of fund managers and executives could be a potential source of undue short-termism.

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## [Press release – Discussions kick off among MEPs and national MPs on economic governance](#)



The opening, chaired by Economic and Monetary Affairs Committee Chair Irene Tinagli (S&D, IT), saw interventions from top European politicians leading the implementation of economic governance and its reforms.

Ms Tinagli highlighted the areas where progress is most pressing and on which the European Parliament is working, including completing the banking union

and the capital markets union, reforming the architecture of economic governance and more particularly, making economic governance more democratically accountable.

Commission Executive Vice-President Dombrovskis and Commissioner Gentiloni presented the institution's plans to review the architecture of economic governance. Eurogroup President Centeno laid out what finance ministers would be prioritising in the coming months. Zdravko Marić, the current ECOFIN chair, presented the priorities of the Croatian Presidency of the Council.

Fabio Panetta, Executive Board member of the ECB also presented the Eurozone's monetary outlook and described the actions that the ECB still deems necessary to complete the economic and monetary union (EMU).

You can watch the [opening debate here](#).

The meeting will continue on Tuesday and Wednesday with debates among parliamentarians on taxation, financial services as well as the fight against poverty and the EU long-term budget (MFF).

EP President David Sassoli will open the plenary debate on Wednesday morning on climate change and the role that EU economic, budgetary and social policies can play in this regard.

All information on the gathering can be found [here](#), including all links to the different webstreams of the sessions taking place between Tuesday and Wednesday. The programme is [here](#).

## **Background**

The European Parliamentary Week, as the gathering is known, brings together Parliamentarians from across the EU, candidate and observer countries to discuss economic, budgetary and social matters. It consists of the European Semester Conference and the Interparliamentary Conference on Stability, Economic Coordination and Governance in the European Union.

The aim is to increase democratic oversight of EU economic governance and provides an opportunity to exchange information on best practices in implementing the Semester cycles.

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**[Gender in the EU policy areas: 19 tailor-made reading lists](#)**



**Drafting a report? Writing your thesis? If the topic is gender equality, EIGE's collection of grey literature can help. We have put together 19 reading lists to make it easier to find what you're looking for.**

EIGE's library hosts one of the largest collections of gender-related grey literature from government institutions, universities, research institutes and civil society. We have now condensed this information into 19 publications that present available resources in each of the EU's policy areas.

EIGE's collection of grey literature provides new perspectives across policy areas. How can you bring together agriculture and nutrition using a gender lens? How can dialogue help the integration of young migrant women into secondary education? These and other questions are answered in the reports, working papers, government documents, white papers and evaluations that make up EIGE's grey literature collection.

The 19 tailor-made reading lists present literature on current EU policies, gender indicators and data, and the situation of gender mainstreaming. Resources come from all EU Member States and are available in several EU languages.

In addition to grey literature, our online library gives access to policy documents, books, articles, studies and specialised databases. EIGE collaborates with 19 other libraries to provide access to over half a million resources on gender equality, which you can find on [EIGE's website](#). We welcome new resources to the collection – if you have something to share you can get in contact at: [rdc@eige.europa.eu](mailto:rdc@eige.europa.eu).

Further reading

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## [Service Charter: 2019 Annual Figures Results Available](#)

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