

## PRESS RELEASE

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### **MPS to provide EUR 450 million financing to Italian SMEs in Southern Italy, thanks to EIF “SME Initiative” securitization transaction**

- **The European Investment Fund (EIF, part of the EIB Group) and Banca Monte dei Paschi di Siena (BMPS or the Bank) signed an agreement to grant €450 million of new loans to medium-sized businesses in Southern Italy, over the next three years**
- **BMPS will provide the new loans with long maturities and at favorable terms, thanks to a guarantee on a portfolio of BMPS existing loans released by the EIF**

Banca Monte dei Paschi di Siena (BMPS) and the European Investment Fund (EIF, part of the EIB Group) signed an agreement, allowing the Bank to grant €450 million of loans to SMEs located in 8 Southern Italy regions in the next 3 years, at favorable terms and with long tenors. This is realized under the “SME Initiative” agreement of the European Union, which is based on EU Structural and Investment Funds (ESIF), made available by the Ministry of Economic Development (MISE), and is being implemented in combination with funds from the European Union’s COSME program (Competitiveness of Enterprises and Small and Medium-Sized Enterprises), as well as EIF own resources.

The favorable conditions on the loans are achieved thanks to a structured finance project defined as “risk transfer”, implemented by combining funds managed at national (or regional) level with resources from the European Union programme, as well as EIF resources. The “SME Initiative” agreement is created in the form of a synthetic securitisation operation on a portfolio of existing loans of BMPS, using these funds to cover the first losses of the portfolio.

The transaction confirms the long relationship and cooperation between the EIB Group and BMPS and will help the Bank to support the SMEs in Southern Italy with a product which will provide funding at advantageous terms, aiming to help entrepreneurs to overcome the economic crisis caused by the COVID-19 pandemic.

#### **Background information:**

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 businesses (SMEs) by helping them to access finance. EIF designs and develops venture and growth capital, guarantees and microfinance instruments which specifically target this market segment. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment.

Founded in 1472, **Monte dei Paschi di Siena** is the world’s oldest bank still in operation. Today it leads one of the major Italian banking groups with significant market shares in all the areas of business in which it operates. The Montepaschi Group is active across Italy and in the major international financial markets with operations centred around traditional retail and commercial banking services and with a particular focus on households and small and medium enterprises.

**COSME** is the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (SMEs) running from 2014 to 2020 with a total budget of €2.3 billion. At least 60% of the programme is devoted to improving access to finance for SMEs in Europe, with two financial instruments. The COSME Loan Guarantee Facility supports guarantees and counter-guarantees to financial institutions to help them provide more loans and lease finance to SMEs. COSME Equity Facility for Growth helps provide risk capital to SMEs mainly in the expansion and growth stages. Businesses can contact selected financial institutions in their country to access EU financing: <http://www.access2finance.eu/>

## **Press Contacts:**

### **EIB Group**

**Marco Santarelli (in Rome)**, Senior Media Officer, [m.santarelli@eib.org](mailto:m.santarelli@eib.org),

tel.: +39 06-4719426 / Mobile: +39 331 65 95 594

Website: [www.eib.org/press](http://www.eib.org/press) - Press Office: +352 4379 21000 – [press@eib.org](mailto:press@eib.org)



### **European Commission**

**Federica Miccoli** [Federica.miccoli@ec.europa.eu](mailto:Federica.miccoli@ec.europa.eu)

### **Banca Monte dei Paschi di Siena**

**Media Relations** Tel: +39 0577 296634 [ufficio.stampa@mps.it](mailto:ufficio.stampa@mps.it) Website: [www.mps.it](http://www.mps.it)