



The CDP and UBI Banca have implemented financing of €500 million to support SMEs in southern Italy

The agreement makes use of liquidity, guarantee and alternative finance instruments to help Italian firms gain access to credit, with a view, amongst other things, to international expansion

The first CDP operation to provide funding to UBI, through the subscription of a € 500 million bond to support SMEs in southern Italy.

Naples, 13th November 2019 – A memorandum of understanding was signed today between the *Cassa Depositi e Prestiti* (CDP – a lending and deposit institution under public control) and UBI Banca (UBI), which formalises the start of collaboration designed to launch joint initiatives to provide support for Italian firms.

For the first operational project under the memorandum, the CDP granted UBI funding of €500 million through the subscription of a senior unsecured bond which will be used entirely to provide new financing to SMEs operating in the eight different regions of southern Italy. This financing may reach a maximum amount of €15 million with a term of not less than 36 months, designed to support medium to long-term investments.

The initiative forms part of the strategic guidelines of CDP's 2019-2021 Business Plan by which, in full synergy with the banking industry and complementary to it, specific actions are undertaken to support firms in southern Italy, by lengthening the terms of financing provided.

In addition to the supply of liquidity to UBI by the CDP to support financing to companies, the collaboration also regards other areas of operation such as for example the introduction of new guarantee instruments with the involvement, amongst other things, of *Confidi* (guarantee bodies) or the use of "special sections" of the *Fondo di Garanzia per le PMI* (a guarantee fund for SMEs) set up by CDP which can improve the chances of and terms and conditions for access to bank loans.

The partnership also aims to develop alternative finance instruments termed "basket bonds", which are mini-bond securitisations specially issued by SMEs and mid-caps, where CDP and UBI would act in the capacity of principal investors thereby attracting additional private sector capital. It would also involve co-financing operations for mid-corporates.

"The memorandum of understanding signed today with UBI represents a key pillar in CDP's strategy to support access to credit for firms in southern Italy through collaboration with national financial institutions" said Nunzio Tartaglia, Head of CDP Imprese. "This first funding operation

just completed, will allow to make very substantial injections of medium to long-term cash into those areas of the country most in need of financial support to trigger a virtual process of development and growth, in line with the objectives of the new Business Plan.”

*“Subscription of this UBI bond by Cassa Depositi e Prestiti further strengthens our partnership”, said **Frederik Geertman, Chief Commercial Officer and Deputy General Manager at UBI Banca.** “This operation, based on honest market mechanisms, will increase support to firms in southern Italy. And what is more, today we are signing a broader collaboration agreement with CDP with which we will bring innovative and effective financial instruments into play to assist Italian firms in their development and to support their investment plans. For us it really is a pleasure to see this synergy taking place between two institutions who are both making great efforts to strengthen economic growth in the country”.*