

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	BBVA ENHANCED SUPPORT TO SMES AND MIDCAPS
<u>Promoter and financial intermediary</u>	BANCO BILBAO VIZCAYA ARGENTARIA SA
<u>Country of implementation</u>	Spain
<u>Summary project description</u>	<p>The proposed transaction seeks to create new lending capacity for the benefit of Spanish SMEs, with a focus on some of the most vulnerable SMEs; micro-enterprises (less than ten employees) and regions with high unemployment (above 12%). It consists of a guarantee to be granted in favour of BBVA S.A. (BBVA) under a partial delegation approach.</p> <p>EIB will assume up to 50% of the final losses (if any) on a loan-by-loan basis under a pre-approved existing non-granular portfolio of corporate loans of large corporates ("Existing Portfolio"). The resources freed-up by the EIB risk-taking on the Existing Portfolio will be used by BBVA to generate a portfolio of new loans for SMEs and MidCaps (the "New Portfolio") that comply with EIB eligibility criteria, for an amount twice the EIB exposure amount.</p> <p>The operation will be structured in two independent different tranches (a higher risk tranche under special activities and the EIB own risk tranche). The portion of the New Portfolio created under the higher-risk risk tranche will have a special additionality focus by targeting Self-Employed Individuals, and Micro-Enterprises, and/or regions with high unemployment.</p>

¹ This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
Cross-cutting objectives	
EIB Cohesion Priority Regions / Economic and Social Cohesion	30.00%
Climate Action	2.00%
EFSI	
Contribution to EFSI	100.00%
EFSI: Financial support through the EIF and the EIB to entities having up to 3 000 employees	100.00%
Provision of working capital and investment	100.00%

Pillar 2

Quality and soundness of the project	Excellent
1. Capacity and soundness of the Intermediary and quality of the operating environment	[...]
2. Increasing access to finance and improving financing conditions including for final beneficiaries	[...]
3. Employment	[...]

This pillar evaluates the quality and soundness of the operation. This pillar is composed of up to four indicators, as relevant, among which:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;*
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;*
- (iii) "Sustainability" i.e. environmental and social sustainability²;*
- (iv) "Employment" i.e. the project's direct employment effect;*
- (v) "Increasing access to finance and improving financing conditions including for final beneficiaries".*

Pillar 3

EIB Technical and financial contribution to the project	High
1. Financial contribution	[...]
2. Financial facilitation	[...]

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through up to three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor);*
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments;*
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer - provided in-house by the EIB or in the form of assignments to external consultants - to facilitate the preparation or implementation of a project.*

² For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

Pillar 4 - Complementary indicators

Additionality

The operation contributes to the EFSI objective to support SMEs and MidCaps by enabling additional risk-bearing capacity of BBVA SA and increasing access to finance for this market segment in Spain. Equally the operation will address the objective of supporting less-developed regions and transition regions as circa 30% of the operation is expected to be deployed in Cohesion regions. The operation will thus also contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities by supporting investment.

The operation addresses an existing market failure and sub-optimal investment situation by financing Spanish SMEs and MidCaps, which experience lasting difficulties in accessing long-term finance, in a country still recovering from the financial and economic crisis in which the current and traditional banking financial offer focuses mostly on short-term lending with strict requirements. SMEs and MidCaps are key for growth creation and employment but, as smaller players, they have greater difficulty in accessing financing sources. Although access to finance and financing conditions have improved in Spain, SMEs and MidCaps still mention access to finance as a barrier to growth.

Thanks to EFSI, the EIB will support the investments of eligible SME/MidCap beneficiaries across a variety of regions and sectors, hence contributing to sustainable growth and job creation in Spain. This guarantee, provided by the EIB under EFSI, will allow BBVA SA to create a new loan portfolio to the benefit of new SMEs and MidCaps.

Due to the risk profile of the transaction caused by the inherent risks of the respective SMEs and MidCaps, the operation will qualify as Special Activities. The EIB would not be able to provide such type of financing support and reach out to this market segment in such volumes during the period in which the EU guarantee can be used, or not to the same extent, without EFSI. The new loan portfolio will benefit SMEs and MidCaps across the Spanish territory, including Cohesion regions. The operation will release significant additional private sector financing, as it enables BBVA SA to increase its own financing capacity to SMEs and MidCaps, which will in turn invest further own resources for necessary investments in their businesses.

Set of indicators related to the macroeconomic environment

Spain - Economic environment

Economic Performance

	ES 2018	EU 2018	US 2018	ES 2001-2007
GDP per capita (EUR, PPS)	28,497.70	30,935.11	43,569.11	29,209.95
GDP growth (%)	2.58	1.96	2.85	3.55
Potential GDP growth (%)	1.16	1.60	2.23	3.58
Output gap (% of potential GDP)	0.87	0.61	0.74	2.74
Unemployment Rate (%)	14.40	6.60	3.90	9.98
Unemployment Rate (%) - Y/Y change (% points)	-2.10	-0.60	-0.20	-0.34
Bank-interest rates to non-financial corporations (%)	1.69	1.26	--	3.78
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	0.13	-0.06	--	-0.04
Investment rate (GFCF as % of GDP) - Total	21.21	20.54	20.84	28.71
Investment rate (GFCF as % of GDP) - Public	2.10	2.85	3.30	4.14
Investment rate (GFCF as % of GDP) - Private	19.11	17.68	17.53	24.57

SME/midcap

	2014	2015	2016	2017	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	46.51	32.74	28.32	--	20.90
Availability of Private equity (Thousand euro)	2,130,456.97	2,178,023.83	3,809,023.61	--	50,091,573.98
Availability of Venture Capital (Thousand euro)	205,043.98	346,570.67	405,794.00	--	4,035,807.28

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms

- EU value for "Bank-interest rates to non-financial cooperations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007

- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country

Other indicators³

Key project characteristics	Expected value at PCR
EIB/EFSI eligible investment mobilised [MEUR]	700.00 MEUR
External EFSI multiplier	4.60
External EIB (non-EFSI) multiplier	0.00
Amount of private financing [MEUR]	450.00 MEUR
Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share)	39,257
Allocation volume dedicated to SME/Mid-Caps [%]	89.00 %
Co-financing with national promotional banks [MEUR]	0.00 MEUR
Co-financing with structural funds (ESIF) [MEUR]	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc) [MEUR]	

³ For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report. If applicable, a difference between the amount of Project investment costs and EIB/EFSI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.