

## EFSI Operation Scoreboard<sup>1</sup>

| <b>PROJECT PRESENTATION</b>                |   |
|--|---|
| <b>Project name</b>                        | EU PL ABS COVID19 RESPONSE FOR SMES&MIDCAPS   |
| <b>Promoter and financial intermediary</b> | ACCEPTABLE BANK(S), ACCEPTABLE CORPORATE(S)   |
| <b>Country of implementation</b>           | Regional - EU countries   |
| <b>Summary project description</b>         | <p>The Coronavirus (the "COVID19") is spreading fast in Europe, requiring not only healthcare related emergency measures but also an appropriate response to deal with the on-going economic fallout. The impact on several areas of the EU economy and markets is already substantial. As value-chains are being disrupted and consumer demand is slowing down, both industry output and financial markets are being severely affected. The impact of the COVID19 will be particularly difficult for SMEs and Midcaps, who are currently experiencing shortages in liquidity and funding lines.</p> <p>Disruptions to supply chains in the EU are already visible. This supply shock is created by reduced working hours and hence lower output as production is progressively disrupted by containment measures. This situation affects cash flows and hampers the economic performance of companies in various sectors, notably those with high working-capital requirements and thin liquidity buffers (e.g. tourism, automotive, transport, retail as well as wholesale). This will translate into companies having difficulty to comply with normal payment schedules to i.e. employees, suppliers, state and banks.</p> <p>Very swift support is therefore essential to ensure the going concern of in substance viable companies by helping them bridge the current exceptional adverse effect on their operations. This will also help to preserve employment and avoid the adverse social effects of rapidly rising unemployment levels.</p> <p>The proposed Programme Loan ("PL") is one of the EIB responses to the crises caused by the Covid-19 and it is part of the EIB contribution, in cooperation with Member States and the EC, to mitigate the negative economic impact that the spread of the COVID19 pandemic is having on SMEs and Midcaps.</p> |

<sup>1</sup> This Scoreboard of indicators reflects the information presented to the EFSD 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 |
|--|-------------|
| <b>Cross-cutting objectives</b>  |             |
| EIB Cohesion Priority Regions / Economic and Social Cohesion                                 | 30.00%      |
| Climate Action   | 2.00%       |
| <b>EFSI</b>  |             |
| 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 sustainability<sup>2</sup>;
- (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.

<sup>2</sup> 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***

In line with the EFSI objective of providing financial support through the EIF and EIB to entities having up to 3000 employees, in particular through innovative working capital support and investments, the operation will provide vital financial support to EU SMEs and Mid-Caps. It will enable banks to lend additional resources to allow viable companies to survive the economic crisis triggered by the COVID19 virus pandemic. Equally, the operation will address the objective of supporting less-developed regions and transition regions as circa 10% 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 proposed PL addresses a market failure and sub-optimal investment situation related to the financing of EU SMEs and Mid-Caps. The outbreak of the COVID19 pandemic is expected to create additional capital constraints Financial Intermediaries that would restrict substantially their ability to originate new lending, particularly to riskier enterprises, such as SMEs and Mid-Caps. The operation will mitigate this acute financial constraint for this market segment.

The sub-operations of the PL are expected to fall under the EIB's Special Activities category in particular taking into account the higher risk profile of the identified exposures to be guaranteed. The EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The operation will release significant additional private sector financing, as it will enable the various EU Financial Intermediaries to increase their own financing capacity to SMEs and Mid-Caps, which will in turn invest further own resources for necessary investments in their businesses. The EIB will provide technical experience in analysing and structuring the sub-operations.

## Set of indicators related to the macroeconomic environment

### Regional - EU countries - Economic environment

#### Economic Performance

|   | EU 2018   | EU 2018   | US 2018   | EU 2001-2007 |
|---|-----------|-----------|-----------|--------------|
| GDP per capita (EUR, PPS)   | 30,935.11 | 30,935.11 | 43,569.11 | 29,363.37    |
| GDP growth (%)  | 1.97      | 1.97      | 2.86      | 2.28         |
| Potential GDP growth (%)  | 1.60      | 1.60      | 2.24      | 2.10         |
| Output gap (% of potential GDP)   | 0.62      | 0.62      | 0.74      | 0.93         |
| Unemployment Rate (%)   | 6.60      | 6.60      | 3.90      | 8.56         |
| Unemployment Rate (%) - Y/Y change (% points)                                 | -0.60     | -0.60     | -0.20     | -0.26        |
| Bank-interest rates to non-financial corporations (%)                         | 1.26      | 1.26      | --        | 3.90         |
| Bank-interest rates to non-financial corporations (%) - Y/Y change (% points) | -0.06     | -0.06     | --        | -0.02        |
| Investment rate (GFCF as % of GDP) - Total                                    | 20.54     | 20.54     | 20.84     | 21.39        |
| Investment rate (GFCF as % of GDP) - Public                                   | 2.86      | 2.86      | 3.31      | 3.05         |
| Investment rate (GFCF as % of GDP) - Private                                  | 17.68     | 17.68     | 17.53     | 18.33        |

- 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 indicators<sup>3</sup>

| Key project characteristics  | Expected value at PCR |
|--|-----------------------|
| EIB/EFSI eligible investment mobilised [MEUR]  | 14,000.00 MEUR        |
| External EFSI multiplier   | 7.00                  |
| External EIB (non-EFSI) multiplier   |                       |
| Amount of private financing [MEUR]   | 12,000.00 MEUR        |
| Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share) | 600,000               |
| Allocation volume dedicated to SME/Mid-Caps [%]  | 100.00 %              |
| 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]           | 0.00 MEUR             |

<sup>3</sup> 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.