

EFSI Operation Scoreboard¹

| PROJECT PRESENTATION | |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Project name</u> | SABADELL RISK SHARING SMES & MIDCAPS COVID-19 |
| <u>Promoter and financial intermediary</u> | BANCO DE SABADELL SA |
| <u>Country of implementation</u> | Spain |
| <u>Summary project description</u> | <p>The proposed transaction consists of an EIB guarantee in favour of Banco de Sabadell, S.A. ("Sabadell" or the "Intermediary") on a portfolio of existing corporate loans, aimed at creating additional lending capacity for SME and Midcap financing in Spain. The guarantee aims to promote and accelerate private sector investments as well as facilitating access to finance for SMEs and Midcaps, the backbone of the Spanish economy in terms of growth and employment. Additionally, this operation will help ease the economic and social impact of the coronavirus outbreak, by offering support to Spanish SMEs and Midcaps under strain from the pandemic and its economic effects.</p> <p>The guarantee will cover up to 50% of the credit risk of a pre-approved, existing non-granular portfolio of mainly non-investment grade existing loans to large corporates and Midcaps. In exchange for the guarantee, Sabadell will create a portfolio of new loans to SMEs and Midcaps, for an amount of twice of the EIB guarantee. The transaction will be implemented under a partial delegation approach, with the Intermediary to remain responsible for operational and risk management tasks post signature i.e. among others the servicing, work-outs, monitoring, regular reporting according to pre-agreed criteria, recovery and restructurings, of the underlying loans.</p> <p>The proposed operation will help address working capital, liquidity needs and investment constrains of SMEs and Midcaps affected the COVID-19 outbreak in Spain, one of Europe's worst-hit countries. The economic impacts in the economy are widespread, as value-chains are disrupted, unemployment rises and consumer demand is slowing down, affecting industry outputs and financial markets. SMEs and Midcaps are facing financial squeezes and bankruptcies that will further amplify the crisis directly and through the financial sector. The situation may worsen even</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 [...].

further if the ongoing second wave necessitates further containment measures that could paralyse the economy.

PROJECT PILLAR ASSESSMENT

Pillar 1

| Contribution to EU policy | Significant |
|----------------------------------------------------------------------------------------------|-------------|
| Cross-cutting objectives | |
| EIB Cohesion Priority Regions / Economic and Social Cohesion | 20.00% |
| 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

This operation contributes to the EFSI objective of providing financial support to entities having up to 3 000 employees, with a particular focus on SMEs and Midcap companies in Spain which have been heavily hit by the COVID-19 situation in the country. Equally, the operation will address the objective of supporting less-developed and transition areas as up to 20% of the operation is expected to be deployed in Cohesion Regions. Thus 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 as smaller players such as SMEs still experience difficulty in accessing long-term financing sources at sustainable terms. This may prove even more difficult due to the increased riskiness of the economic environment during the COVID-19 outbreak. Spanish SMEs (and to a certain extent Midcaps) were already lagging behind in terms of competitiveness, especially in the less developed regions of the country, with limited access to funding and under less favourable conditions compared to their EU peers. The above are among the main reasons for the current sub-optimal investment situation of Spanish SMEs and Midcaps.

The operation will qualify as Special Activities due to the risk profile of the exposures to be guaranteed and the specific structure associated to such guarantee by the EIB. 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 proposed operation with the support of EFSI will bring about an important catalytic effect, with investments mobilised substantially higher compared to that of standard intermediated operations.

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 | 1.97 | 2.86 | 3.56 |
| Potential GDP growth (%) | 1.17 | 1.60 | 2.24 | 3.58 |
| Output gap (% of potential GDP) | 0.88 | 0.62 | 0.74 | 2.75 |
| Unemployment Rate (%) | 14.40 | 6.60 | 3.90 | 9.99 |
| 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 | -- | 3.79 |
| Bank-interest rates to non-financial corporations (%) - Y/Y change (% points) | 0.13 | -0.06 | -- | -0.05 |
| Investment rate (GFCF as % of GDP) - Total | 21.22 | 20.54 | 20.84 | 28.72 |
| Investment rate (GFCF as % of GDP) - Public | 2.11 | 2.86 | 3.31 | 4.15 |
| Investment rate (GFCF as % of GDP) - Private | 19.11 | 17.68 | 17.53 | 24.57 |

- 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/EFISI eligible investment mobilised [MEUR] | 840.00 MEUR |
| External EFSI multiplier | 2.80 |
| External EIB (non-EFSI) multiplier | |
| Amount of private financing [MEUR] | 300.00 MEUR |
| Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share) | 60,852 |
| 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/EFISI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.