

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	SBCI BUSINESS SUPPORT INVESTMENT PLATFORM
<u>Promoter and financial intermediary</u>	STRATEGIC BANKING CORPORATION OF IRELAND
<u>Country of implementation</u>	Ireland
<u>Summary project description</u>	<p>The operation is an increase in the uncapped guarantee scheme, implemented together with the Irish national promotional bank "Strategic Banking Corporation of Ireland" (SBCI). The increase aims at supporting the Irish government providing impact based financing at favourable conditions to SME& Mid-Caps in the current Covid-19 related economic crisis to preserve employment and economic activity throughout Ireland.</p> <p>The programme shall be implemented through SBCI as Promoter and Irish commercial banks as Intermediaries lending to the eligible SMEs and Mid-Caps. Irish budget funds will cover the First Loss Piece related to the increase of the overall scheme. The mezzanine tranche shall benefit from the Investment Plan for Europe (IPE). The senior tranche is provided from EIB's own risk resources.</p> <p>The current operation has been deployed very successfully within 9 months after its launch. Commercial banks have received applications from SMEs and Mid-Caps for financings beyond the capacity made available through the initial scheme. The proposed increase would therefore immediately support the Irish government in its efforts to alleviate the economic effects of the Covid-19 pandemic, providing impact-based loans safeguarding employment and economic activity.</p> <p>The proven market demand and existing contractual set-up will ensure an easy and quick scale-up to counter the current economic crisis. In addition, covering a larger portfolio will increase the granularity of the portfolio and therefore contribute to the risk diversification of the entire operation.</p>

¹ 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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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
Cross-cutting objectives	
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 risk financing from seed to expansion stages for SMEs, start ups, small mid cap companies and mid cap companies, to ensure technological leadership in innovative and sustainable sectors	50.00%
Other financial support through the EIF and the EIB to entities having up to 3 000 employees	50.00%

Pillar 2

Quality and soundness of the project	Good
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 proposed operation, aimed at increasing an existing and successfully deployed investment platform under EFSI, contributes to the objective of providing additional financial support through the EIF and EIB to entities having up to 3,000 employees, with a particular focus on SMEs and small mid-cap companies, namely through the provision of risk financing from seed to expansion stages for SMEs, start-ups, small Mid-cap companies and Mid-cap companies, to ensure technological leadership in innovative and sustainable sectors. The original risk-sharing transaction was the first operation set-up successfully under EFSI at the end of 2018 with the promoter, aimed at contrasting the negative Brexit effects spilling over to the Irish economy, and particularly affecting SMEs and Mid-Caps. Many of these companies form part of the wider agrifood sector which is highly dependent on exports to the UK market and now exposed to the Covid-19 lockdown measures and the foreseeable economic crisis. The operation should therefore contribute to preserving financial stability and employment in the corporate segment. It will form an integral part of the Irish government's measures to address the Covid-19 negative economic impact.

In the aftermath of the Financial and Sovereign debt crisis, commercial banks focused on deleveraging, re-establishing balance sheet ratios and complying with regulatory capital requirements. This led to a credit crunch that is likely to be experienced again following the Covid-19 related economic downturn. As smaller companies have limited resources to allow for quick readjustments, specifically to the adverse effects of the pandemic, the availability of unsecured medium-term financing provided under the proposed operation will enhance the companies' flexibility and resilience to this severe external shock. Through the Investment Platform set-up, SBCI was able to expand its intermediated lending channels and to diversify its products into more complex structures, supporting the financial sector in providing medium- to long term financing to SMEs and Mid-Caps.

The proposed increase under EFSI will fall within the EIB Special Activity category, taking into account its subordination (mezzanine ranking) towards other investors and the riskiness of the underlying portfolio. The EIB would not be able to provide such financing support during the period in which the EU Guarantee is available, or not to the same extent, without EFSI. Specifically the herewith suggested increase, part of a larger operation, will allow for a sizeable guarantee amount including a senior tranche (where the EIB Group will participate as investor).

The investment platform sponsored by the promoter will provide a further participation of local investors including a larger number of commercial banks and potentially other non-bank financial intermediaries. This will provide also for catalysing private resources, including from SMEs and Mid-Caps own resources. The close cooperation with the Irish government ensures that the scheme is complementary to the other short and medium-term financing schemes supported by the government and EIB Group.

Set of indicators related to the macroeconomic environment

Ireland - Economic environment

Economic Performance

	IE 2019	EU 2019	US 2019	IE 2001-2007
GDP per capita (EUR, PPS)	60,777.03	31,162.98	43,904.29	36,249.35
GDP growth (%)	5.57	1.55	2.33	5.29
Potential GDP growth (%)	5.59	1.32	1.88	5.42
Output gap (% of potential GDP)	1.90	1.65	2.42	1.27
Unemployment Rate (%)	4.70	6.20	3.60	4.81
Unemployment Rate (%) - Y/Y change (% points)	-0.70	-0.40	-0.30	0.19
Bank-interest rates to non-financial corporations (%)	2.16	1.25	--	4.88
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	0.25	-0.01	--	0.16
Investment rate (GFCF as % of GDP) - Total	45.60	22.07	20.79	26.99
Investment rate (GFCF as % of GDP) - Public	2.27	3.01	3.51	3.95
Investment rate (GFCF as % of GDP) - Private	43.33	19.06	17.27	23.04

Agriculture/Forestry/Fisheries

	2015	2016	2017	2018	EU (latest available)
Agricultural employment as % of total employment	--	--	--	--	5.00
Agricultural enterprises (No. of Farms)	86,460.00	86,670.00	86,520.00	--	--
Forest area (% of land area)	10.95	11.03	--	--	38.09
Agricultural production per capita (index 2005)	97.83	98.18	--	--	--
Catches in all fishing regions (Tonnes live weight)	234,772.08	230,272.62	246,759.52	--	5,145,541.86
Aquaculture production (Tonnes live weight)	37,581.22	41,260.40	43,247.00	--	1,259,832.85
Gross nutrient balance on agricultural land - Phosphorus (Kilogram/ha)	5.00	--	--	--	2.00
Gross nutrient balance on agricultural land - Nitrogen (Kilogram/ha)	42.00	--	--	--	51.00
Gross value added of the agricultural industry (% of total VA)	1.00	1.00	1.30	--	1.60

SME/midcap

	2015	2016	2017	2018	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	32.38	14.24	32.39	--	17.54
Availability of Private equity (Thousand euro)	658,226.25	739,595.64	765,939.23	--	67,350,185.55
Availability of Venture Capital (Thousand euro)	81,354.79	216,478.52	119,618.38	--	6,100,548.37

- 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]	1,120.00 MEUR
External EFSI multiplier	28.00
External EIB (non-EFSI) multiplier	0.00
Amount of private financing [MEUR]	476.70 MEUR
Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share)	1,000,000
Allocation volume dedicated to SME/Mid-Caps [%]	89.00 %
Co-financing with national promotional banks [MEUR]	128.00 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.