

EFSI Operation Scoreboard¹

<u>PROJECT PRESENTATION</u>	
<u>Project name</u>	BBVA ENHANCED SME & MIDCAP SUPPORT
<u>Promoter and financial intermediary</u>	BANCO BILBAO VIZCAYA ARGENTARIA SA
<u>Country of implementation</u>	Spain
<u>Summary project description</u>	<p>This operation aims to support new lending to small and medium sized enterprises ("SMEs") and Midcaps ("New Portfolio") in Spain through a joint EIB-EIF guarantee on a mezzanine tranche of a granular SMEs and Midcaps portfolio ("Guaranteed Portfolio"). The capital relief for BBVA on the guaranteed portfolio will expand BBVA's capacity for new SMEs and Midcaps lending.</p> <p>This transaction targets Spanish SMEs and Midcaps which are in key position to support the growth of EU economy and employment generation in Spain. SMEs represent approx. 99% of all companies in Spain, and generate close to 70% of employment, a larger proportion than in other Member States. Moreover, approx. 95% are microenterprises (i.e. less than 10 employees) or self-employed. A commitment for new production of SME and Midcap loans fulfilling EIB eligibility criteria will be required as a condition for EIB to enter the transaction.</p> <p>The proposed operation will be the second EIB-EIF synthetic securitisation transaction with BBVA, proving the need and market gap for this type of operations.</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 the 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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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		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 four indicators which include:

- (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.

Pillar 3

EIB Technical and financial contribution to the project		Significant
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 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 to support SMEs and Midcaps by enabling additional risk-bearing capacity by Banco Bilbao Vizcaya Argentaria ("BBVA") and increasing access to finance for this market segment in Spain.

The operation addresses an existing market gap in financing for Spanish SMEs and Midcaps, which experience lasting difficulties in accessing long-term finance. 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, close to 30% of Spanish SMEs still mention access to finance as a barrier to growth.

Thanks to EFSI, the EIB/EIF will support the investments of eligible SME/Midcap beneficiaries across a variety of regions and sectors (including the environment), hence contributing to sustainable growth and job creation in Spain. This guarantee, provided by the EIF and backed by the EIB under EFSI, will allow BBVA to create a new loan portfolio to the benefit of new SMEs and Midcaps. Without EFSI, the EIB would not be able to provide such type of financing support and reach out to this market segment in such volumes. The new loan portfolio will benefit SMEs and Midcaps across the Spanish territory, including cohesion regions.

Due to the risk profile of the transaction, the operation will qualify as Special Activities. The operation will release significant additional private sector financing, as it enables BBVA 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 2016	EU 2016	US 2016	ES 2001-2007
GDP per capita (EUR, PPS)	26,818	29,440	42,615	28,562
GDP growth (%)	3.2	1.9	1.6	3.6
Potential GDP growth (%)	0.39	1.3	2.1	3.6
Output gap (% of potential GDP)	-1.8	-0.75	-0.03	2.0
Unemployment Rate (%)	18.4	8.2	4.7	10.0
Unemployment Rate (%) - Y/Y change (% points)	-2.3	-0.8	-0.3	-0.33
Bank-interest rates to non-financial corporations (%)	1.6	1.4	1.8	3.8
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.41	-0.21	-1.4	-0.05
Investment rate (GFCF as % of GDP) - Total	19.9	19.7	19.6	28.7
Investment rate (GFCF as % of GDP) - Public	1.9	2.7	3.4	4.1
Investment rate (GFCF as % of GDP) - Private	18.0	17.0	16.2	24.6

SME/midcap

	2013	2014	2015	2016	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	44.5	46.5	32.7	28.3	20.9
Availability of Private equity (Thousand euro)	2,089,946	2,130,457	2,178,024	3,809,024	50,091,574
Availability of Venture Capital (Thousand euro)	170,470	205,044	346,571	405,794	4,035,807

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

-EU value for "Bank-interest rates to non-financial corporations" 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 at PCR
EIB/EFSI eligible investment mobilised	1,280.00 MEUR
External EFSI multiplier	5.60
External EIB (non-EFSI) multiplier	
Amount of private financing	
Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share)	170,125
Allocation volume dedicated to SME/ Mid-Caps	89.00 %
Co-financing with national promotional banks	
Co-financing with structural funds (ESIF)	
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	0.00 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.