



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	ICO MID-CAP INVESTMENT PLATFORM
<u>Promoter or financial intermediary</u>	INSTITUTO DE CREDITO OFICIAL
<u>Country of implementation</u>	Spain
<u>Summary project description</u>	<p>The project consists of an Investment Platform with Instituto de Crédito Oficial (“ICO”), the Spanish National Promotional Bank (NPB). It is a national platform with the thematic scope of promoting lending to Spanish Mid-Caps, via the provision of credit support to new loan portfolios originated by ICO in cooperation with financial intermediaries. The Investment Platform will include:</p> <ul style="list-style-type: none"> • A Full Delegation Risk Sharing Window for Larger Mid-Cap Projects. EIB will provide credit risk protection on a loan-by-loan basis to guarantee an underlying Mid-cap portfolio originated by ICO (in cooperation with Financial Intermediaries). EIB would provide credit protection (funded or unfunded) covering 50% of ICO’s exposure to eligible Mid-Caps, delegating to ICO the credit appraisal, monitoring and restructuring activities, in line with EIB guidelines for Risk Sharing operations with NPBs. • [...]

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5.5 (protection of commercial interests) and 5.6 (protection of the Bank’s internal decision-making process), have been replaced by the symbol [...].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 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	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	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 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

In line with the EFSI objective of supporting entities having up to 3,000 employees in Spain, this operation shall provide risk financing for Mid-Caps to ensure technological leadership in innovative and sustainable sectors. Around 20% of investments are expected to be located in regions eligible under the EU Cohesion Policy, thus also contributing to the Union priorities on convergence and social cohesion. The operation shall overall support companies investing in business expansion, technology upgrade and new business lines, with a multi-sector focus including energy efficiency and agriculture. The operation will also contribute to job creation and preservation in Spain, where the unemployment rate currently stands at 16.7%, with youth unemployment at 36.3%, significantly above the EU average.

Thanks to EFSI support, through this operation, the EIB can continue its collaboration with the Spanish NPB, ICO. This operation builds on a longstanding relationship, where ICO has proven to be a valuable intermediary, with an excellent track record of reaching smaller companies across the country, including via innovative risk-sharing structures. This operation shall be structured as a national Investment Platform (IP) under EFSI, providing credit support to new loan portfolios originated by ICO in cooperation with financial intermediaries, from the whole Spanish commercial banking system.

The IP under EFSI addresses market failures and sub-optimal investment situations by supporting a structurally very important sector of the economy, which is clearly not sufficiently catered for by the private sector. SMEs and Mid-Caps are the backbone of the Spanish economy, with more than 2.5 million companies representing more than 60% of the Gross Value Added and almost three quarters of the country's employment, above the EU average. Nevertheless, despite current high liquidity and favourable financial markets conditions, availability of long-term financing and alternative funding sources for Mid-Caps in Spain is still restricted. Many Mid-caps cannot access capital markets due to their size and lack of external ratings. Consequently, they remain substantially dependent on bank debt. Commercial banks however only offer tenors ranging 5 to 7 years, shorter than the useful life of underlying projects. Consequently, long-term investments in growth and innovation are delayed or reduced. Through this operation, EIB and ICO aim to reach the underserved Mid-Caps and thus sustain their growth potential.

Due to the underlying risk-sharing structure, EIB financing under EFSI is expected to fall under the Special Activity category. Such financing could not have been undertaken by the EIB without EFSI support, clearly complementing the financing available to this segment. EFSI thus allows the continuation of the effective cooperation with ICO, with the support of EFSI allowing for higher risk taking capacity both at the level of ICO and of financial intermediaries, generating incremental lending capacity of Mid-Caps. The operation will crowd-in the private sector both through financial intermediaries' co-financing and project promoters' equity participation at project level.

Set of indicators related to the macroeconomic environment

Spain - Economic environment

Economic Performance

	ES	EU	US	ES
	2016	2016	2016	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	2.9
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)	2,060,046	2,130,457	2,178,024	3,800,024	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	1,120.00 MEUR
External EFSI multiplier	5.60
External EIB (non-EFSI) multiplier	2.80
Amount of private financing	800.00 MEUR
Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share)	42,900
Allocation volume dedicated to SME/ Mid-Caps	100.00 %
Co-financing with national promotional banks	300.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	

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.