



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	BANCA MARCH ENHANCED SUPPORT FOR MIDCAPS
<u>Promoter or financial intermediary</u>	BANCA MARCH SA
<u>Country of implementation</u>	Spain
<u>Summary project description</u>	<p>The proposed transaction consists of an unfunded guarantee between Banca March ("BM") and the EIB, aimed at creating additional lending capacity for MidCap financing in Spain. BM is a medium sized bank with a strong presence among the Midcap segment in Spain. The guarantee aims to promote and accelerate private sector investments as well as facilitating access to finance for Midcaps, a backbone in terms of growth and employment for the Spanish economy.</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 corporate and Midcaps. In exchange for the guarantee, BM will create a portfolio of new loans to Midcaps, for an amount at least twice the EIB guarantee amount (the "New Portfolio"). The Midcap loans of the New portfolio will finance small and medium-sized projects implemented by midcaps in Spain.</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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	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 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, including:

- (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,*

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 supporting MidCaps by improving their access to finance and the conditions of their debt financing. MidCaps are key for growth and employment, but they have difficulties accessing financing, especially long-term funding. The project will benefit MidCaps across the Spanish territory, including in cohesion regions (20% of total financing will be allocated to cohesion regions).

In spite of the current favourable market conditions, there is a market failure/suboptimal investment situation in terms of availability of long-term financing for Spanish MidCaps. Many MidCaps do not have access to capital markets due to their size and absence of an external rating and availability of bank lending to this segment of the market is usually restricted in terms of tenors and amounts. In addition, MidCap companies often fall outside the EU and national SME financing facilities and therefore find themselves in a policy financing gap between various schemes targeting only SMEs or larger corporates.

This will be the first risk sharing operation with the Intermediary. The unfunded guarantee provided by the EIB will make it possible for the bank to use its increase in lending capacity and create additional space on its balance sheet, hence allowing it to increase the funding provided to MidCaps. The EIB intervention under EFSI will address the existing suboptimal investment situation of MidCaps by enabling the Intermediary to provide its MidCap clients with additional financing with longer tenors, which would otherwise not be possible given the constraints the Intermediary has on its capital, funding and/or other credit risk limits.

The operation will qualify as EIB Special Activities considering the high-risk profile of the supported lending activity. The EIB would not be able to provide such type of support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

Finally, the operation will release significant additional private sector financing, as it enables the Intermediary to significantly increase its own financing capacity for the benefit of MidCaps, which will in turn use their own resources to finance part of the investments.

Set of indicators related to the macroeconomic environment

Spain - Economic environment

Economic Performance

	ES	EU	US	ES
	2017	2017	2017	2001-2007
GDP per capita (EUR, PPS)	27,557	29,900	43,098	28,706
GDP growth (%)	3.3	2.0	1.5	3.8
Potential GDP growth (%)	0.98	1.7	2.2	3.6
Output gap (% of potential GDP)	-0.24	-0.19	-0.03	2.9
Unemployment Rate (%)	16.5	7.3	4.1	10.0
Unemployment Rate (%) - Y/Y change (% points)	-2.0	-0.9	-0.6	-0.34
Bank-interest rates to non-financial corporations (%)	1.6	1.3	2.4	3.8
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	0	-0.04	0.4	-0.05
Investment rate (GFCF as % of GDP) - Total	20.6	20.1	19.7	28.7
Investment rate (GFCF as % of GDP) - Public	2.0	2.7	3.2	4.1
Investment rate (GFCF as % of GDP) - Private	18.6	17.3	16.5	24.6

General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Financial service activities, except insurance and pension funding (% of total)	--	--	--	--	4.2
Employment in Financial service activities, except insurance and pension funding (% of total)	--	--	--	--	--

- 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	198.00 MEUR
External EFSI multiplier	2.80
External EIB (non-EFSI) multiplier	
Amount of private financing	70.00 MEUR
Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share)	
Allocation volume dedicated to SME/ Mid-Caps	89.00 %
Co-financing with national promotional banks	0.00 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. 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.