



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	ERSTE MEZZANINE ABS FOR SMES AND MID-CAPS
<u>Promoter or financial intermediary</u>	ERSTE BANK DER OESTERREICHISCHEN SPARKASSEN AG (ERSTE BANK OE)
<u>Country of implementation</u>	Austria, Regional – EU countries
<u>Summary project description</u>	<p>The proposed operation aims to support new lending to SMEs and Mid-Caps mainly in Austria (“New Portfolio”) through an EIF guarantee supported by a back-to-back guarantee by the EIB on a mezzanine tranche in a synthetic securitisation transaction. The underlying portfolio is a granular portfolio of SME, Mid-Caps and corporate loans (“Guaranteed Portfolio”) originated by ERSTE BANK DER OESTERREICHISCHEN SPARKASSEN AG (“Erste AT”, “Promoter” or “Originator”). The Guarantee is expected to provide capital relief under the applicable Regulation frameworks. Such capital relief will provide Erste with additional lending headroom which will be effectively used to support eligible projects undertaken by SMEs and Mid-caps, mainly in Austria. The transaction is expected to mobilise new investments and support approximately 900 eligible SMEs and Mid-caps.</p> <p>SMEs (and Mid-Caps) in Austria, similar to the other EU countries, are pivotal for economic growth, innovation and employment. In 2017, SMEs represented 99.7% of all companies and accounted for 68.7% of employment and 62% of economic value added, both figures standing above the EU averages (66.6% and 56.8% respectively). The new portfolio will be fully composed of eligible loans to SMEs and Mid-Caps, of which a minimum 50% will be dedicated to SMEs.</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank’s internal decision-making process), have been replaced by the symbol [...].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	5.00%
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	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

This operation will contribute to the EFSI objective of providing financing to entities below 3000 employees through the provision of subordinated mezzanine financing in a synthetic securitisation. This is a joint operation between the EIF and the EIB, whereby the EIF guarantee to the mezzanine tranche is supported by a back-to-back counter-guarantee by the EIB.

The results of the 2016 and 2017 EIB Investment Surveys and ongoing discussions, including discussions held during a dedicated workshop held in Vienna, indicate that Austrian banks are facing difficulties to meet the financing needs of SMEs and Mid-caps. Such restricted access to finance creates sub-optimal investment situations, which in turn lead to less innovation, lower growth and eventually to decreased competitiveness of Austrian SMEs and Mid-caps. The pressure on banks' capital is evidenced on various platforms as the main reason behind their difficulties to meet financing needs of SMEs and Mid-caps.

Given the high capital consumption of corporate loans on banks' balance sheets and the lack of investors in ABS mezzanine tranches, EIB's support under this operation would be catalytic in helping the counterpart to create additional lending headroom that will be directed to EFSI eligible SMEs and Mid-caps. The intermediary will transfer to the final beneficiaries a pre-agreed level of a minimum financial advantage.

The EIB counter-guarantee to the EIF guarantee to the mezzanine tranche in the securitisation will be classified under EIB Special Activity risk category since it will act as a second loss tranche. Once the first loss tranche is absorbed, the realised losses will be absorbed by the mezzanine tranche. Thanks to the Guarantee, however, the Originator will be reimbursed for any loss covered by the mezzanine tranche, which would enable the capital relief, allowing additional lending by the intermediary.

Such additional lending would improve Austrian SMEs & Mid-caps' access to finance and trigger new investments, employment, innovation and economic growth. EIB support provided through this guarantee is expected to support approximately 84,780 jobs, including in the Cohesion region of Burgenland.

Structured finance transactions such as this operation require a significant amount of structuring, advising and support to be provided by the EIB Group.

Set of indicators related to the macroeconomic environment

Austria - Economic environment

Economic Performance

	AT 2018	EU 2018	US 2018	AT 2001-2007
GDP per capita (EUR, PPS)	37,209	29,440	42,615	36,467
GDP growth (%)	1.5	1.9	1.6	2.2
Potential GDP growth (%)	1.4	1.3	2.1	2.1
Output gap (% of potential GDP)	-0.79	-0.75	-0.03	0.12
Unemployment Rate (%)	5.7	8.2	4.7	4.9
Unemployment Rate (%) - Y/Y change (% points)	-0.3	-0.8	-0.3	0.09
Bank-interest rates to non-financial corporations (%)	1.6	1.4	1.8	3.9
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.11	-0.21	-1.4	-0.21
Investment rate (GFCF as % of GDP) - Total	22.9	19.7	19.6	23.6
Investment rate (GFCF as % of GDP) - Public	3.0	2.7	3.4	2.7
Investment rate (GFCF as % of GDP) - Private	19.9	17.0	16.2	20.9

SME/midcap

	2013	2014	2016	2018	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	20.5	21.9	26.1	19.0	20.9
Availability of Private equity (Thousand euro)	477,343	285,542	1,151,599	104,259	50,091,574
Availability of Venture Capital (Thousand euro)	57,000	59,654	108,922	50,510	4,035,807

Regional - EU countries - Economic environment

Economic Performance

	EU 2018	EU 2018	US 2018	EU 2001-2007
GDP per capita (EUR, PPS)	29,440	29,440	42,615	28,710
GDP growth (%)	1.9	1.9	1.6	2.3
Potential GDP growth (%)	1.3	1.3	2.1	2.1
Output gap (% of potential GDP)	-0.75	-0.75	-0.03	1.0
Unemployment Rate (%)	8.2	8.2	4.7	8.5
Unemployment Rate (%) - Y/Y change (% points)	-0.8	-0.8	-0.3	-0.26
Bank-interest rates to non-financial corporations (%)	1.4	1.4	1.8	3.9
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.21	-0.21	-1.4	-0.02
Investment rate (GFCF as % of GDP) - Total	19.7	19.7	19.6	21.4
Investment rate (GFCF as % of GDP) - Public	2.7	2.7	3.4	3.1
Investment rate (GFCF as % of GDP) - Private	17.0	17.0	16.2	18.3

SME/midcap

	2013	2014	2016	2018	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	30.7	34.3	24.2	20.9	20.9
Availability of Private equity (Thousand euro)	38,151,245	42,409,428	50,288,356	50,091,574	50,091,574
Availability of Venture Capital (Thousand euro)	3,220,414	3,386,585	3,869,368	4,035,807	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	392.00 MEUR
External EFSI multiplier	5.60
External EIB (non-EFSI) multiplier	0.00
Amount of private financing	210.00 MEUR
Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share)	84,780
Allocation volume dedicated to SME/ Mid-Caps	100.00 %
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)	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.