



EUROPEAN INVESTMENT BANK

European Fund for Strategic Investments

**RATIONALES FOR THE DECISIONS TAKEN BY
THE EFSI INVESTMENT COMMITTEE IN 2018-2020**

**For projects, previously subject to a confidentiality agreement,
As of 11 April 2022**

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This document should be read in conjunction with the document: "*DECISIONS TAKEN BY THE EFSI INVESTMENT COMMITTEE IN 2018-2020 - for projects previously subject to a confidentiality agreement, as of 11 April 2022*"

In accordance with article 7.12 of Regulation (EU) 2017/2396, the rationales for the decisions taken by the Investment Committee to approve the use of the EU guarantee for EIB operations are made publicly available, in general after the subsequent Investment Committee meeting, except for projects subject to a confidentiality agreement between the EIB and the promoters. The publication shall not contain commercially sensitive information.

In line with article 30 of the EFSI Agreement and the Transparency Policy of the Bank, the rationales of the Investment Committee for decisions approving the use of the EU guarantee in 2018-2020, which have not yet been disclosed as of 11 April 2022, are published below. This is after the projects have been signed or if these projects are not subject to a confidentiality agreement between the EIB and the promoters anymore.

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Alongside previously disclosed rationales of Investment Committee decisions in 2018-2020, the rationales of the Investment Committee to approve the availability of the EU guarantee for the following EIB operations, which were previously subject to a confidentiality agreement between the EIB and the promoters, are as follow:

November 2019

SPANISH MID CAP GROWTH SUPPORT PROGRAMME LOAN (Spain)

The IC approved the use of the EFSI guarantee for a proposal supporting a Programme Loan to finance investments of eligible Mid-Caps and SMEs in Spain. The promoters targeted by the Programme Loan will be small to medium size unlisted companies, mainly in industrial sectors, with a focus in innovation and growth oriented, and especially those located or investing in Cohesion regions.

A key aspect of this Programme Loan is the smaller size of the targeted companies, aiming at filling the financing gap between the SMEs and the bigger MidCaps. To facilitate the identification and approval process of the sub-operations, the EIB will target companies grouped under private equity ownerships, which will act as conducting and facilitation (but not financial) partners. The financing will be deployed directly by the EIB to the final beneficiaries. The Programme Loan addresses therefore an existing market failure and sub-investment situation by supporting a structurally very important segment of the economy. The availability of long-term financing and alternative funding sources for this segment is still restricted. Many Mid-Caps and SMEs are unable to access capital markets due to their size and lack of external ratings. Consequently, long-term investments in growth and innovation are delayed or reduced. The focus on innovative companies is also expected to generate positive externalities via knowledge, technology and/or environmental spillovers and through skills development and upgrading. The promoters will be new counterparts for the EIB, and the operations are expected to fall under the EIB Special Activity category. The EIB would not be able to provide such type

of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

RLB STEIERMARK ENHANCED SME AND MID-CAP SUPPORT GUARANTEE (Austria)

The Investment Committee approved the use of the EFSI guarantee for the proposed synthetic securitisation of a granular portfolio of existing corporate loans. The EIB intervention with EFSI support facilitates new financing capacity towards increased access to finance for eligible entities with less than 3,000 employees, with a contractual minimum requirement to support new eligible financing of at least 4x the amount of the EFSI intervention. It is expected that at least 12.5% of the final beneficiaries will be innovative entities, 10% located in neighbouring Cohesion regions and 12.5% of the investment support will directly Climate Action.

The proposal combines the financing capacity of EFSI with the local market access of RLB, an important provider financing for SMEs and MidCaps in its home region of Styria (Steiermark). At full deployment, the new eligible portfolio is expected to benefit SMEs and MidCaps with 42,000 employees in total.

Despite the welcome stabilisation of the economic environment in Europe access to finance for SMEs and Midcap remains constrained, both quantitatively and qualitatively in terms of available terms, tenors and collateral requirements, and its continued support therefore a selfstanding objective of EFSI in line with Article 3 (b) of the Regulation.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of additionality in the EFSI Regulation.

February 2020

UBI ENHANCED SME AND MID-CAP SUPPORT GUARANTEE (Italy)

The Investment Committee approved the use of the EFSI guarantee for the proposed synthetic securitisation of a granular portfolio of existing corporate loans. The EIB intervention with EFSI support facilitates new financing capacity towards increased access to finance for eligible entities with less than 3,000 employees, with a contractual minimum requirement to support new eligible financing of at least 5x the amount of the EFSI intervention. It is expected that at least 10% of the final beneficiaries will be located in Cohesion regions.

The proposal combines the financing capacity of EFSI with the local market access of UBI, an important provider financing for SMEs and MidCaps in its Italy. At full deployment, the new eligible portfolio is expected to benefit SMEs and MidCaps with 35,000 employees in total. Despite the welcome stabilisation of the economic environment in Europe access to finance for SMEs and Midcap remains constrained, both quantitatively and qualitatively in terms of available terms, tenors and collateral requirements, and its continued support therefore a selfstanding objective of EFSI in line with Article 3 (b) of the Regulation.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation.

April 2020

NORDEA ENHANCED SUPPORT FOR SMES AND MID-CAPS (Denmark, Finland, Sweden)

The Investment Committee approved the use of the EFSI guarantee for the proposed participation in a true sale securitisation of a granular portfolio of existing loans of Nordea. The EIB intervention with EFSI support facilitates new financing capacity towards increased access to finance for eligible entities with less than 3,000 employees, with a contractual minimum requirement to support new eligible financing of at least 4x the amount of the EFSI intervention. It is expected that at least 20% of the new financing will directly benefit Climate Action investments.

The proposal combines the financing capacity of EFSI with the local market access of Nordea, an important provider of financing for SMEs in Sweden, Finland and Denmark. Spain. At full deployment, the new eligible portfolio is expected to benefit SMEs and MidCaps with more than 37,200 employees.

Despite the welcome stabilisation of the economic environment in Europe access to finance for SMEs and Midcap remains constrained, both quantitatively and qualitatively in terms of available terms, tenors and collateral requirements, and its continued support therefore a self-standing objective of EFSI in line with Article 3 (b) of the Regulation.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation.

September 2020

LUMINOR COVID-19 ENHANCED SUPPORT FOR SMES (Estonia, Latvia, Lithuania)

The Investment Committee approved the use of the EFSI guarantee for the proposed participation in a synthetic securitisation of SME and MidCap loans originated by Luminor, a leading provider of financing for SMEs and MidCaps in the Baltics.

The proposal is part of EIB Group's package to provide much needed financing for small and medium size entities who are severely affected to the economic fallout of the Covid-19 crisis, using established products for rapid deployment via partner banks throughout the EU.

The EIB intervention with EFSI support generates new financing capacity to be employed towards increased access to finance for eligible entities with less than 3,000 employees, with a contractual minimum requirement to support new eligible financing of more than 5x the amount of the EFSI intervention.

The proposal supports additional new lending to SMEs and small Midcaps which have been severely impacted by the Covid-19 crisis. At full deployment, the new eligible portfolio is expected to benefit SMEs and MidCaps with an aggregate 50,000 employees.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation

December 2020

SCM WOODWORKING MACHINERY RDI 2021-24 (Italy)

The IC approved the use of the EFSI guarantee for an operation that concerns the promoter's research, development and innovation (RDI) activities in the field of wood and light materials working machinery and production systems. The promoter's RDI investments are focused in digitalisation for the development of more efficient, reactive and connected factories and supply chains, technologies and processes with low environmental impact, new integrated business models, and the further development of human-centred production innovation. The project is in line with the EFSI objective of supporting research, development and innovation, including projects that are in line with Horizon 2020. The project will enable the borrower to retain its leading knowledge and long-term competitiveness in the relevant market segments and thereby contribute to Europe's RDI, competitiveness and economic growth, helping maintain highly skilled staff engaged in innovation activities in Europe.

The project addresses market failures related to insufficient investments in RDI despite positive externalities. The positive externalities are linked to knowledge and technology spillovers arising from investments in RDI, which include collaboration with industrial partners, universities, research centres and customers, with effects on the wider industry. The operation addresses a sub-optimal investment situation linked to the lack of long-term capital to finance inherently risky private sector RDI, especially in a highly competitive and cyclical business such as the mechanical engineering industry. The operation falls under the EIB Special Activities, and the EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI. The envisaged financing is expected to result in a quality stamp on the RDI programme, providing comfort and a positive signalling effect to the market on the soundness of the company's strategy. This will enable the borrower to attract additional long-term financing from private investors and other banking lenders in the current financial context, characterised by major uncertainties caused by the Coronavirus outbreak. The operation adds on a previous successfully implemented operation, and benefits from EU grants in the context of several innovation programmes, such as H2020 and Factory of the Future (FoF).

DRAEGERWERK MEDICAL TECHNOLOGY RDI II (Germany)

The IC approved the use of the EFSI guarantee for an operation that supports the promoter's research and development programme related to medical technologies. Amongst others, the promoter is specialized in the areas of ventilation, anaesthesia and thermoregulation devices. With an increased effort in connected health systems and in the digital transformation of healthcare, the project includes the development and manufacturing of ventilation and respiratory devices, which help treating severe cases of COVID-19. In line with the EFSI objectives of supporting projects in line with Horizon 2020, the operation supports the continuing development of European medical equipment technology and know-how, especially in the area of connected medical devices, in the context of the increased digitalisation of the medical operational systems.

The financing of this project supports medical and RDI activities, which generate significant positive knowledge and technology through the creation of innovative processes, products or services and through skills development and upgrading and improves medical treatment. The operation addresses market failures and the promoter is facing a suboptimal investment situation in the financing of long term RDI in the medical sector. The borrower is a relatively small sized company, competing on a global scale in volatile and highly competitive markets and against large conglomerates. Compared to those, the promoter lacks the resources and capacity to externally acquire know-how, through company acquisition in a larger scale, and thus putting it a higher effort in its in-

house R&D investments, which by their very nature, take place over a long period of time and whose financial successes are more uncertain. The operation falls under the EIB Special Activities category and the EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used or not to the same extent, without EFSI. The envisaged EIB financing is expected to result in a quality stamp on the project, providing comfort and a positive signalling effect to the market. The financing provided by the EIB with the support of EFSI will enable the promoter to attract additional long-term financing.

FRENCH OFFSHORE ROUND 1 - COURSELLES-SUR-MER (France)

The IC approved the use of the EFSI guarantee for a proposal concerning the design, construction and operation of an offshore wind farm in France located off the coast of Courselles-sur-Mer. The project is part of the first round of wind-farms having been awarded a concession already in 2012, but much delayed; despite the large potential for offshore electricity generation, so far only one offshore wind farm has achieved financial close (with EFSI support).

At full capacity the project has a renewable energy generation capacity of 448MW, providing more than 1 400 GWh/annum, sufficient to cover the electricity needs of 278 000 households and yield CO₂ savings of 186 000 tons/annum. The proposal therefore fully contributes to Climate Action.

The operation addresses a market failure and sub-optimal investment situation pursuing the expansion of the use or supply of renewable energy, addressing an anticipated gap in terms of adequate long-term financing for the launch of the French offshore wind sector. The complexity and inherent high risks of the offshore wind transactions, in a context of capital-intensive operations and a sizeable concurring pipeline, are leaving the proposals for construction of greenfield offshore wind projects without a clear availability of large and affordable long-term debt financing. The EIB through EFSI will act as a cornerstone financier and contribute to the crowding-in of other lenders and to a timely financial close. The EIB's capacity to advise on the projects' risks and on appropriate financial structuring, can bring additional comfort to public and private investors for considering their participation in the project.

The operation has a risk profile of Special Activities as per the Bank's statute, which is a strong indicator for Additionality in line with the EFSI Regulation.

CEGELOG AFFORDABLE HOUSING & ENERGY EFFICIENCY (France)

The IC approved the use of the EFSI guarantee for an operation that concerns the refurbishment, building, rental management, operation and maintenance of a total housing stock of ca. 15 000 dwellings, under a concession regime (Contrat d'Externalisation pour la GEstion des LOGements) managed via a public tender process organised by the French Ministry of the Armed Forces, the project promoter. The main focus of the operation is to align the social housing offering of the promoter across France, to the benefit of a specific category of public workers, with a substantial energy-efficient impact mainly through the refurbishment of residential buildings (NZEB+). The operation addresses the EFSI objective of supporting environment and resource efficiency, through sustainable urban and rural development in France. At least 17% of the project investments will contribute to the EIB Climate Action objective, and about 15% of the operation is expected to be deployed in Cohesion Regions.

The development and management of affordable housing is an inherently riskier and less profitable activity than private real estate segment, due to long-term rental agreements at fixed lower-than-market levels, which are less attractive for non specialised third-party

investors. As a result, there is a limited access to funding offered by commercial banks, especially for unsecured loans and for a new entity without a track record. This market failure in the sector is leading to a persistent sub-optimal investment situation, which translates into insufficient affordable housing supply on the market compared to the high demand of low-income households. The proposal falls under the EIB's Special Activities category, in particular because the loan is proposed on project financing basis to a newly created special purpose vehicle with untested credit profile, and subject to merchant risks for a very long tenor. The EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI. The advisory support of the EIB is expected, mostly in structuring the financing of a concession programme with direct project risk, and the requirements of an energy efficiency refurbishment scheme. The EIB support will send a strong signal about the need of financing in this specific segment in France, which the Bank supports significantly thanks to EFSI.

SORBONNE BUSINESS INCUBATOR BUILDING (France)

The IC approved the use of the EFSI guarantee for an operation that concerns the construction of a building for entrepreneurship and innovation, named "Paris Parc", within one of the campuses of Sorbonne University in Paris, France. The new facility will be a flagship building that brings together important players of the region's entrepreneurship ecosystem, including R&D laboratories and facilities of the regional technology transfer agency. It will also host the French office of the Knowledge and Innovation Community, dedicated to Climate Change research. The proposal is expected to generate important innovative outputs and outcomes that are drivers of economic growth and job creation (patents, spin-offs, new close-to-market products and processes). The project is in line with the EFSI objective of supporting research, development and innovation, and is 100% eligible for the EIB Climate Action objective, as the building is designed to be highly energy-efficient, in line with the EU Directive for Energy Performance in Buildings (EPBD).

The project addresses a clearly defined market failure. It helps financing technology transfer activities performed by a leading French public university and its partners, for which the markets fail providing adequate funds, because of the uncertainty inherent in these activities and because of knowledge spillovers, which reduce the appropriability of economic returns. The region's innovation capacity, compared to the EU average, has declined in recent years, so additional investments to strengthen the links between higher education and entrepreneurship are most needed. The project will tackle sub-optimal investment in the Education and Research sector in France, deriving notably from budgetary constraints on the public sector side. The operation will fall under the EIB Special Activities category, and the EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI. The Bank's experience in the Education and Research financing and its capacity to appraise the project's risks and to structure the loan accordingly, will give comfort to both the promoter and private investors. Given its untested financing structure and risk allocation, aimed at innovative education and research activities, the operation is considered a first-of-a-kind building project that could become a reference point in the market, paving the way for future operations in the sector.

SABADELL RISK SHARING SMES & MIDCAPS COVID-19 (Spain)

The Investment Committee approved the use of the EFSI guarantee for the proposed participation in a risk sharing operation with Banco Sabadell, for the purpose of urgently facilitating new financing for eligible SMEs and MidCaps in Spain.

The proposal is part of EIB Group package to provide much-needed financing for small and medium size entities who are severely affected to the economic fallout of the Covid-19 crisis, using established products for rapid deployment via partner banks throughout the EU.

The EIB intervention with EFSI support generates new financing capacity to be employed towards increased access to finance for eligible entities with less than 3,000 employees, with a contractual minimum requirement to support new eligible financing of at least 2x the amount of the EFSI intervention. It is expected that at least 20% of the new financing will directly benefit Cohesion regions.

The proposal combines the financing capacity of EFSI with the local market access of Banco Sabadell, an important provider of financing for SMEs and MidCaps in the country. At full deployment, the new eligible portfolio is expected to benefit SMEs and MidCaps with more than 60,000 employees.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation.

ARVEDI RDI & ADVANCED MANUFACTURING TECHNOLOGY (Italy)

The IC approved the use of the EFSI guarantee for an operation that comprises the promoter's RDI and process improvements in several of its manufacturing sites. The project activities include the implementation of new advanced manufacturing technologies, innovations in downstream steel coil processing lines, various circular economy measures such as a scrap treatment facility, and the integration of renewable electricity generation (photovoltaic). The proposal is in line with the EFSI objective of supporting research, development and innovation (RDI), in particular projects that are in line with resource efficiency objective. The project will contribute to Europe's RDI, competitiveness and economic growth, helping maintain highly skilled staff engaged in RDI activities in Europe. The installation of the photovoltaic plants for in-house electrical power generation will result in 37% of the project contributing to the EIB Climate Action objective.

The financing of this project addresses market failures by supporting innovation through the deployment of advanced manufacturing technology, which generates significant positive knowledge and technology spill over, through the creation of innovative processes, products and through skills development and upgrading. The financing of this project addresses the failure of the financial markets to support investments in innovation in the capital-intensive steel industry, within volatile and competitive markets, which increases the cost of financing. The operation is expected to fall under the EIB Special Activities category. The EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI. The envisaged financing is expected to provide comfort and a positive signalling effect to the market on the soundness of the company's strategy. This will enable the borrower to attract additional long-term financing from private investors and other banking lenders in the current financial context, characterised by major uncertainties caused by the Coronavirus outbreak.