

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
Project name	UBI ENHANCED SME AND MIDCAP SUPPORT
Promoter and financial intermediary	UNIONE DI BANCHE ITALIANE SPA
Country of implementation	Italy
Summary project description	<p>The operation will support new lending activities in favour of small and medium-sized enterprises ("SMEs") and Midcaps in Italy through a joint EIB-EIF guarantee on a mezzanine tranche of a granular performing corporate loan portfolio ("Guaranteed Portfolio"). The capital relief for Unione Banche Italiane ("UBI") on the Guaranteed Portfolio will expand UBI's capacity for new SMEs and Midcaps lending.</p> <p>This operation addresses an existing market gap by supporting working capital and investments of eligible SMEs and Midcaps, thus contributing to sustainable growth and job creation in Italy, a country that, compared to EU average, has a higher share of employment and job creation in the SME segment. This operation therefore contributes to stimulate employment and growth.</p> <p>This transaction fully supports the Capital Markets Union priority objective of the EU since it aims at supporting an active SME and Midcap securitisation market in Europe as it would raise awareness and knowledge of other investors to participate in similar transactions.</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 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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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	10.00%
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%
Other financial support through the EIF and the EIB to entities having up to 3 000 employees	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 up to four indicators, as relevant, among which:

- (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;
- (v) "Increasing access to finance and improving financing conditions including for final beneficiaries".

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 up to 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 3,000 employees through the provision of subordinated mezzanine financing in a synthetic securitisation. It will also contribute to channelling of local capital and saving resources into productive capital available to SMEs and Mid-Caps, one of the priorities of the Capital Market Union of the EU. This will be 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 operation addresses an existing market failure whereby SMEs and Midcaps experience lasting difficulties in accessing long-term finance. SMEs and Midcaps are key for growth creation and employment but, as smaller entities, they have greater difficulty in accessing financing sources. This difficulty in turn leads to sub-optimal investment situations faced by SMEs and Midcaps which have to delay or downscale needed investments.

Thanks to EIB support, the operation will generate the provision of new financing that will support the investments of eligible SME and Midcap beneficiaries across a variety of regions and sectors, hence contributing to sustainable economic growth and job creation. The operation will release significant additional private sector financing, as it enables the promoter to increase its own financing capacity to SMEs and Midcaps, which will in turn invest further own resources for necessary investments in their businesses. The operation will qualify as EIB Special Activities, in particular due to the risk profile of the transaction. The EIB would not be able to provide such type of financing support and reach out to this market segment in such volumes during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

This will be the first synthetic securitisation with the promoter.

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

Italy - Economic environment

Economic Performance

	IT 2018	EU 2018	US 2018	IT 2001-2007
GDP per capita (EUR, PPS)	29,550.74	30,935.11	43,569.11	31,924.97
GDP growth (%)	0.85	1.96	2.85	1.16
Potential GDP growth (%)	0.46	1.60	2.23	1.05
Output gap (% of potential GDP)	-0.11	0.61	0.74	1.55
Unemployment Rate (%)	10.40	6.60	3.90	7.64
Unemployment Rate (%) - Y/Y change (% points)	-0.50	-0.60	-0.20	-0.42
Bank-interest rates to non-financial corporations (%)	1.05	1.26	--	3.81
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.08	-0.06	--	0.02
Investment rate (GFCF as % of GDP) - Total	17.96	20.54	20.84	21.06
Investment rate (GFCF as % of GDP) - Public	2.11	2.85	3.30	2.87
Investment rate (GFCF as % of GDP) - Private	15.85	17.68	17.53	18.18

Environment and Climate

	2014	2015	2016	2017	EU (latest available)
GHG emissions level (emissions in 1990=100)	82.52	84.48	--	--	77.88
Employment in the environmental goods and services sector	370,982.00	374,485.00	385,869.00	--	4,451,000.00
Resource productivity (Euro per kilogram, chain linked volumes (2010))	3.66	3.68	3.68	--	2.07
GHG emissions in non-ETS sectors (base year=100)	79.30	81.70	80.90	80.40	89.20
GHG emissions in non-ETS sectors, distance to EU 2020 target	-7.70	-5.30	-6.10	-6.60	-1.50
Value added in the environmental goods and services sector (% of total VA)	2.23	2.29	2.35	--	2.27
Employment in the environmental goods and services sector (% of total employment)	18.66	18.70	19.03	--	22.74

Research, development and innovation

	2014	2015	2016	2017	EU (latest available)
Gross domestic expenditure on R&D (GERD) (% of GDP)	1.34	1.34	1.37	1.35	2.06
Gross domestic expenditure on R&D (GERD) distance to EU 2020 target (% of GDP)	0.19	0.19	0.16	0.18	0.94
Research and development expenditure - Government (% of GDP)	0.18	0.18	0.17	0.17	0.23
Research and development expenditure - Higher education (% of GDP)	0.36	0.34	0.33	0.33	0.45
Research and development expenditure - Business (% of GDP)	0.76	0.78	0.83	0.83	1.36
Research and development expenditure - Private non-profit sector (% of GDP)	0.04	0.04	0.03	0.02	0.02
Eco-innovation index (EU =100)	100.00	104.00	110.00	113.00	100.00

SME/midcap

	2014	2015	2016	2017	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	45.54	26.53	24.37	16.51	17.54
Availability of Private equity (Thousand euro)	2,893,497.06	3,083,595.85	6,337,177.33	3,708,032.69	67,350,185.55
Availability of Venture Capital (Thousand euro)	39,922.13	63,744.21	73,218.46	93,018.72	6,100,548.37

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms
- EU value for "Bank-interest rates to non-financial cooperations" 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 value at PCR
EIB/EFISI eligible investment mobilised [MEUR]	455.00 MEUR
External EFSI multiplier	7.00
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	325.00 MEUR
Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share)	35,000
Allocation volume dedicated to SME/Mid-Caps [%]	89.00 %
Co-financing with national promotional banks [MEUR]	0.00 MEUR
Co-financing with structural funds (ESIF) [MEUR]	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc) [MEUR]	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. If applicable, a difference between the amount of Project investment costs and EIB/EFISI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.