

Annex I

The Extraordinary Insurance Coverage program and the Spanish Guarantee Mechanism include urgent measures to support the liquidity of companies and ensure business continuity. The applicable measures are described and compared below.

Applicable Measures	Large corporates	SMEs
<p>Extraordinary Insurance Coverage</p>	<p><u>Type of guarantee:</u> insurance coverage credit line of up to 20,000 million euros.</p> <p><u>Beneficiary:</u> non-listed large entities, which are not in an insolvency or pre-insolvency situation, nor at risk of default with public sector companies or the administration, which are:</p> <ol style="list-style-type: none"> 1. Internationalized companies or companies in the process of internationalization, meeting at least one of the following requirements: <ul style="list-style-type: none"> • A third (33%) of its turnover as per the last set of financials comes from international activities; or • Export companies that had carried out export activities for the last 4 years and comply with the requirements set out in this regard by the Secretary of State for Commerce (<i>Secretario de Estado de Comercio</i>). 2. Companies that face liquidity problems or do not have access to financing, due to the impact of the COVID-19 crisis. <p><u>Purpose of the guarantee:</u> coverage available for working capital facilities that such require. This should cover new needs (as a result of the situation) and no situations preceding the crisis.</p> <p><u>Maximum guaranteed amount:</u>¹ The maximum guaranteed amount shall be 80% of the credit. Coverage requests for which financial institutions request coverage percentages of less than 70% will be subject to express treatment, especially in those cases in which the insured amount is equal to or less than EUR 10 million.</p> <p>Coverage shall only extend to the principal amount and shall exclude interest and any other amounts.</p> <p>The coverage provided shall not exceed the limits provide for in the EU regulation regarding State aids.</p>	<p><u>Type of guarantee:</u> same.</p> <p><u>Beneficiary:</u> Spanish companies considered as Small and Medium-sized Companies according to the definition in Annex I of Commission Regulation EU 651/2014, which are not in an insolvency or pre-insolvency situation, nor at risk of default with public sector companies or the administration.</p> <p><u>Purpose of the guarantee:</u> same.</p> <p><u>Maximum guaranteed amount:</u> same.</p>

¹ <https://www.cesce.es/sites/all/themes/cesce/Docs/DOCUMENTO%20EXPLICATIVO%20LINEA%20COVID%2019.pdf>;
[https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52020XC0320\(03\)&from=ES](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52020XC0320(03)&from=ES)

	<p>Maximum amount of loans per customer for credits due after 12/31/2020:</p> <ul style="list-style-type: none"> a) The principal may not exceed twice the debtor's annual personnel cost expense in 2019, or the latest year available. For companies created after 1/1/2019, the credit must not exceed the estimated salary cost for the first two business years; or b) 25% of the debtor's total income in 2019; or c) With the appropriate justification (based on debtor's statements) on their liquidity needs, the amount of the credit can be increased to cover the needs of the next 12 months. <p>Maximum amount of loans per customer for credits due before 12/31/2020:</p> <ul style="list-style-type: none"> a) The principal amount of the credit may exceed the amount collected previously, provided that the aid is properly justified and the proportionality is maintained. <p><u>Term:</u> the line will be available for a period of 6 months after the declaration of the State of Emergency. The term of the loans shall be up to a maximum of 5 years since the granting of the Extraordinary Insurance coverage</p> <p><u>Cost of coverage:</u> depending on the size of the debtor and the duration of the coverage, the premiums established for these grants will be applied as per the Communication from the European Commission: Temporary Framework regarding aid measures aimed at supporting the economy in the context of the current COVID-19 outbreak.</p> <p>These premiums will be adapted to reflect the percentage of coverage applied, and will be applied to the sum insured. The premium will be the only cost of the coverage.</p> <p><u>Process:</u> Companies interested in requesting the Insurance Coverage line must contact the financial institution. Such institution shall be adhered to the program.</p> <p>CESCE will assess the coverage requests. In case of approval, CESCE will issue a coverage Policy in favor of the requesting financial entity. The financing entities will be responsible for the correct implementation of the credit and, where appropriate, its guarantees.</p> <p>Note that limits established to receive these aids, shall be taken into account in aggregate together with all the extraordinary aids received</p>	<p><u>Term:</u> same.</p> <p><u>Cost of coverage:</u> same.</p> <p><u>Process:</u> same.</p>
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	<p>from the Spanish Government in relation to the COVID-19 crisis, and specifically, those granted by the ICO, so that if a company requests several of these aids, all the amounts or benefits received must be added to calculate the maximum limit.</p>	
Spanish Government Guarantee	<p><u>Type of guarantee:</u> <i>pari passu</i> guarantees, in which the State shares the risk with the financial institutions, therefore losses are allocated proportionally and on identical terms to the financial institutions and the State.</p> <p><u>Beneficiary:</u> any kind of company that complies with the following requirements:</p> <ul style="list-style-type: none"> - Its corporate domicile is in Spain; - Has been economically affected by the impact of Covid-19; - Is not as of 31 December 2019 in default as per the list published by the Risk Information Center of the Bank of Spain (<i>Central de Información de Riesgos del Banco de España</i>); - Is not declared insolvent as of March 17, 2020 or in an in a situation that a creditor may claim the opening of insolvency proceedings; - Is not considered to be in a critical situation according to article 2 of the Commission Regulation No 651/2014 (which declared certain categories of aid compatible with the internal market), when the so-called Temporary Framework European Union Aids are applicable. <p><u>Purpose of the guarantee:</u> to cover any form of financing granted by financial institutions, financial credit establishments, electronic money institutions and payment institutions for businesses and the self-employed, which were granted by financial institutions to the companies so they can meet financing needs or any obligation arising from, the payment of invoices, salaries, working capital requirements and any other liquidity needs or payments regarding due financial or tax obligations or any other cash needs that are due.</p> <p><u>Other Conditions:</u></p> <ul style="list-style-type: none"> - Term: The term of the Spanish guarantee will have the same term as the underlying credit and in any event a maximum of 5 years. - Amount of Spanish Guarantee Line: The second half of the EUR 20.000 million shall be for companies that are not considered SMEs. - Eligible Financial Entities: credit institutions, financial credit establishments, electronic money institutions and payment 	<p><u>Type of guarantee:</u> same.</p> <p><u>Beneficiary:</u> same.</p> <p><u>Purpose of the guarantee:</u> same.</p> <p><u>Other Conditions:</u></p> <ul style="list-style-type: none"> - Term: same. - Amount of Spanish Guarantee Line: The first half of the EUR 20.000 million shall be for SMEs and self-employed citizens.

	<p>institutions. These shall be registered and supervised by the Bank of Spain (<i>Banco de España</i>) or the Spanish Securities Regulator (<i>Comisión Nacional del Mercado de Valores, CNMV</i>) which had agreed to participate and had entered into a framework agreement with the ICO.</p> <ul style="list-style-type: none"> - Eligible Loans: loans and other transactions entered by the beneficiaries, provided that they have been entered into or amended after 17 March 2020. If the amount is below EUR 50 million, the guarantee will be automatically approved to the extent approved by the financial institution. Above such amount ICO will need to check that the requirements are complied with by the potential beneficiary. - Deadline for the application of the Spanish Guarantee: 30 September 2020 (note that the deadline may be extended) <p><u>Maximum guaranteed amount:</u> the amount of guarantee cannot exceed 70% of the new loans and 60% of the renewals.</p> <p><u>Process:</u> the financial institution shall be free to decide on facility (terms, etc.) in accordance with its internal procedures and policies (e.g. risk policies).</p> <p><u>Maximum cost of financing:</u> between 20 and 120 basis points depending on the creditor/beneficiary and the guaranteed amount.</p> <p><u>Other considerations:</u> according to the clarifications published by the ICO on its website, the guaranteed financing cannot be used to repay or cancel in advance pre-existing debt, so that no refinancing of pre-existing debt is possible, except for the payment of amounts due at ordinary maturity</p>	<ul style="list-style-type: none"> - Eligible Financial Entities: same. - Eligible Loans: same. - Deadline: same. <p><u>Maximum guaranteed amount:</u> the amount of guarantee cannot exceed 80% of the new loans and renewals.</p> <p><u>Process:</u> same.</p> <p><u>Maximum cost of financing:</u> same.</p> <p><u>Other considerations:</u> same.</p>
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