



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	BUDAPEST BANK ENHANCED SUPPORT FOR SMES&MIDCAPS
<u>Promoter or financial intermediary</u>	BUDAPEST HITEL - ES FEJLESZTESI BANK ZRT (BUDAPEST BANK)
<u>Country of implementation</u>	Hungary
<u>Summary project description</u>	The project aims to facilitate access to long-term finance for SMEs and Mid-Caps in Hungary promoting, innovation and climate action projects mainly in the cohesion areas. The proposed operation will allow EIB to reach new final beneficiaries through a new financial intermediary. The Borrower has strong client coverage network in the countryside and the rural areas hence out of its 21 corporate business centres only five are located in the capital and a specially dedicated team was created to serve the agribusiness clientele with tailor-made products.

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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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	90.00%
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	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 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

In line with the EFSI objective of supporting entities having up to 3,000 employees, the operation shall support SMEs and Mid-Caps across Hungary for which access to longer term finance is limited. A particular focus of the operation is on SMEs and small Mid-Caps, namely through providing capital for their long-term investments and promoting, innovation and climate action projects. As most investments will also take place in regions eligible under the EU Cohesion Policy, the operation will also contribute to the Union priorities on convergence and social cohesion.

The proposed operation will allow EIB to reach final beneficiaries in Hungary through a new financial intermediary, making it the first multi beneficiary intermediated loan under EFSI in Hungary, with a new counterpart to EIB, the Budapest Bank.

Thanks to EFSI, the operation shall address clear market gaps and sub-optimal investment situations faced by SMEs and Mid-Caps in Hungary, who have difficulties accessing bank financing they had planned for, thus reducing their investment capacities. SMEs and Mid-Caps are however a key driver of economic growth, innovation, employment and social integration in Hungary. The operation shall address this situation and is expected to accelerate projects undertaken by SMEs and Mid-Caps and thus support economic growth in Hungary.

The operation is expected to fall under the Special Activity category, taking into account the risk features of the transaction, in particular linked to the medium size of Budapest Bank and the long-term loan provided by the EIB. Only with EFSI support, the EIB can provide direct lending to Budapest Bank on an unsecured basis which is necessary to increase Budapest Bank lending capacity and will allow final beneficiaries to obtain financing on terms they would otherwise not have been able to obtain in the market.

Set of indicators related to the macroeconomic environment

Hungary - Economic environment

Economic Performance

	HU 2016	EU 2016	US 2016	HU 2001-2007
GDP per capita (EUR, PPS)	20.384	29.440	42.615	21.221
GDP growth (%)	2,0	1,9	1,6	3,7
Potential GDP growth (%)	1,9	1,3	2,1	3,2
Output gap (% of potential GDP)	0,21	-0,75	-0,03	1,9
Unemployment Rate (%)	4,3	8,2	4,7	6,6
Unemployment Rate (%) - Y/Y change (% points)	-1,9	-0,8	-0,3	0,3
Bank-interest rates to non-financial corporations (%)	1,2	1,4	1,8	9,8
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-1,7	-0,21	-1,4	-1,3
Investment rate (GFCF as % of GDP) - Total	17,8	19,7	19,6	24,1
Investment rate (GFCF as % of GDP) - Public	3,1	2,7	3,4	4,3
Investment rate (GFCF as % of GDP) - Private	14,7	17,0	16,2	19,7

SME/midcap

	2013	2014	2015	2016	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	24,9	43,3	18,6	18,5	20,9
Availability of Private equity (Thousand euro)	57.524	169.270	158.300	174.476	50.091.574
Availability of Venture Capital (Thousand euro)	17.876	31.384	24.818	31.251	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	70.00 MEUR
External EFSI multiplier	2.80
External EIB (non-EFSI) multiplier	
Amount of private financing	0.00 MEUR
Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share)	8,600
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)	

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.