



## EFSI Operation Scoreboard<sup>1</sup>

<b><u>PROJECT PRESENTATION</u></b>	
<b><u>Project name</u></b>	GARANTI BANK ROMANIA LOAN FOR SMES AND MIDCAPS
<b><u>Promoter or financial intermediary</u></b>	GARANTI BANK SA
<b><u>Country of implementation</u></b>	Romania
<b><u>Summary project description</u></b>	The proposed operation aims to facilitate access to long-term finance for SMEs and Mid-Caps in Romania. The project will allow the EIB to reach new final beneficiaries through a new financial intermediary.

<sup>1</sup> 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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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
<b>Cross-cutting objectives</b>	
EIB Cohesion Priority Regions / Economic and Social Cohesion	95.00%
Climate Action	2.00%
<b>EFSI</b>	
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 sustainability<sup>2</sup>;*
- (iv) "Employment" i.e. the project's direct employment effect.*

### **Pillar 3**

EIB Technical and financial contribution to the project	Moderate
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.*

<sup>2</sup> 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 will support SMEs and Mid-Caps across Romania for which access to longer term finance remains limited. The focus of the operation is on SMEs and Mid-Caps, through providing financing for their long-term investments. As most of the investments are expected to take place in regions eligible under the EU Cohesion Policy, the operation is expected to contribute significantly to the Union priorities on convergence and social cohesion helping reduce regional disparities in a country with lack of investment over the years affecting employment and job creation.

The proposed operation will allow EIB to reach final beneficiaries in Romania through a financial intermediary, Garanti Bank S.A., and will be the third multi beneficiary intermediated loan operation in Romania under EFSI.

Thanks to EFSI, the operation shall address clear market gaps and sub-optimal investment situations faced by SMEs and Mid-Caps in Romania, who have difficulties accessing the necessary bank financing, aiming at fostering their investment capacity and development. SMEs and Mid-Caps are however a key driver of economic growth, innovation, employment and social integration in Romania. The operation shall address this situation and is expected to accelerate projects undertaken by SMEs and Mid-Caps and thus support economic growth in the country and is expected to catalyse new private funding to eligible SMEs and Mid-Caps.

The operation is expected to fall under the Special Activity category, taking into account the risk features of the transaction. With EFSI support, the EIB can provide direct lending to Garanti Bank S.A., on an unsecured basis, which would enhance its lending capacity. The operation will allow final beneficiaries to obtain financing at more favourable terms compared to the market. Due to the expected riskiness of the operation, the loan could not have been provided to the same extent by the EIB without EFSI support.

## Set of indicators related to the macroeconomic environment

Romania - Economic environment				
Economic Performance				
	RO	EU	US	RO
	2016	2016	2016	2001-2007
GDP per capita (EUR, PPS)	17.404	29.440	42.615	13.787
GDP growth (%)	4,8	1,9	1,6	6,3
Potential GDP growth (%)	3,5	1,3	2,1	4,6
Output gap (% of potential GDP)	-0,08	-0,75	-0,03	2,9
Unemployment Rate (%)	5,5	8,2	4,7	7,3
Unemployment Rate (%) - Y/Y change (% points)	-1,1	-0,8	-0,3	-0,26
Bank-interest rates to non-financial corporations (%)	3,4	1,4	1,8	10,3
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0,64	-0,21	-1,4	-
Investment rate (GFCF as % of GDP) - Total	22,7	19,7	19,6	24,9
Investment rate (GFCF as % of GDP) - Public	3,6	2,7	3,4	3,8
Investment rate (GFCF as % of GDP) - Private	19,1	17,0	16,2	21,1

SME/midcap					
	2013	2014	2015	2016	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	41,6	42,4	22,6	16,0	20,9
Availability of Private equity (Thousand euro)	74.203	88.831	147.069	147.257	50.091.574
Availability of Venture Capital (Thousand euro)	2.985	5.303	1.834	2.360	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 indicators<sup>3</sup>

#### Key project characteristics

	Expected at PCR
EIB/EFSI eligible investment mobilised	62.44 MEUR
External EFSI multiplier	2.80
External EIB (non-EFSI) multiplier	
Amount of private financing	40.14 MEUR
Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share)	6,130
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)	

<sup>3</sup> 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/EFSI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.