



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

<b>PROJECT PRESENTATION</b>	
<b><u>Project name</u></b>	CAJAMAR ABS ENHANCED SUPPORT RURAL SMES AND MIDC
<b><u>Promoter or financial intermediary</u></b>	CAJAMAR CAJA RURAL SCC
<b><u>Country of implementation</u></b>	Spain
<b><u>Summary project description</u></b>	<p>This operation aims to support new lending to small and medium sized enterprises (“SMEs”) and Midcaps (“New Portfolio”) in rural areas of Spain through a joint EIB-EIF guarantee on several tranches of a granular SMEs and Midcaps portfolio (“Guaranteed Portfolio”) originated by Cajamar Caja Rural, Sociedad Cooperativa de Crédito (“Cajamar”). The capital relief for Cajamar on the guaranteed portfolio will expand its capacity for new SMEs and Midcaps lending.</p> <p>This transaction targets Spanish SMEs and Midcaps, which are in key position to support the growth of EU economy and employment generation in Spain. SMEs represent approx. 99% of all companies in Spain, and generate close to 73% of employment, a larger proportion than in other Member States. Moreover, approx. 95% are microenterprises (i.e. less than 10 employees) or self-employed. A commitment for new production of SME and Midcap loans fulfilling EIB eligibility criteria will be required as a condition for EIB to enter the transaction.</p> <p>The operation, which seeks to benefit SMEs in remote rural areas with challenging economic conditions, benefits from a great additionality and value added from many points of view, as detailed below.</p> <p>Cajamar is a new partner for the EIB with respect to SME intermediated loans, thereby allowing the EIB to expand its activities with a new promoter. In addition, Cajamar is focused on a rural area of less developed regions. As a rural cooperative, Cajamar has a strong focus on the agri-food sector (with a 13% market share nationwide). Furthermore, it has a relevant presence in Almeria (Andalusia), where it has its headquarters, and also in Murcia, which are both “less developed regions” and present above average unemployment rates (23.1% and 16.3% Andalusia and Murcia respectively, vs a Spanish</p>

<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 [...].

	<p>national average of 15.3%). It is foreseen that close to 50% of the total loan amount will be allocated to projects in such regions.</p> <p>Cooperative banks' ownership is typically widely distributed, as in the case of Cajamar. This social ownership allows for better alignment of interests with public policy goals different from profit maximization (such as long term financial sustainability of rural areas) and access to remote regions.</p> <p>The EIB is an anchor investor for the securitization and will crowd-in both public and private investors. Investors (including the Spanish National Promotional Bank ("NPB"), Instituto de Credito Oficial ("ICO")) will participate both in the senior and lower mezzanine tranches. Besides, as an anchor investor the EIB/EIF is actively involved in the optimal structuring of the operation, having given critical structuring advice for the successful closing of the deal.</p> <p>This product represents an innovative and efficient solution. It is the first deal of this type prepared in Spain to provide capital optimization for a SME portfolio originated with a standardized risk models, thereby closing a market gap and allowing to implement a transaction typically reserved to the largest banks to a medium sized credit cooperative. In exchange for EIB participation, Cajamar will originate a New Portfolio of SMEs of several times the guaranteed amount.</p>
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## PROJECT PILLAR ASSESSMENT

### Pillar 1

Contribution to EU policy	Significant
<b>Cross-cutting objectives</b>	
EIB Cohesion Priority Regions / Economic and Social Cohesion	50.00%
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 risk financing from seed to expansion stages for SMEs, start ups, small mid cap companies and mid cap companies, to ensure technological leadership in innovative and sustainable sectors	10.00%
Other financial support through the EIF and the EIB to entities having up to 3 000 employees	90.00%

### Pillar 2

Quality and soundness of the project	Excellent
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	High
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 provides financing to SMEs and MidCaps throughout Spain, in particular in rural remote areas which are characterised by higher access to finance difficulties. As up to 50% of the financing is expected to be deployed in Cohesion regions, the operation also contributes to the Union priorities on convergence and social cohesion. Equally, the operation also fully supports the Capital Markets Union priority objective since it aims at supporting an active and sustainable SME and Mid-Cap securitisation market in Europe for a diverse range of intermediaries.

The operation addresses clear market failures and sub-optimal investment situations faced by credit cooperatives, who lack access to equity financing in public markets. Secondly, the capital markets across Europe and in Spain have failed to utilise securitisation transactions as a risk transfer method in an optimal way for medium and small financial entities. Through this operation, the EIB Group therefore continues to support the securitisation market in Spain for the benefit of smaller entities. As a result, the operation will support new investments, economic growth and job creation/preservation in the country.

The operation is expected to fall under the EIB's Special Activity risk category due to its subordinated risk level and could not have been undertaken by the EIB without the EU Guarantee under EFSI. Compared to standard intermediated financing, the securitisation structure foreseen under this operation enhances the capacity of the promoter to increase the amount of funding directed to SMEs and Mid-Caps to a higher degree. Without the participation of the EIB Group as a cornerstone financier, the promoter would be unable to undertake the new financing to the same extent.

Thanks to EFSI support, the structure will crowd-in private sector investors as well as the Spanish NPB, ICO, which is expected to invest in the senior tranche.

The promoter will be a new client for the EIB.

The operation will be the first securitization transaction for capital optimization purposes for the EIB Group with a cooperative banking entity in Spain for a portfolio generated using standardized risk models.

The EIB Group as the cornerstone financier provided advisory support to the promoter as a part of the operation. It was in particular actively involved in the optimal structuring of the operation, having given critical structuring advice for the successful closing of the deal.

## Set of indicators related to the macroeconomic environment

### Spain - Economic environment

#### Economic Performance

	ES 2016	EU 2016	US 2016	ES 2001-2007
GDP per capita (EUR, PPS)	28,818	29,440	42,615	28,562
GDP growth (%)	3.2	1.9	1.6	3.6
Potential GDP growth (%)	0.39	1.3	2.1	3.6
Output gap (% of potential GDP)	-1.8	-0.75	-0.03	2.9
Unemployment Rate (%)	18.4	8.2	4.7	10.0
Unemployment Rate (%) - Y/Y change (% points)	-2.3	-0.8	-0.3	-0.33
Bank-interest rates to non-financial corporations (%)	1.6	1.4	1.8	3.8
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.41	-0.21	-1.4	-0.05
Investment rate (GFCF as % of GDP) - Total	19.9	19.7	19.6	28.7
Investment rate (GFCF as % of GDP) - Public	1.9	2.7	3.4	4.1
Investment rate (GFCF as % of GDP) - Private	18.0	17.0	16.2	24.6

#### General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Crop and animal production, hunting and related service activities (% of total)	--	--	--	--	1.3
Employment in Crop and animal production, hunting and related service activities (% of total)	--	--	--	--	--

#### SME/midcap

	2013	2014	2015	2016	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	44.5	46.5	32.7	28.3	20.9
Availability of Private equity (Thousand euro)	2,069,946	2,130,467	2,178,024	3,809,024	50,091,574
Availability of Venture Capital (Thousand euro)	170,470	205,044	346,571	405,794	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**

	<b>Expected at PCR</b>
EIB/EFSI eligible investment mobilised	1,050.00 MEUR
External EFSI multiplier	10.50
External EIB (non-EFSI) multiplier	0.00
Amount of private financing	80.00 MEUR
Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share)	50,000
Allocation volume dedicated to SME/ Mid-Caps	89.00 %
Co-financing with national promotional banks	310.00 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.