FOR DECISION

EUROPEAN FUND FOR STRATEGIC INVESTMENTS

STEERING BOARD

EIF- EFSI MULTIPLIER CALCULATION METHODOLOGY

Update of January 2019

Joint proposal by EC and EIF
Questions concerning this note should be referred to
EFSI Secretariat: EFSISecretariat@eib.org
The purpose of this note is to describe the EIF multiplier calculation methodology outlined below, in order to assess ex-ante and monitor subsequently the investment impact of EIF financing in the framework of EFSI under IPE-SMEW. As foreseen in the EFSI Regulation\(^1\) and translated into the EFSI Agreement, one of the Key Performance Indicators of EFSI is the investment impact, with an overall target of at least EUR 500bn to be generated on the basis of an overall EFSI contribution of the EU and the EIB Group of EUR 33.5bn. This represents a target of an EFSI Global Multiplier Effect of \(x15\).

The EIB EFSI Multiplier Calculation Methodology under the Infrastructure and Innovation Window (IIW) is set out in a different document. The EIF methodology is conceptually in line with that of the EIB\(^2\).

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2 EIB operations implemented by the EIF under IIW, namely investments in or co-investments with funds, follow this EIF-EFSI Multiplier Calculation Methodology.
Internal Multipliers and External Multipliers contained in this document are estimates, based on current ex-ante assumptions, and therefore, may differ from the ones reported in operational reporting.

**KEY ELEMENTS**

The EIF multiplier calculation methodology is comprised of 2 main factors:

\[
\text{Internal Multiplier} \times \text{External Multiplier} = \text{EFSI Multiplier}
\]

1. **Internal Multiplier (IM)**

For an individual transaction, the IM represents the ratio between the EIF Financing\(^3\) (being the EFSI Contribution complemented by the co-financing of other internal resources under EIF management – EIF own resources, mandates, but excluding EU mandates for equity operations) and the EFSI Contribution (corresponding to the portion of the EU Guarantee allocated to the support of the relevant operation or the investments of the RCR Mandate / Equity Product in the relevant operations as applicable)\(^4\).

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\(^3\) An amount committed by EIF for a given transaction signed with a Financial Intermediary (Equity fund managers, banks and other financial institutions, guarantee or microfinance institutions, business angels, etc.)

\(^4\) In line with Schedule VII Annex II KMi3 definition to be computed as the (i) EIF Financing divided by the sum of the portion of the EU Guarantee allocated to the support of the relevant operations and in the case of RCR (ii) EIF financing divided by the investment from the RCR Mandate in the relevant operations.
### Products

<table>
<thead>
<tr>
<th>Products</th>
<th>EFSI Contribution (a) + co-financing (b)</th>
<th>(c) = (a) + (b)</th>
<th>IM (c)/(a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCR</td>
<td>RCR Commitment</td>
<td></td>
<td>min x1.05</td>
</tr>
<tr>
<td></td>
<td>+ 5% EIF own resources + Other non-EFSI mandates</td>
<td></td>
<td>average x1.5</td>
</tr>
<tr>
<td>Equity Window</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-window 1</td>
<td>95% EFSI Commitment</td>
<td>+ 5% EIF own resources + Other non-EFSI mandates</td>
<td>min x1.05</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>average x1.5</td>
</tr>
<tr>
<td>Sub-window 2</td>
<td>26.5% EFSI Commitment</td>
<td>28.5% EIF own resources + Other non-EFSI mandates + 45% H2020 contribution</td>
<td>x3.77</td>
</tr>
<tr>
<td>Private Credit for SMEs</td>
<td>EFSI Commitment</td>
<td>+ EIF own resources</td>
<td>x3.33</td>
</tr>
<tr>
<td>COSME LGF / EaSI GFI / CCS GF / EFSI Combination Product</td>
<td>Cap Amount signed</td>
<td>+ None</td>
<td>x1</td>
</tr>
<tr>
<td>InnovFin SMEG</td>
<td>Estimate using 20% of the guaranteed portfolio</td>
<td>+ EIF second loss coverage = 80% of the guaranteed portfolio</td>
<td>x5</td>
</tr>
</tbody>
</table>

The IM for the Equity products (RCR, Equity Window Private Credit for SMEs) is an expected average based on historic data for similar products. The minimum value is respectively equal to:

- x1.05 as a result of EIF co-investment obligation under the RCR mandate;
- x1.053 as a result of EIF co-investment obligation under Sub-window 1 of the Equity Product;
- x3.77 as a result of EIF and H2020 co-investment obligations under Sub-window 2 of the Equity Product. (Please note the specific discount described under 2.b.v.)
- x3.33 as a result of EIF contribution representing 70% of EIF Financing, on top of EFSI first loss contribution.

For COSME LGF, EaSI GFI, CCS GF and the EFSI Combination product, the value is systematically set at x1, as this capped guarantee product does not require any internal co-financing.

The uncapped guarantee offered through the InnovFin SMEG product requires an EIF Second Loss coverage on top of the estimated First Loss (20%). By construction, the IM for this product is systematically at x5.
2. **External Multiplier (EM)**

The EM is a ratio representing the leverage on the EIF Financing leading to the (expected) Mobilised Investments of a transaction. It is calculated using 3 sub-items as follows:

\[
\text{External Multiplier 1} \times \text{Adjustments} \times \text{External Multiplier 2} = \text{External Multiplier (EM)}
\]

**a. External Multiplier due to financing provided by Financial Intermediaries to SMEs directly due to EIF support (EM1)**

EM1 is the first step of the calculation: it represents the ratio between the Leveraged Financing (corresponding to the maximum of financing made available to final recipients - i.e. the Fund Size for Equity transactions, the Maximum Portfolio Volume (MPV) for guarantee instruments) and the EIF Financing resulting from the transaction signed by EIF with the Financial Intermediary.

<table>
<thead>
<tr>
<th>Product</th>
<th>EM1</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCR &amp; Equity Window</td>
<td>x2</td>
<td>The EIF is expected to invest around 25% on average into the investment vehicle (Fund Size) at final closing.</td>
</tr>
<tr>
<td>Private Credit for SMEs</td>
<td>x2</td>
<td>The EIF is expected to participate around 33% on average, both with cash and guarantee components, into the investment vehicle (Fund Size) at final closing.</td>
</tr>
<tr>
<td>COSME LGF</td>
<td>x10</td>
<td>The average capped guarantee is 5% of the SME loan portfolio generated by the Financial Intermediary (see NB below)</td>
</tr>
<tr>
<td>EaSI GFI</td>
<td>x4.2</td>
<td>The average capped guarantee exceeds 9% of the loan portfolio generated by the Financial Intermediary (see NB below)</td>
</tr>
<tr>
<td>CCS GF</td>
<td>x5.7</td>
<td>The capped guarantee should average 18% of the SME loan portfolios generated by the Financial Intermediary (see NB below)</td>
</tr>
</tbody>
</table>

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5 In line with Schedule VII Annex II KMI3 definition: total SMEW investment (defined as KPI 3) divided by the EIF Financing

6 It is understood that past closings where EIF has not participated are not considered under this calculation. See “2.b. Adjustments” below

7 Being the target SME loan portfolio to be generated by the Financial Intermediary
<table>
<thead>
<tr>
<th>EFSI Combination Product</th>
<th>x5</th>
<th>x5</th>
<th>The capped guarantee should not exceed 20% of the SME loan portfolios generated by the Financial Intermediary (see NB below)</th>
</tr>
</thead>
<tbody>
<tr>
<td>InnovFin SMEG</td>
<td>x2</td>
<td>x2</td>
<td>At least 50% of the loan portfolio’s exposure remains at the Financial Intermediary level (see NB below)</td>
</tr>
</tbody>
</table>

While EM1 is set at x2 by construction for InnovFin SMEG transactions, multipliers for other products result from investment limits and / or various analyses carried out during the longstanding experience of EIF in deploying these instruments over the past two decades. On an individual basis, some transactions may show a much lower or higher EM1.

**NB:** COSME LGF, InnovFin SMEG, CCS GF together with EaSI GFI and the EFSI Combination Product, to a lesser extent, also envisage the use of counter-guarantees. In such a case, the MPV – corresponding to a guaranteed SME loan portfolio such type of guarantees, is adjusted using the counter-guarantee rate – is divided in practice by the counter-guarantee rate, in order to calculate the target SME loan portfolio to be covered. Consequently, counter-guarantee transactions show higher EM1 multipliers.

### b. Adjustments

Although the total Fund Size of an equity investment vehicle is easily auditable, it is necessary to adjust it with the following elements in order to provide a better estimate of the expected volume of financing to be made available to final beneficiaries through EFSI support.

i. **Treatment of closings prior to EFSI commitment**

Where EIF commits the EFSI Contribution into a fund subsequently to its first closing, EIF limits the fund size attributable to EFSI to the additional commitments from investors in or after this new closing.

ii. **Non-EFSI eligible components for RCR and the Equity Window**

EIF computes only 74.8% (i.e. a x0.748 adjustment on) of the target fund size (or final fund size, as applicable) being the result, inter alia in the case of RCR or the Equity Product under EFSI, of the combination of the following EFSI-specific adjustments:

- **a x0.88 adjustment (i.e. a 12% discount) is applied for management fees and reflows:** indeed, out of all commitments from investors, a portion (20% to 25%) is dedicated to pay the management fees to the Equity fund managers which is consequently not invested into SMEs. However, the industry practices have introduced the possibility for Equity fund managers to use reflows either to pay the management fees / costs or to make new investments. An analysis performed on the RCR portfolio, using a sample of almost 100 funds signed over 5 matured vintage years from 2000 to 2005, shows that 88% of commitments have been invested on average in SMEs.

- **a x0.85 conservative adjustment for the geographical repartition:** this EFSI-specific adjustment is introduced in order to consider the possible investments in SMEs outside the EU28. An analysis on the RCR portfolio performed in the framework of the EFSI negotiations shows that the actual portion amounts to 10%.

iii. **SMEW and IIW present in the same operation**

The treatment of operations, where counterparts are financed jointly by EIF and EIB under EFSI, is explained in the KPI-KMI Methodology, in order to avoid double-counting in calculating the (expected) Mobilised Investments for a specific transaction for the EIB Group. The basic principle
should lead to distributing pro-rata the (expected) Mobilised Investments based on the EIB and EIF financing under EFSI.

iv. Fund of funds

Investments in SMEs through fund of funds are also envisaged under the Equity Product. EIF shall compute an additional ratio of x2.7 for these specific operations in order to reflect the additional layer of leveraged financing. The ratio is the result of:

- the EIF Financing representing on average 33% of the fund of fund size, i.e. x3
- discounted by 10% (or x0.9) due to above-mentioned management fees which EIF will pay to fund of funds’ managers.
- This needs to be applied together with the adjustments under ii above.

v. Specific adjustment for Equity Sub-window 2

InnovFin resources were cornerstone in designing the Equity Sub-window 2 as a result of the amendment of InnovFin Equity. They represent 45% of the sub-window and they would have generated Mobilised Investments independently from leveraging EFSI and EIF resources.

Consequently, a specific ratio of 45% is applied in the final calculation of the (expected) Mobilised Investments in order to reflect the anteriority of this resource.

vi. Additional financing in an existing transaction eligible under EFSI

Should there be a subsequent EIF Financing for a given transaction eligible under EFSI, the (expected) Mobilised Investments is deemed to be equal to zero\(^8\), unless it supports some incremental/additional Leveraged Financing, thus incremental/additional (expected) Mobilised Investments\(^9\).

Because of a subsequent financing made by EIF or EIB, should a transaction become a joint SMEW / IIW transaction, then any relevant adjustment as per 2.b.iii above should apply as appropriate.

c. External Multiplier due to additional investments / financing in the SMEs (EM2)

EM2 is the final step of the calculation: it represents the ratio between the (expected) Mobilised Investments (respectively corresponding to maximum of financing available to final recipients multiplied by 1.4 or target fund size or final fund size multiplied by 0.75 multiplied by 2.5 as applicable) made by SMEs, small Mid-caps, etc.… and the Leveraged Financing.

<table>
<thead>
<tr>
<th>Product</th>
<th>EM2</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCR &amp; Equity Product</td>
<td>2.5</td>
<td>EM2 is the measure of the total amount of equity investment into investee companies, both from the fund and from co-investors. The Multiplier is measured from the time of the fund’s investment through any subsequent financing rounds for the investee companies (not including any equity investments into the company before the fund invested).</td>
</tr>
</tbody>
</table>

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\(^8\) Case where, for instance, the manager of a primary fund already supported by EFSI offers a co-investment opportunity in a final recipient: this subsequent financing is already accounted for as part of EM2 in the calculation of the (expected) Mobilised Investments for the initial EIF Financing in the primary fund.

\(^9\) Case where, for instance, EIF provides a financial intermediary with an additional EIF financing eligible under EFSI for an existing transaction – already eligible under EFSI, in view to support the creation of an additional SME loan portfolio.
Prior analyses\(^\text{10}\) have resulted in a Multiplier by 3.9 for a sample of investment vehicles, 5.1 in the Venture Capital segment and 1.9 in the LMM space averaging prudently to 2.5 for RCR and the Equity Product.

<table>
<thead>
<tr>
<th>Private Credit for SMEs</th>
<th>1.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>COSME LGF</td>
<td></td>
</tr>
<tr>
<td>EaSI GFI</td>
<td></td>
</tr>
<tr>
<td>CCS GF</td>
<td>1.4</td>
</tr>
<tr>
<td>EFSI Combination Product</td>
<td></td>
</tr>
<tr>
<td>InnovFin SMEG</td>
<td></td>
</tr>
</tbody>
</table>

Despite a functioning equivalent to an equity investment vehicle, the product is providing the SME with a loan. Therefore the rationale for EM2 under this product is similar to that of other debt products, assuming that the Financial Intermediary finances 70% of the SME investment.

This component is calculated assuming that the Financial Intermediary finances 70% of the SME investment, thus this factor is set at 1.4 for these products. Prior analyses validated this factor.

3. EFSI New Products

As from 2016 EIF has been deploying additional products under EFSI, namely the EaSI GFI instrument dedicated for microfinance and social entrepreneurship, a new Equity Product split into two sub-windows (1 & 2), complemented in 2017 by the CCS GF instrument focusing on the SMEs in the cultural and creative sectors. Subsequently in 2018, EIF added Private Credit for SMEs and EFSI Combination products to its EFSI offer.

The principles described above do apply and respective multipliers are derived for each of them, leading to the update of this document\(^\text{11}\).

4. Reporting and Documentation

For each operation under EFSI, EIF systems store necessary data for the calculation of the multiplier. The detailed and aggregated multiplier factors – per transaction / mandate portfolios, are monitored regularly by EIF Services.

In view of EIB’s reporting obligations under the EFSI Agreement, EIF Services will provide the EIB with the required information in order to calculate the aggregated multipliers on a regular basis notably for the calculation of EFSI Key Performance / Monitoring Indicators.

EIF Services will be responsible for initiating the amendment process for any methodology in relation to IPE- SMEW.

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\(^{10}\) Value Added Methodology and Impact Assessment – annual review - BD/197/12 - 17 December 2012 - Document 12/617

\(^{11}\) Any new product under EFSI will require an update of this document.
Annexes

Detailed Multipliers per IPE-SMEW products

A. EIB Risk Capital Resources for SMEs (RCR)
B. COSME Loan Guarantee Facility (COSME LGF)
C. InnovFin SME Guarantee Facility (InnovFin SMEG)
D. C. EaSI Guarantee Facility (EaSI GFI)
E. CCS Guarantee Facility (CCS GF)
F. Equity Window
   1. Sub-window 1
   2. Sub-window 2
   3. Direct co-investment in final recipients

G. Private Credit Tailored for SMEs (PC)
H. EFSI Combination product (ECP)
Annex A
EIB Risk Capital Resources for SMEs (RCR)

The EFSI Contribution in the transactions corresponds to the RCR Commitment into the investment vehicle (excluding EIF 5% co-investment).

The additional commitments from EIF own resources and/or mandates (including Funds of funds, regional mandates…) form the EIF Financing.

\[
\text{Total Multiplier} = 1.5 \times \begin{array}{ccc}
\text{EM1} & \text{Adjustments} & \text{EM2} \\
4.25 & 88\% \times 85\% & 2.5
\end{array} = 12
\]
Annex B

COSME Loan Guarantee Facility
(COSME LGF)

The EFSI Contribution in the transactions corresponds to the cap amount signed. EIF does not add additional resources, the cap amount signed will form the EFSI Financing.

\[
\text{Total Multiplier} = 1 \times \frac{1}{\text{CGR if any}^*} \times 1.4 = 28
\]

* Counter-guarantee rate
Annex C

InnovFin SME Guarantee Facility
(InnovFin SMEG)

The EFSI Contribution in the transactions corresponds to the estimated First Loss for the guaranteed portfolio. It is set at 20%. Including the EIF’s coverage of the remaining 80% of the guaranteed portfolio it will form the EFSI Financing.

\[
\text{Total Multiplier} = 5 \times EM1 \times 14 \times EM2 \times \text{CGR if any} \times 1.4 = 14
\]

1 euro
EFSI Contribution

+ EIF co-financing = EFSI Financing

\[\text{Leveraged Financing} = \text{MPV} \]  
(Maximum Portfolio Volume)

* Counter-guarantee rate
Annex D
EaSI Guarantee Facility Instrument
(EaSI GFI)

The EFSI Contribution in the transactions corresponds to the cap amount signed. EIF does not add additional resources, the cap amount signed will form the EIF Financing.

\[
\text{Total Multiplier} = 1 \times \left( \frac{1}{\text{CGR} \text{ if any}^*} \times 1.4 \right) = 15
\]

* Counter-guarantee rate
Annex E

CCS Guarantee Facility Instrument

(CCS GF)

The EFSI Contribution in the transactions corresponds to the cap amount signed. EIF does not add additional resources, the cap amount signed will form the EIF Financing.

\[
\text{Total Multiplier} = 1 \times \frac{1}{\text{EM}} \times \text{EM1} \times \text{Adjustments} \times \frac{1}{\text{CGR (if any)}} \times 1.4 = \times 11
\]

\[1 \text{ euro} \times 11 = 11 \text{ euros}
\]

\[\text{EFSI Contribution} = \text{EIF Financing} \times \text{Leveraged Financing} \times \text{Mobilised Investments}
\]

* Counter-guarantee rate
Annex F
Equity Window

The Equity Window is composed of two sub-windows, namely Sub-window 1 focusing on Growth Capital and Sub-window 2\(^{12}\) dedicated to early stage investments. Both sub-windows could invest in the same investment vehicle, should the latter fulfil combined investment criteria (multi-stage funds for instance).

Beside commitments in standard equity funds, EIF will seek investments with Business Angels’ / Social Impact and Technology Transfer vehicles.

\(^{12}\) resulting from the amendment of the InnovFin Equity mandate. Some Sub-window 2 transactions may not be eligible under EFSI. They will consequently not be subject to the current methodology and not reported under EFSI.
Both sub-windows should enable the Equity Window to target a x12 aggregated Multiplier.

1 SUB-WINDOW 1: GROWTH CAPITAL

The EFSI Contribution in the transactions corresponds to the EFSI Commitment into the investment vehicle.

The additional commitments from EIF own resources and/or mandates (including Funds of funds, regional mandates....) will form the EIF Financing.

\[
\text{Total Multiplier} = 1.5 \times 4.25 \times 88\% \times 85\% \times 2.5 = x12
\]

* A ratio of x2.7 is added to the equation in case of investments through a fund of funds (see 2.b.iv)

The Total Multiplier might reach x27 in the case EIF dedicates EUR 200m of Sub-window 1 to fund of funds investments.
2 SUB-WINDOW 2: AMENDED INNOVFIN EQUITY

The EFSI Contribution in the transactions corresponds to the EFSI Commitment into the investment vehicle. As described above, EIF own resources as well as InnovFin Equity are systematically committed jointly with EFSI.

In addition, possible co-financing with other resources under EIF management forms the EIF Financing.

Note that the adjustment described under 2.b.v. is systematically computed.

<table>
<thead>
<tr>
<th>IM</th>
<th>EM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Multiplier = 3.77 x</td>
<td>EM1</td>
</tr>
<tr>
<td>= 16</td>
<td></td>
</tr>
<tr>
<td>4.25 x</td>
<td>88% x 85% x 55% x 2.5</td>
</tr>
</tbody>
</table>

* A ratio of x2.7 is added to the equation in case of investments through a fund of funds (see 2.b.iv)

The Total Multiplier might reach x45 in the case EIF dedicates EUR 200m (of which EUR 53m of EFSI resources) of Sub-window 2 to fund of funds investments.

For sake of clarity, IFE operations which are non-EFSI IFE operations will report an ex-ante (expected) Mobilised Investments amount of zero - such operations do not contribute towards the EFSI Eligible Investment Mobilised.

3 DIRECT CO-INVESTMENT IN FINAL RECIPIENTS

The Equity Product provides for the possibility to co-invest directly into final recipients (investee companies being SMEs, Small Midcaps and Midcaps) alongside fund vehicles in which EIF is an investor.

As a pre-requisite, the fund vehicle offering the co-investment opportunity is not expected to be funded with any EFSI resource (managed either by EIF or EIB)\(^{13}\).

The specificity for the Multiplier calculation here lies in the definition of the Fund Size. Under such a co-investment arrangement, the Fund Size corresponds to the financing round syndicating investors for the financing of the investee company: the fund manager leads the financing round and calls additional co-investors (usually limited partners) to complement the investment of its fund vehicle.

Note that, in theory, EIF could combine resources as well in a co-investment arrangement. However, EIF usually uses only one resource leading to IM equal to x1.

EIF’s practice usually results in the set-up of a co-investment vehicle whose total commitments represent the Fund Size. EIF’s share, here the EFSI Contribution, typically averages 33%, thus a ratio of x3 for EM1.

\(^{13}\) Should this fund vehicle be already backed EFSI resources, then the adjustment under 2.b.vi applies.
The EFSI Contribution in the transactions corresponds to the EFSI Commitment from Sub-window 1 or Sub-window 2 into the co-investment vehicle.

The additional commitments from EIF own resources and/or mandates (including Funds of funds, regional mandates…) will form the EIF Financing.

\[
\text{Total Multiplier} = 1 \times \begin{array}{ccc}
\text{EM1} & \text{Adjustments}^* & \text{EM2} \\
3 & n/a & 2.5 \\
\end{array} = x7.5
\]

* the target investee company must be eligible under EFSI / management fees shall be paid out of the co-investment vehicle.
Annex G
Private Credit to SMEs

This product is structured as an investment vehicle similar to funds EIF invest in under the Equity Window. However, the fund does not provide an equity financing to the final recipient, but a loan. For this reason, EM2 is set at x1.4 like for guarantee products.

A key feature of this product also lies in the more predictable refloows from final recipients’ loans. These enable the fund manager to:

1. Retain of portion from these proceeds for the payment of its management fee. The adjustment on management fees as per 2.b.ii above is not applicable for this Product. Therefore the calculation does not discount the Fund Size,

2. Re-invest a portion of these proceeds as additional loans, leading to a gross portfolio of loans exceeding the investors’ commitments, corresponding to an additional 30% of the fund size.

Furthermore, fund managers sometimes structure the loan financing together with partner entities, notably banks, bringing an additional leverage to the fund’s financing into the final recipients. It is measured by:

3. The co-lending rate: although recognising this additional multiplier component, EIF prudently assumes no co-lending in the ex-ante calculation and sets this parameter at 100% i.e. a ratio of x1, but it will be taken into consideration at completion.

Consequently, the adjustments applicable for the EFSI PC product are the following ones:

| Eligible Target Recipients | 67% | It is estimated ex-ante that one third of final recipients will not be eligible under EFSI, i.e. being Excluded Recipients. |
| Re-investment ratio | 130% | See item 2 above |
| Co-lending rate | 100% | See item 3 above |
| Management Fees | 100% | See item 1 above |

86.7%
The EFSI Contribution in the transactions corresponds to the EFSI Commitment into the investment vehicle.

The additional commitments from EIF own resources and/or mandates (including Funds of funds, regional mandates...) will form the EIF Financing.

\[
\text{Total Multiplier} = 3.33 \times \left( 3 \times 86.7\% \times 1.4 \right) = 12
\]
Annex H
Combination Product

Using capped guarantees, the EFSI Contribution is combined with the MS-MA resources in order to sign the Cap Amount, forming the EIF Financing. Within the Cap Amount, the MS-MA resources provide the underlying loan portfolio with the primary coverage, seconded by the EFSI Contribution, covering the remaining portion.

\[
\text{Total Multiplier} = \text{IM} \times \text{EM} = \text{IM} \times (\text{EM1} \times \text{EM2})
\]

\[
= \text{IM} \times (\text{EM1} \times 1 \times \frac{1}{\text{CGR}} \times 1.4)
\]

\[
= \text{IM} \times \text{EM1} \times \text{EM2} \times \frac{1}{\text{CGR}} \times 1.4
\]

\[
= \text{IM} \times 1.4 \times \frac{1}{\text{CGR}}
\]

\[
\text{EM} = \text{IM} \times 1.4 \times \frac{1}{\text{CGR}}
\]

\[
\text{IM} = \frac{\text{EM}}{1.4 \times \frac{1}{\text{CGR}}}
\]

\[
\text{EFSI CP share} = \frac{\text{EFSI Contribution}}{\text{EIF Financing}} \quad \text{(between 20% and 80%)}
\]

* Counter-guarantee rate

The (expected) Mobilised Investments reported under the EFSI SMEW need however to be reduced in order to exclude the MS-MA’s portion. An additional adjustment, the “EFSI CP share”, is therefore applied in order to limit the (expected) Mobilised Investments attributable to EFSI: