



Securitisation: EIF Ex-Post Value Added Assessment

For information

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EIF Value Added Methodology

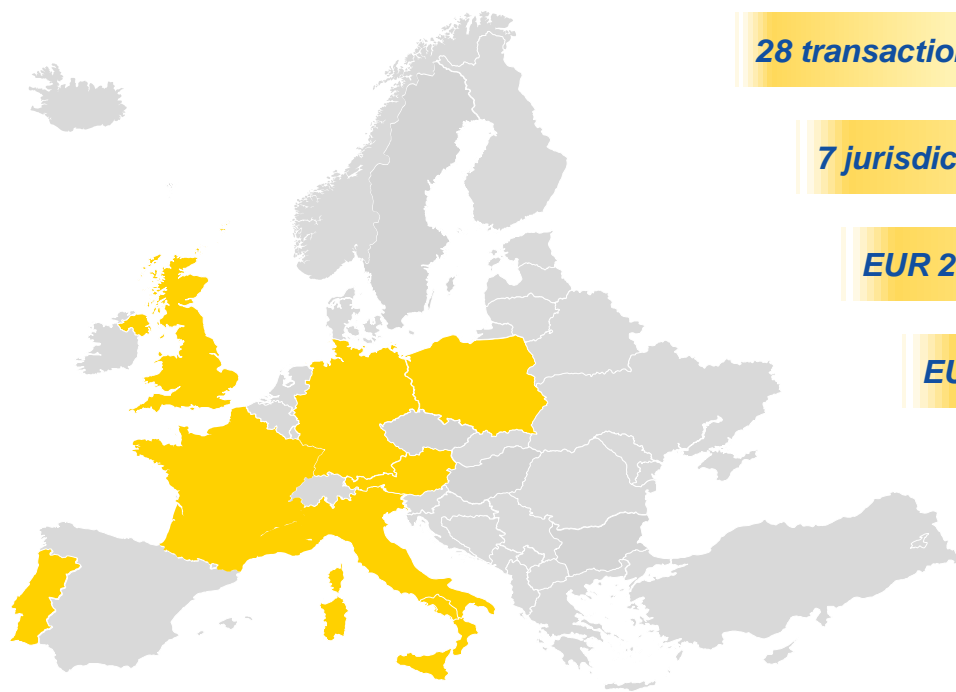
Introduction

- The EIF Value Added (“VA”) methodology for securitisation aims at creating a solid link between EIF’s activity and its **measurable market effects**
- For each relevant transaction, EIF measures the VA both “**ex-ante**” (prior to closing) and “**ex-post**”
- EIF measures the VA of its intervention at **3 different levels** under the following pillars:
 - (i) **Market Level:** *EIF’s contribution to the development of the market and to reducing specific market gaps*
 - (ii) **Transaction and Originator Level:** *EIF’s crowding-in private investors in the transaction and impact on the originator’s overall ALM strategy in facilitating further SME lending*
 - (iii) **Catalytic Effect:** mobilised resources for additional SME lending via the transaction
- In each relevant transaction, the Financial Intermediary **commits to originate an additional portfolio** of new loans or leases that is a multiple of EIF’s participation in the transaction
- The agreed multiple and timing (“commitment period”) for the deployment of the additional lending depend on the transaction characteristics (e.g. funding vs capital relief, level of subordination of the EIF tranche, duration of the transaction, etc.)

EIF as Deal Facilitator in SME securitisations

This report presents the results of the **Ex-Post Value Added assessment** for transactions signed **between 2015 and 2017** and for which (i) information has been obtained from the originators and (ii) their commitment period extends to the year 2017.

It is important to note that several originators still technically in the commitment period, had already achieved their lending target and therefore chose not to report, having done so the previous year(s).



28 transactions closed

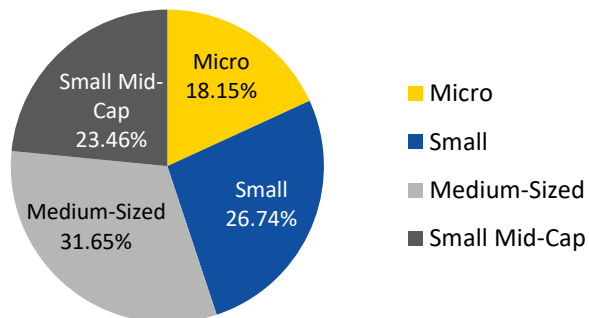
7 jurisdictions covered (IT, UK, FR, DE, PT, PL, AT)

EUR 2.5 bn committed as guaranteed amount

EUR 13bn mobilised in additional lending in 2017

More than 85k SMEs and small mid-caps reached in 2017

SMEs Financed by Size and Industry

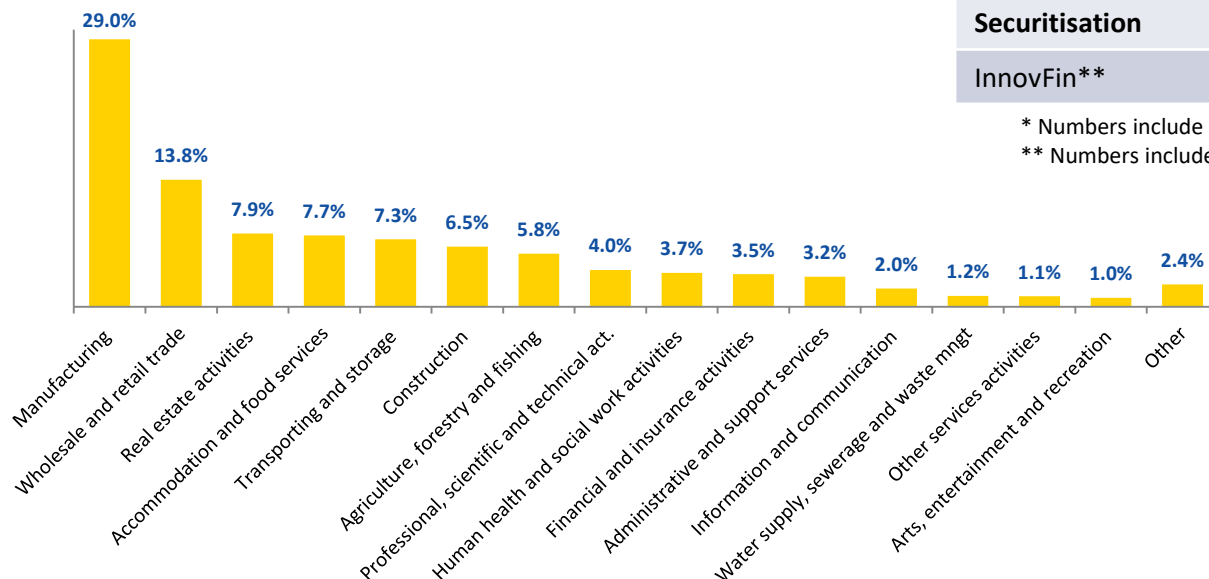


- 45% of the total volume of additional loans generated was channeled into Micro & Small-sized enterprises. There has been a further shift in lending towards larger SMEs, considering the fact that in the 2016 report the share of Small-MidCap was 16%, creating a fairly balanced distribution among SME type companies

	Micro	Small	Medium	Small-MidCap
COSME*	73%	21%	6%	0%
Securitisation	18%	27%	32%	23%
InnovFin**	18%	34%	38%	10%

* Numbers include origination between 2015 and 2017

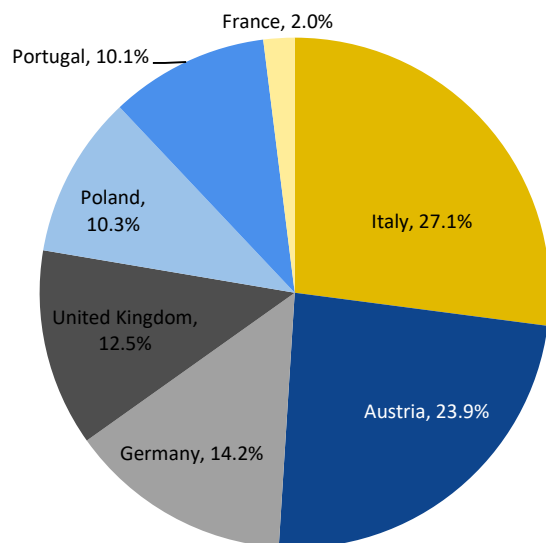
** Numbers include origination up until Q4 2017



- Similar to the previous year, the Manufacturing and Wholesale & Retail sectors accounted for about c.43% of additional lending

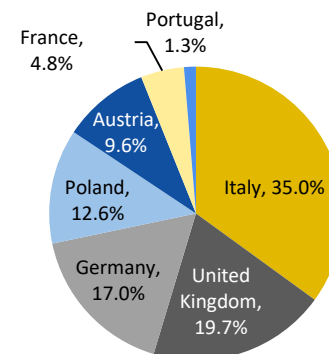
SMEs Financed *by Country*

Transaction amounts signed between 2015 - 17

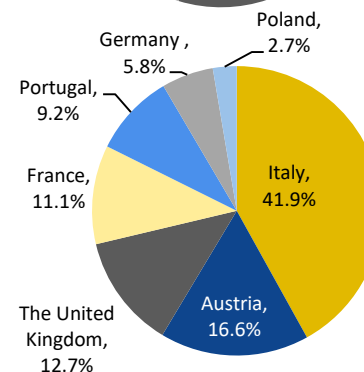


Additional SME financing in 2017

By Volume*:



By Number*:

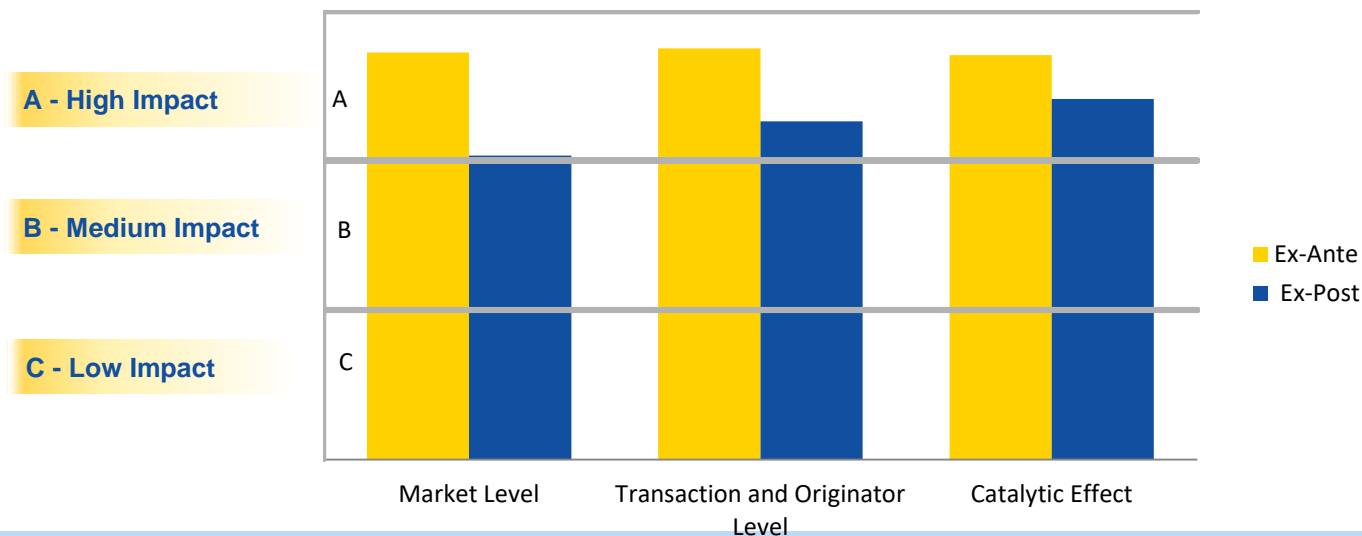


* The data excludes 3 transactions for which we did not obtain a specific country breakdown from the Originators

Ex-Ante vs Ex-Post Value Added

by VA pillar

- The Value Added impact analysis showed results similar to the two previous years. Overall, **the impact was medium to high, especially on the Catalytic Effect.**
- On average, and for each pillar, the ex-post results by the respondents, indicated a somewhat more conservative but not significantly different evaluation of the impact of EIF's contribution vis-a-vis the estimated ex-ante values.
- EIF observed a wider gap between the ex-ante and ex-post results at the Market Level vis a vis the Transaction and Catalytic equivalent levels. EIF attributes this to originators' growing confidence about the improved market conditions, thus ascribing a smaller impact to EIF's involvement.

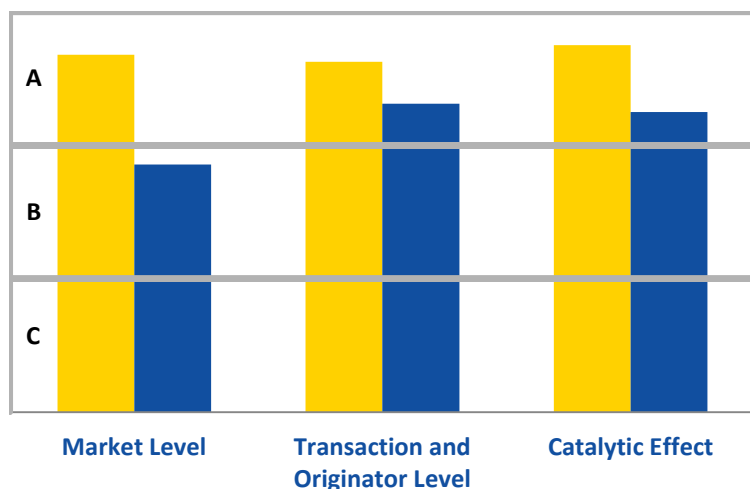


Ex-Ante vs Ex-Post Value Added *by Originator Type*

The difference between Ex-Ante and Ex-Post VA is smaller for leasing companies at the Market and Catalytic levels and, overall, is consistent with last year's findings.

The gap between ex-ante and ex-post results was widest for Banks as regards the market level, most likely due to their wider access to alternative funding channels.

Value Added for Banks

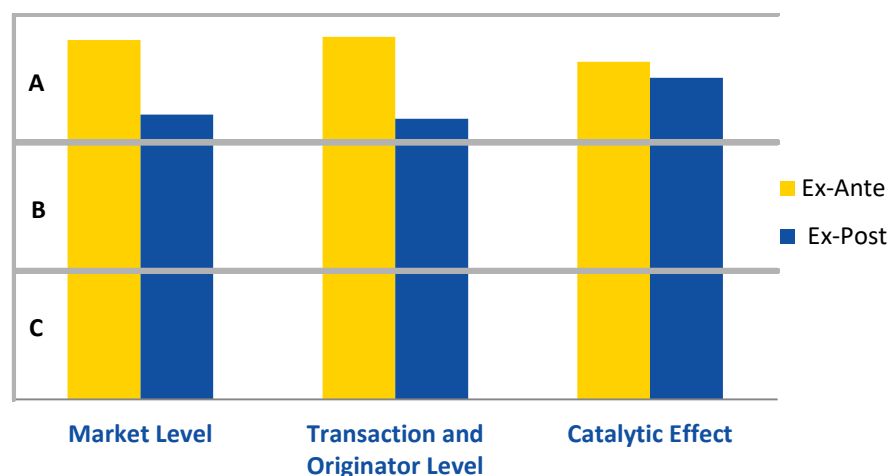


A - High Impact

B - Medium Impact

C - Low Impact

Value Added for Leasing Companies

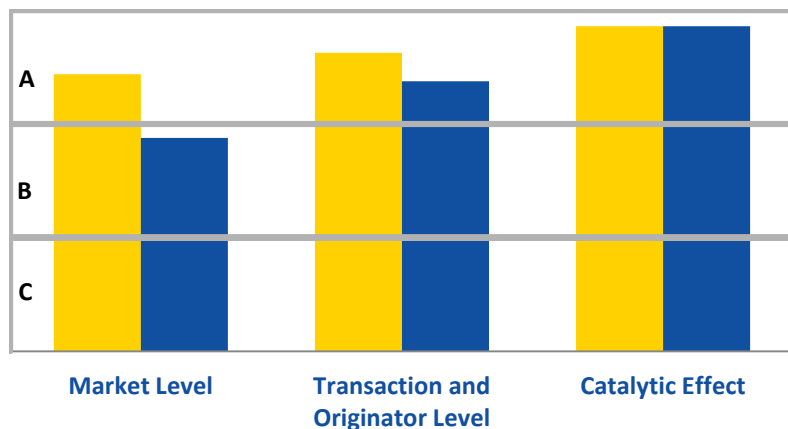


Ex-Ante vs Ex-Post Value Added

New vs. Repeat Issuers

The difference between Ex-Ante and Ex-Post VA results seems to be much smaller for **Repeat Originators**. There appears to be a higher level of understanding and alignment of EIF's values for those originators that have been repeated issuers in the securitisation market

Repeat Originator

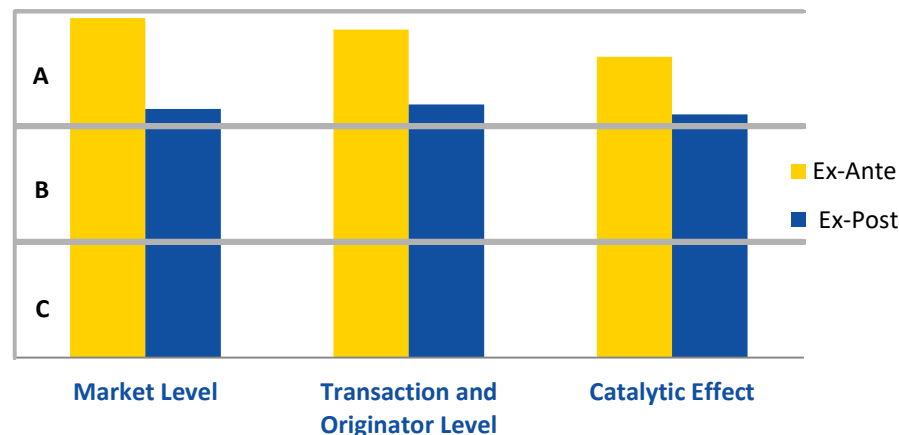


A - High Impact

B - Medium Impact

C - Low Impact

New Originator



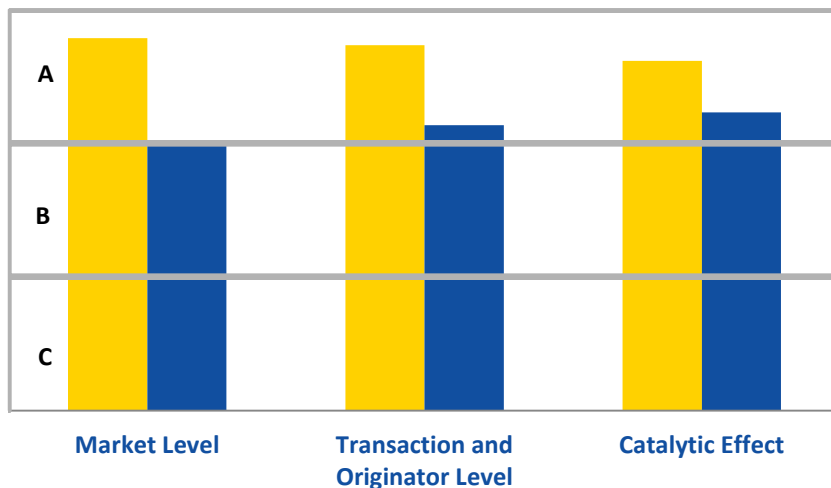
Ex-Ante vs Ex-Post

Funding vs Capital Relief

Transactions executed for **funding purposes** (featuring e.g. public placement, larger investor base, larger ticket size, public ratings, etc.) or for **capital relief purposes** displayed comparable Value Added results in the Market and Transaction levels categories.

In terms of Catalytic Effect, transactions executed for capital relief purposes show higher Value Added results (both ex-ante and ex-post)

Transactions For Funding Purposes

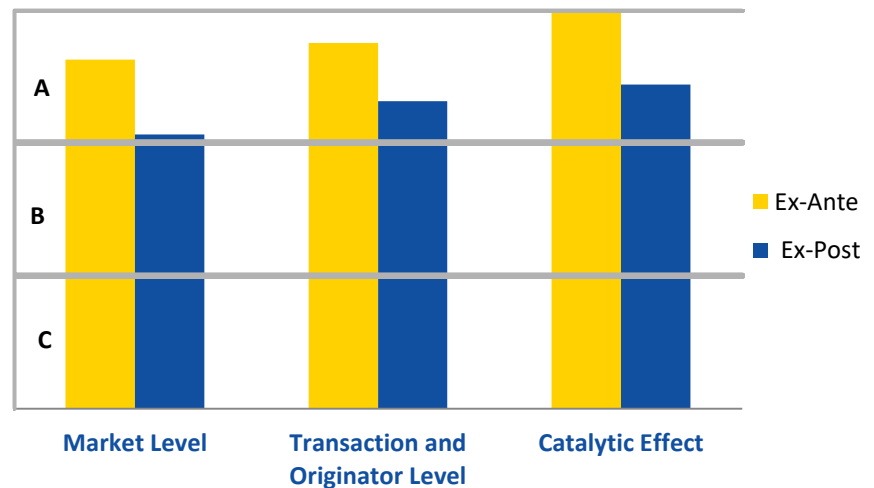


A - High Impact

B - Medium Impact

C - Low Impact

Transactions For Capital Relief Purposes



Achieved Leverage

2015-17 origination transactions

- *17.3x average leverage achieved for transactions originated in 2015-17 (vs. 12.5x in 2016)*
- *Synthetic transactions generated higher leverage multiples due to their regulatory capital relief nature and resulted in a positive skewness on the calculated average number*
- *5 institutions had already achieved or exceeded their targets, despite still being in their commitment periods and are not included in the data below*



Conclusions

EIF value added confirmed

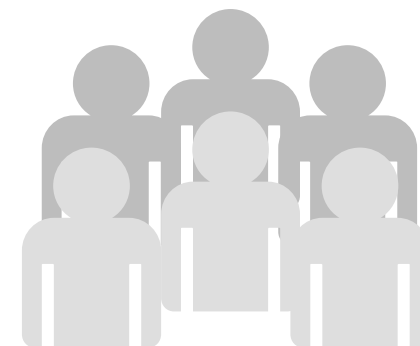
- The results of the Value Added analysis carried out for the period ending in 2017, has shown a high performance from all originators with financing volumes exceeding target values. Interesting to point out that certain institutions met their lending targets ahead of the end of the commitment period.
- The majority of FIs that answered the questionnaires **generated a multiple of new SME lending above their original commitment amount.**

Further Considerations

- A couple of additional observations worth highlighting by examining the qualitative information received from the FIs :
 - 75% of FIs have confirmed that their SME and small midcap loan book **has been increasing** in comparison to the previous year, a positive sign for the continuous growth of the market
 - Nearly all FIs commented that **EIF's presence was beneficial for the success of their transaction**
 - For synthetic transactions: 75% of FIs reported that EIF's involvement in the transaction enabled the **achievement of significant capital relief**
- Based on EIF's observations from the current and last year's analysis on the ex-ante and ex-post scorings and to ensure that the answers from the originators are directly comparable with the predictive scoring, the ex-ante and ex-post scales used for all transactions were realigned

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