



Supporting Innovation in Croatia

Zagreb, 11 June 2015



Welcome addresses:

Martina Jus

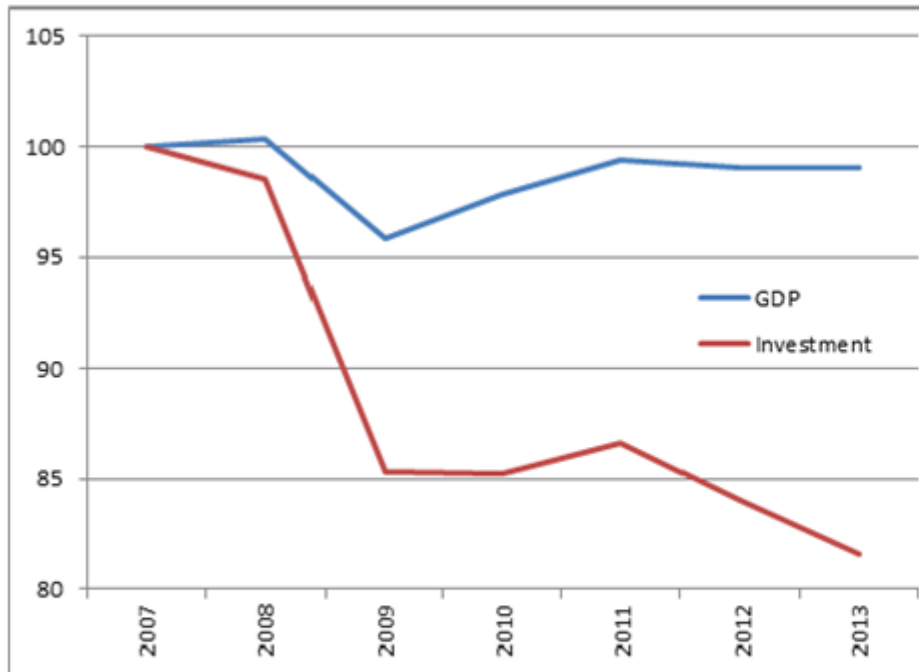
*Member of the Managing Board,
Croatian Bank for Reconstruction and Development (HBOR)*

Dario Scannapieco

*Vice-President,
European Investment Bank (EIB)*

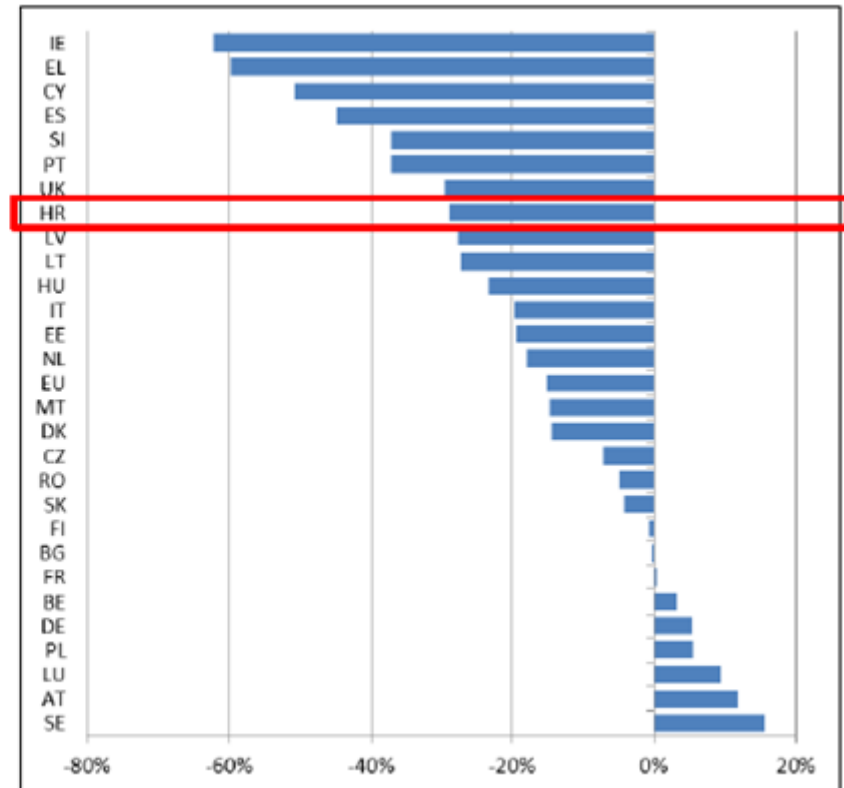
Investment Crisis

GDP Growth and Investments in Europe
(2007 = 100)



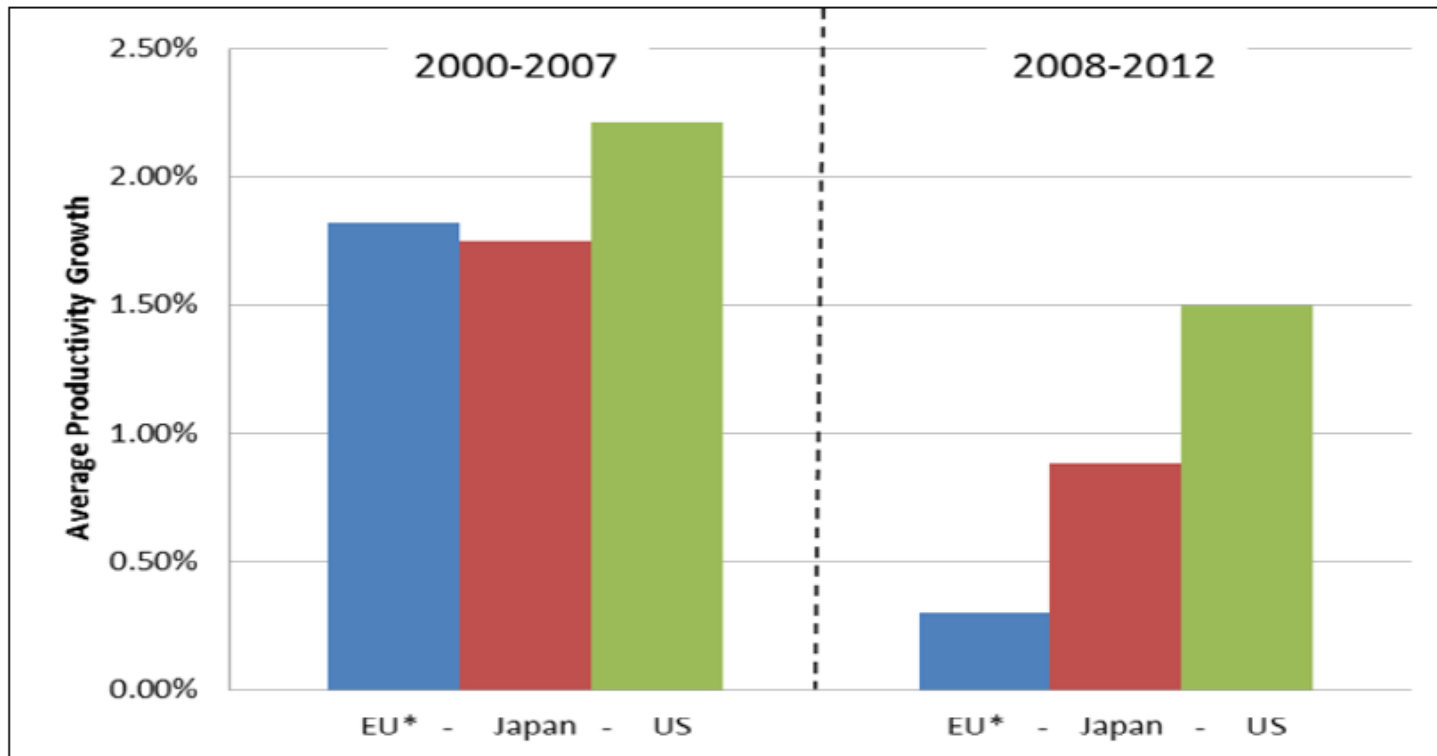
Source: Eurostat

Investment Trends 2007 – 2013 (%)



Decrease in the EU Potential

Average Productivity Growth



* EU-OECD Country only

Source: Eurostat



Overview of the EIB Group financing options

Marguerite Pennisi
Senior Loan Officer,
Adriatic Sea Department, EIB

The EIB Group



provides finance and expertise for sound and sustainable investment projects

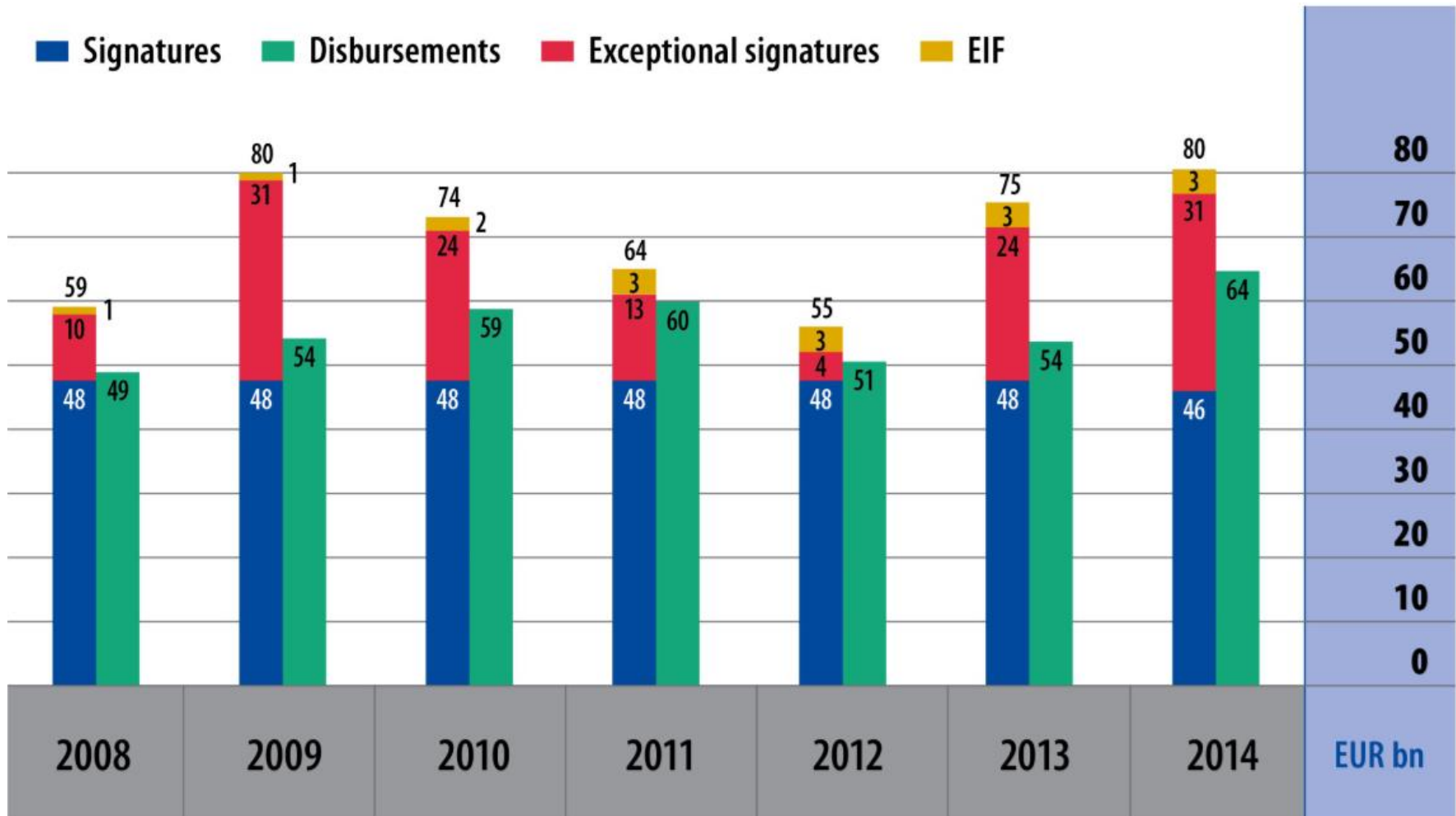


specialist provider of risk finance to benefit innovative SMEs

Priorities



A Strong Response to the Crisis



Our Products

We help catalyse investment

LENDING	BLENDING	ADVISING
<p>Loans But also:</p> <p>Guarantees and Risk Sharing</p> <p>Equity participation</p>	<p>Combining EIB finance with EU budget</p> <p>Higher risk projects for innovation (RSFF / InnovFin)</p>	<p>Prepare & implement projects (JASPERS)</p> <p>Support for public / private partnerships (EPEC)</p> <p>InnovFin Advisory</p>

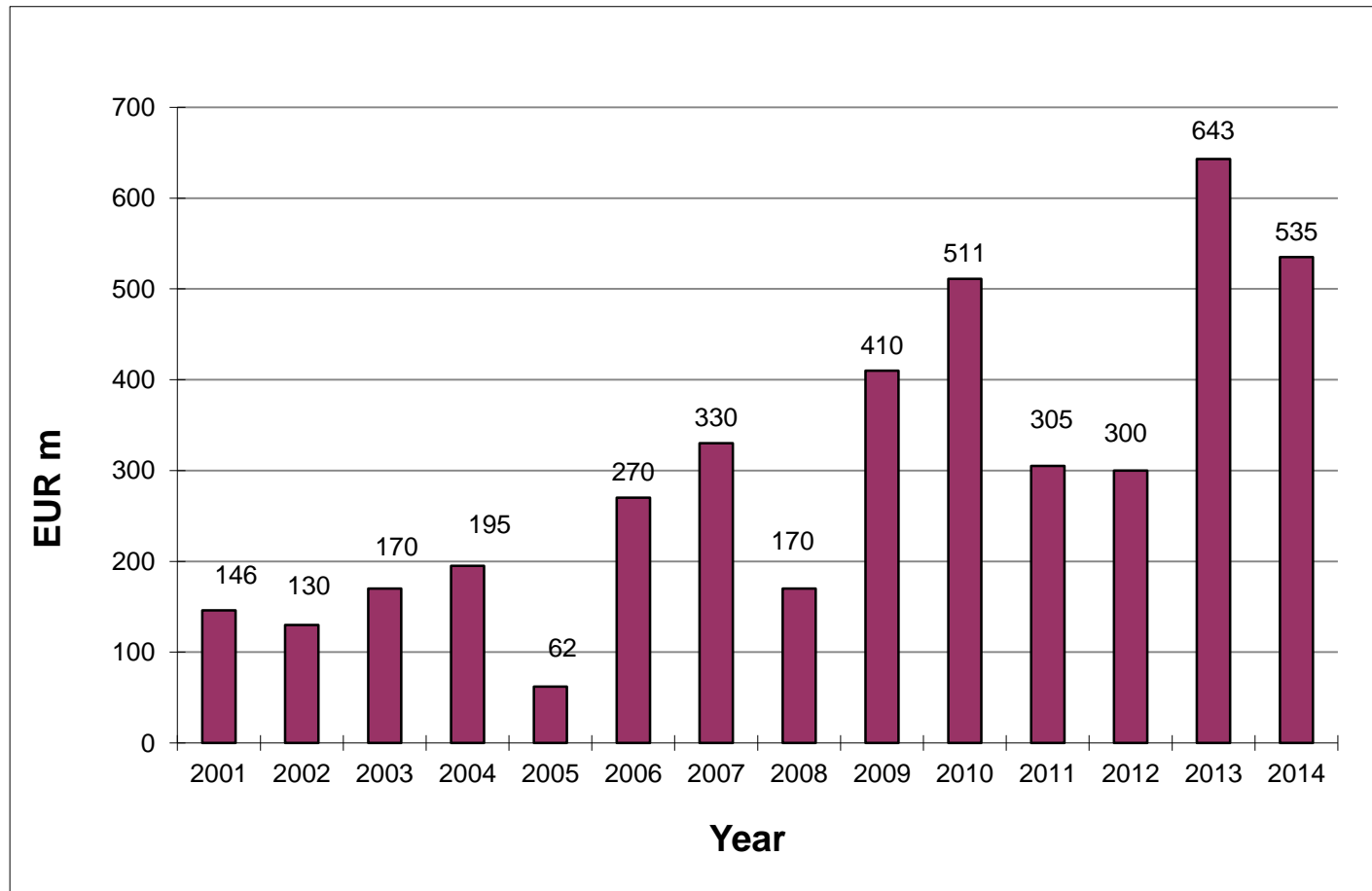
Attracting FUNDING for long-term growth

EIB Group Products for SMEs and Midcaps



EIB lending to Croatia (EUR m)

EUR 4.2 bn in lending during 2001- 2014



What is the EIF?

“ We provide **risk financing** to stimulate entrepreneurship and innovation in Europe ”



Making
finance more
accessible and
helping SMEs to
innovate and grow

Offering
a large array of
targeted products
to support **SMES**
ranging from
venture capital to
guarantees and
microfinance to
SMEs

Working
with financial
intermediaries
across the **EU-28**
EFTA countries,
candidate &
potential candidate
countries

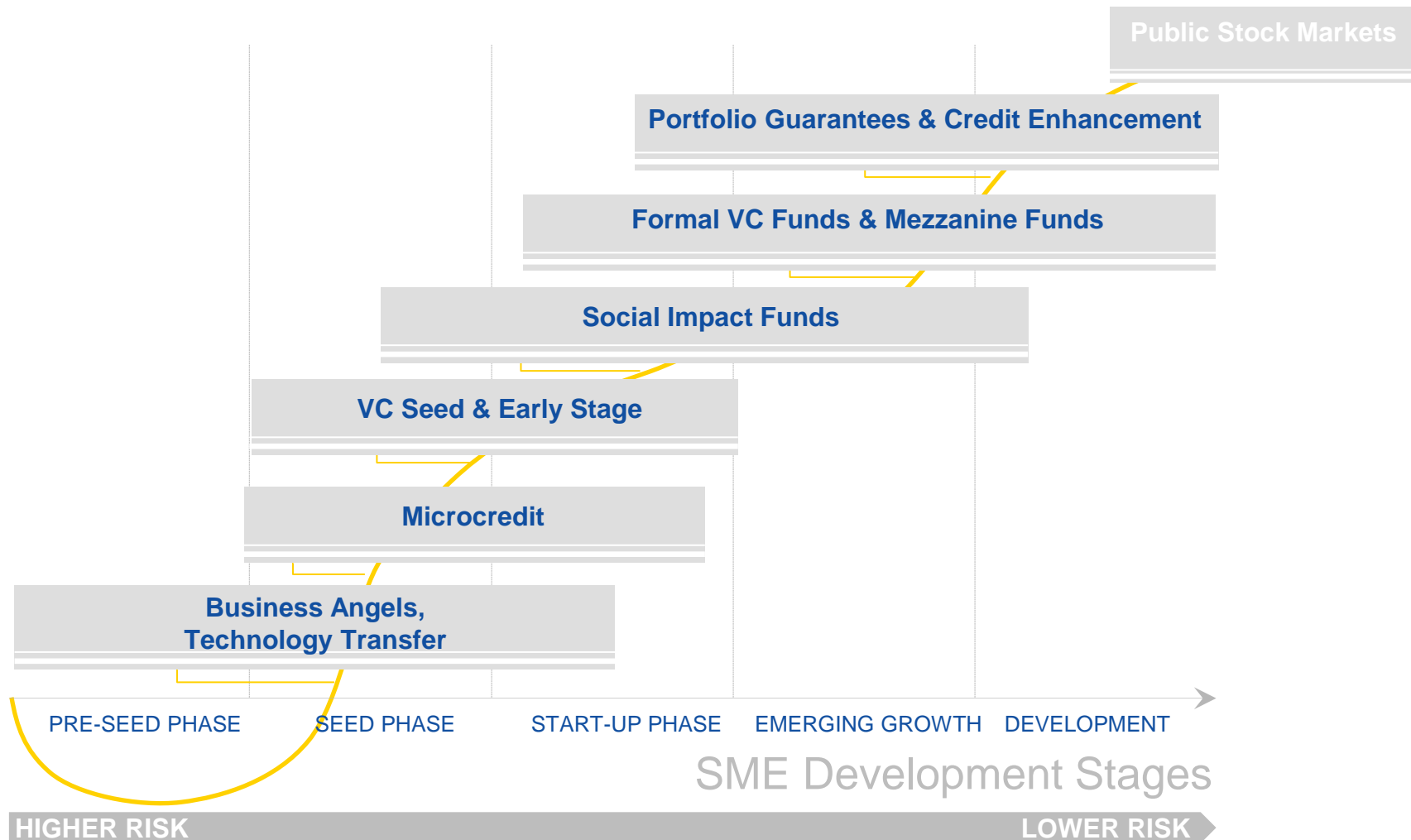
Supporting
the market in a
countercyclical
way

EIF's Counterparts

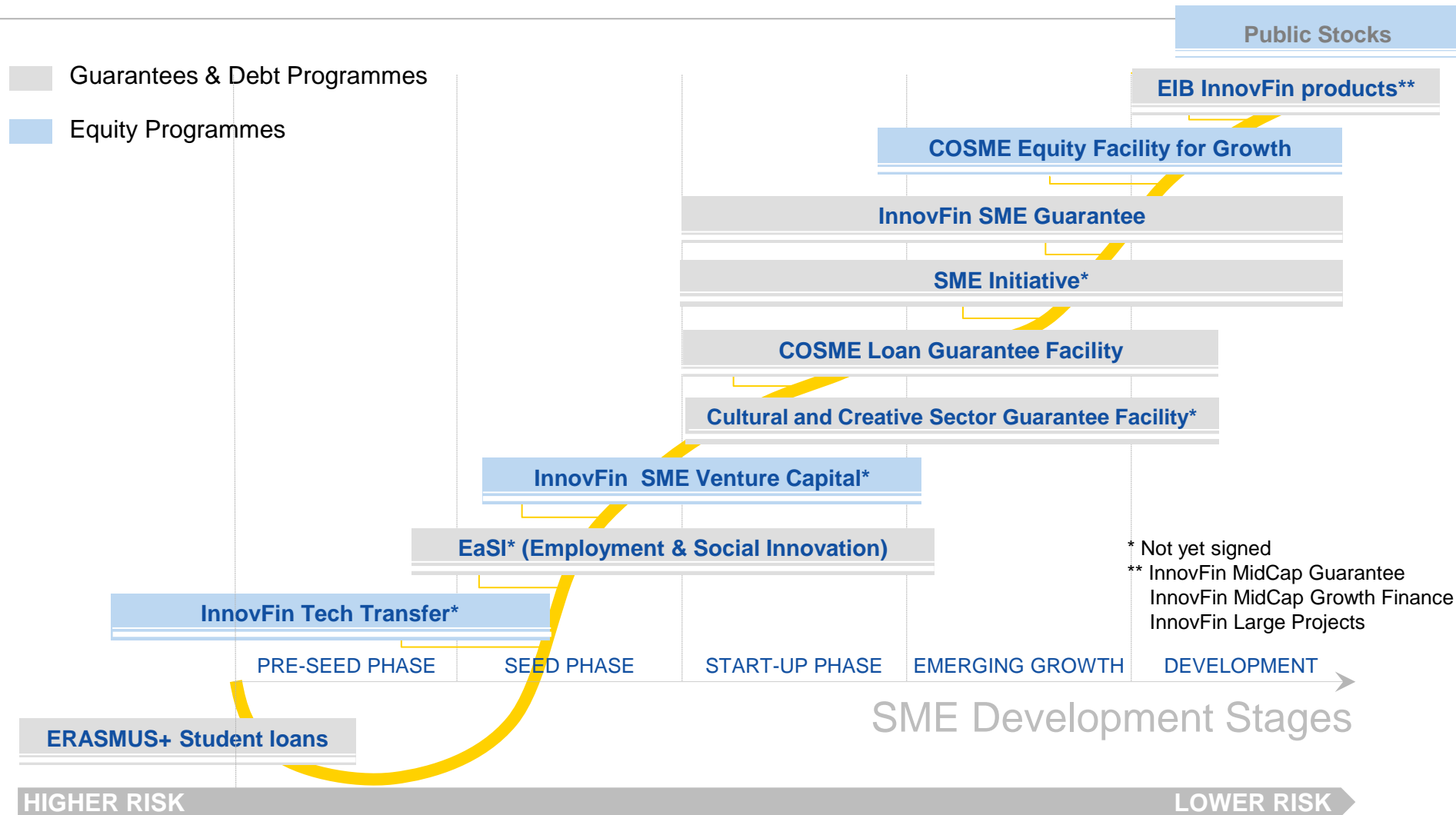
“ We work with a wide range of counterparts to support SMEs ”



Helping Businesses at every Stage of their Development



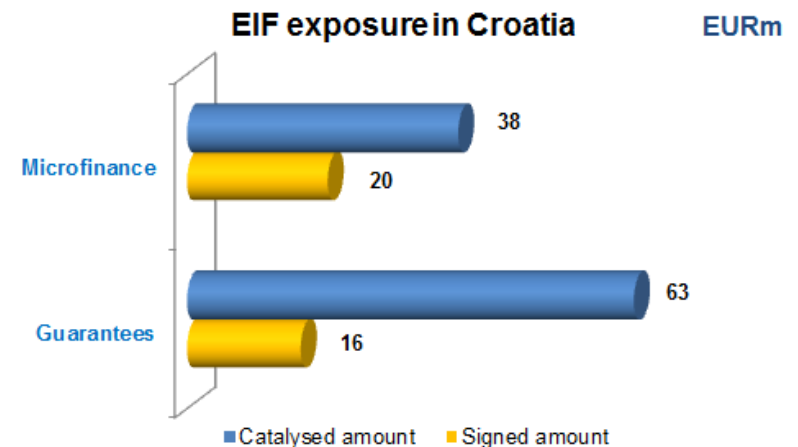
New EU Programmes helping Businesses at every Stage



EIF's Exposure in Croatia

“ Notable success stories exist both in **Guarantees** and **Microfinance** and we are open and ready for more to come... ”

- First EIF operation in Croatia: **2005**
- 6 financial partners and guarantee providers



Guarantees & Microfinance transactions in Croatia



Objectives and Opportunities of the InnovFin Programme

Patrick McCutcheon

*Senior Policy Officer, DG Research & Innovation, European
Commission*

Stefano Bragoli

Structured Finance Manager, EIF

Marc D'hooge

InnovFin Programme Manager, EIB

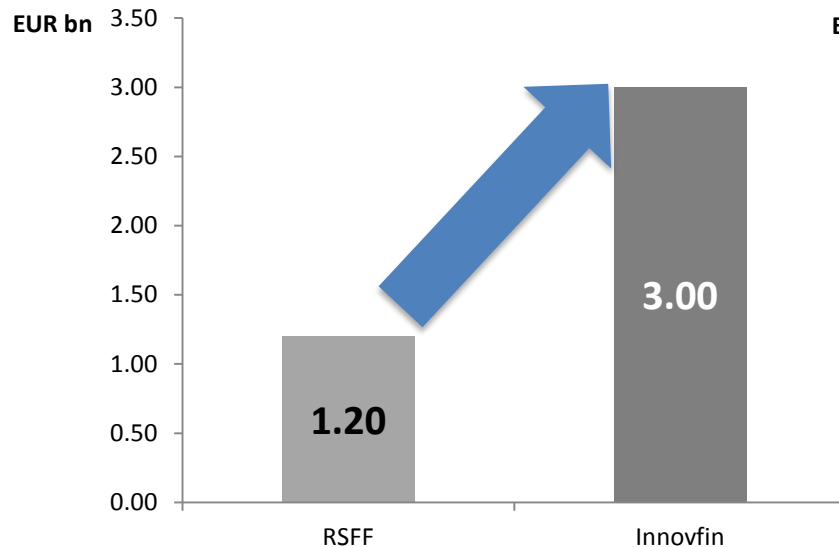
Christine Garburg

Senior Advisor, Innovation Finance Advisory, EIB

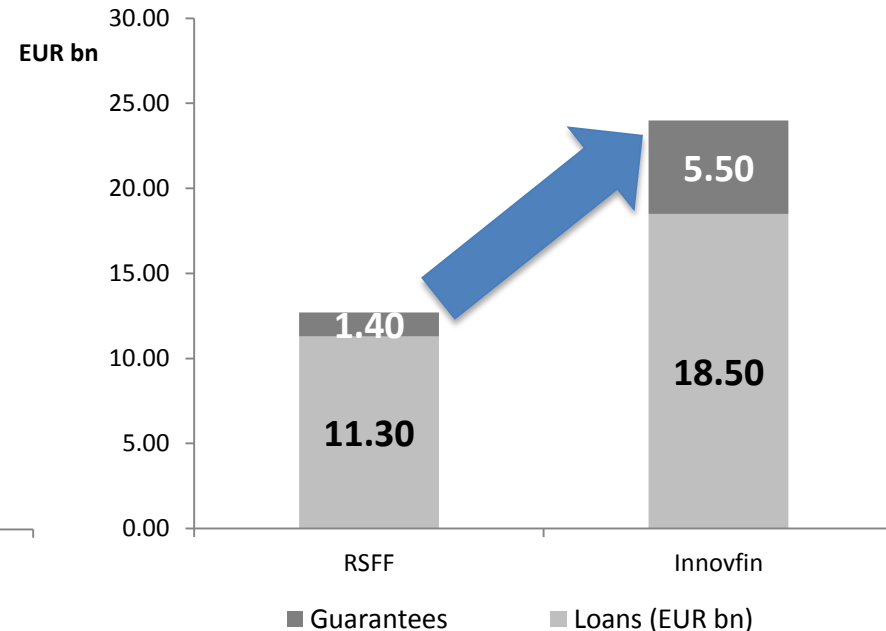
InnovFin: A Quantum Leap

InnovFin builds on the success of RSFF but will be much larger and broader

EU and EIB Group Contributions



Loans and guarantees



InnovFin Product Overview



SMEs
InnovFin SME Guarantee
InnovFin SME Venture Capital
SMEs and small Mid-Caps < 500 Employees
Intermediated SME/Mid-Cap Financing

Midcaps	Large Caps
InnovFin MidCap Guarantee	InnovFin Large Projects
InnovFin MidCap Growth Finance	
Mid-Caps < 3,000 Employees	Large Caps Typically > 3,000 Employees
Intermediated and/or direct Corporate lending	Direct Corporate Lending

Advisory
InnovFin Advisory
Public and Private Sector Promoters
Financial Advisory

direct products
 indirect products

InnovFin Product Overview



direct products

indirect products

InnovFin SME Guarantee

This guarantee instrument covers the risk related to losses of a portfolio

**Up to 50% loss
coverage
(Principal +
Interest 90D)**

**Full Delegation
to Financial
Intermediaries**

**Automatic
Coverage/Inclusion**

**Attractive
Guarantee
Terms**

**Favourable
Capital
Treatment**

**Guarantee
and
Counter-Guarantee**

What Transactions can be supported?

Purpose of Financing: Loans, Credit Lines, Leases and Bonds

**Tangible &
Intangible
Assets**

**Working
Capital**

**Business
Transfers**

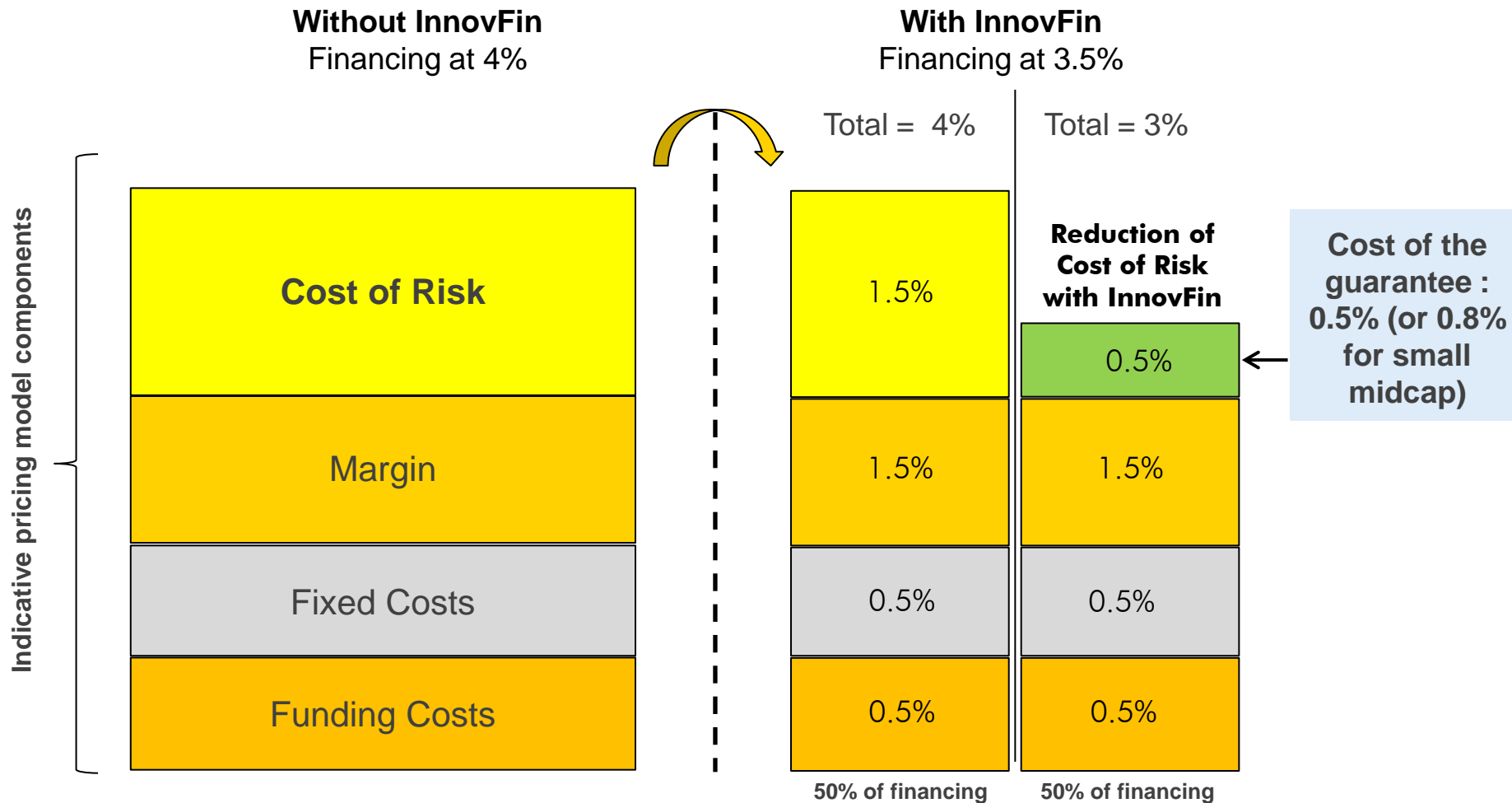
- Loan amount: min **EUR 25k** – max **EUR 7.5m** (only Senior Debt)
- Loan maturity: min **1 year** – max **10 years**
- Currency: **EUR and local currency**
- Max Portfolio: EUR 400m per intermediary – EUR 1bn per intermediary group

Key Guarantee Terms



- Financial Intermediaries are required to transfer the Financial Benefit to SMEs & Small Mid-caps
- Financial Intermediaries are selected on a “first come, first processed” basis

Transfer of Benefit (indicative example)



InnovFin Product Overview



■ direct products

▒ indirect products

Two Products for Innovative Mid-Caps

1. Indirect Financing (Risk Sharing) for Senior Loans: Mid-Cap Guarantee



2. Direct Growth Financing (Mezzanine): Mid-Cap Growth Finance



How does the MidCap Guarantee work?



- 50% loss coverage for new mid-cap loans of up to EUR 50m not covered under InnovFin SME Guarantee
- Can be complemented with EIB funding (global loan)
- Pari-passu sharing of risk and pricing
- Full delegation to financial intermediaries
- Favourable capital treatment, English law













How does MidCap Growth Finance work?



- Direct long term debt and mezzanine finance: EUR 7.5m – EUR 25m
- Loans can be structured as economic equity (silent participation)
- For innovative Mid-Caps and SMEs (eligible counterparty concept)
- EIB can finance up to 50% of all investments over 3 years
- Streamlined EIB approval process & English law

MidCap Growth Finance Transactions since Launch

 EVS Broadcast <hr/> EUR 12m <hr/> Term loan 2013	 Marposs <hr/> EUR 25m <hr/> Term loan 2013	 Rovio <hr/> EUR 25m <hr/> Term loan 2014	 Manz <hr/> EUR 20m <hr/> Term loan 2014	 Pharmathen <hr/> EUR 25m <hr/> Term loan 2014	 Welltec <hr/> EUR 25m <hr/> Term loan 2014
 Pramac <hr/> EUR 8m <hr/> Term loan 2014	 Maier <hr/> EUR 7.5m <hr/> Term loan 2014	 eNet <hr/> EUR 12m <hr/> Term loan 2014	 NOVABASE Novabase <hr/> EUR 14m <hr/> Term loan 2014	 Marangoni <hr/> EUR 10m <hr/> Term loan 2014	 SAES <hr/> EUR 10m <hr/> Term loan 2015

Mid-Cap Product Advantages

No crowding out. Complementary finance to house banks

EIB signaling effect to attract other banks & investors (quality stamp)

Long-term lending at attractive terms (no subsidised)

Growth finance without dilution of shareholders

InnovFin Product Overview



 direct products

 indirect products

How does InnovFin Large Projects work?



- Senior debt (pari-passu with other senior lenders)
- Eligible project required. EIB can only finance 50% of R&D and innovation investments
- Comprehensive due diligence including project due diligence
- EIB standard documentation under English or Luxembourgish law

Large Projects Advantages

Long term loans at attractive terms (pari-passu)

Signaling effect and quality stamp (technical expertise)

Co-financing with house-banks preferred

No cross selling & hold to maturity strategy

InnovFin Product Overview



direct products

indirect products

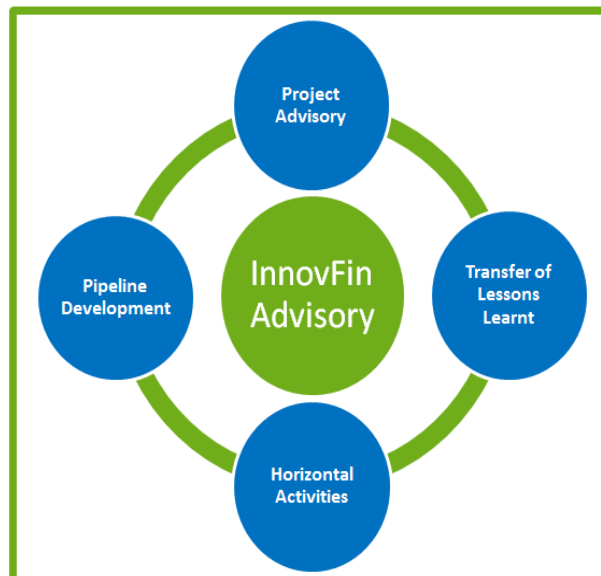
Innovation Finance Advisory- What do we do?

Project Advisory

Improve bankability/investment readiness
Enable earlier/ faster access to finance



- Hydrogen Mobility Germany
- Myrrha
- European Lead Factory (ELF)
- European Spallation Source (ESS)
- Global TB Vaccine Partnership
- Light Project Advisory (LPA) pipeline



Horizontal Activity

Improve framework conditions for financing
Develop “business case” for new financing mechanisms in RDI sectors



- Infectious Diseases Financing Facility (IDFF)
- Circular Economy (CE)
- Key Enabling Technologies (KETs)
- Bio -Economy
- Strategic Energy Technology Plan (SET Plan)
- Financing options for Pan-European RI
- Web tool to guide innovative companies



Enable maximum access to finance for innovative projects

Visit www.eib.org/innovfin

The advisory process consists of the following steps:

- Step 1: How many employees do you have?**
 - Options: 0 - 249 employees (selected), Between 250 - 499 employees, Between 500 - 2999 employees, Over 3,000 employees.
- Step 2: Loan amount needed**
 - Options: EUR 25,000 to EUR 7.5m (selected), EUR 7.5m to EUR 12.5m, EUR 12.5m to EUR 25m.
- Step 3: Are you an unlisted innovative SME or small Mid-Cap business?**
 - Options: (1) I am an SME and I will invest the money in producing or developing new or substantially improved products, processes or services that are innovative and where there is a risk of technological or industrial failure as evidenced by an external expert's evaluation (selected), (2) I am a "fast-growing enterprise", (3) I have been operating in a market for less than 7 years following the first commercial sale and R&D costs represent at least 5% of the total operating costs, (4) I am an "R&D-intensive enterprise".
- Step 4: Please contact me**
 - Fields: Name, Email address, Tel number.
- Step 5: Please select a country**
 - Map of Europe with a country selected.
- Step 6: What's available to me?**
 - Recommended products: InnovFin SME Guarantee (selected), InnovFin MidCap Growth Finance.



Objectives and Opportunities of the InnovFin Programme

Question and Answer Session

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