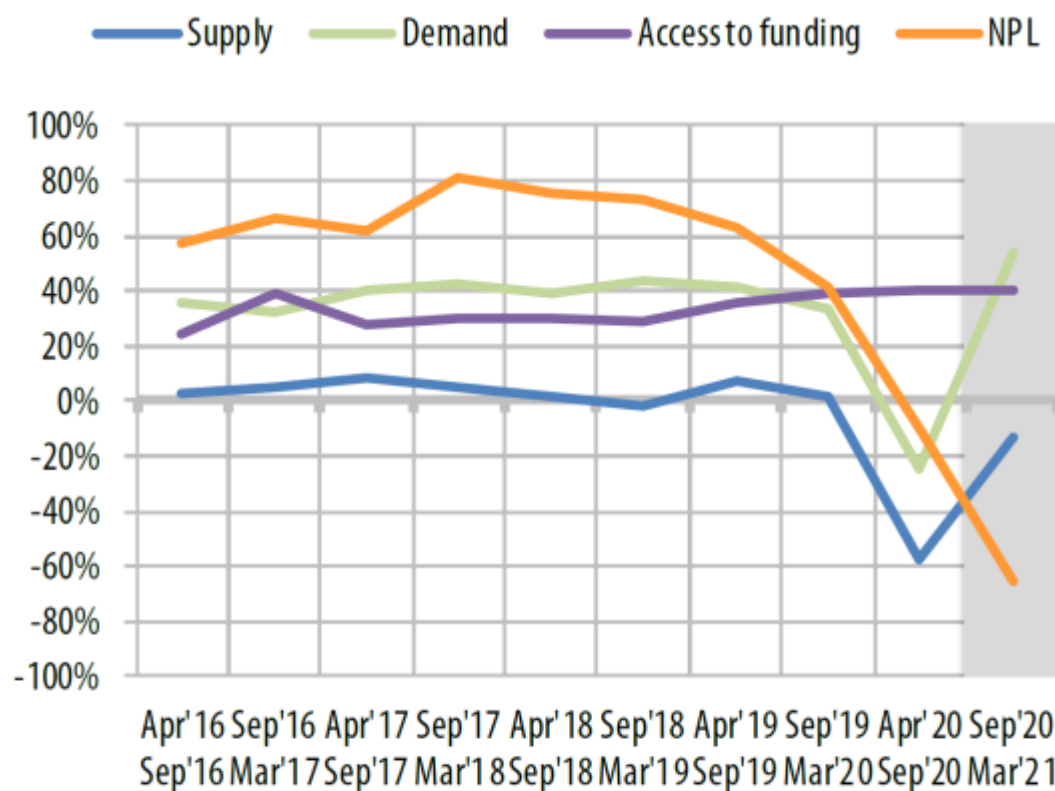


## Banks in Central, Eastern and South-eastern Europe give stable outlook amid second wave of pandemic



Source: EIB – CESEE Bank Lending Survey.

Note: All indicators in net percentages.

Supply/Demand: Positive figures refer to increasing (easing) demand (supply).

Access to funding: Positive values indicate increased access to funding.

NPL: Negative figures indicate increasing NPL ratios.

The survey results show that international banking group strategies and commitment to the CESEE region are tilted towards expansion or stability. Nonetheless, COVID-19 has brought about a deceleration in activities to increase capital. CESEE subsidiaries and local banks further report a decrease in demand for credit and have tightened credit standards over the past six months.

The surveyed banks indicate that demand for financing contracted for the first time in the past five years. Investment in particular is decreasing while working capital needs continue to contribute to the demand for financing.

Non-performing loan ratios deteriorated, although less than anticipated in

the spring 2020 edition of the survey. This trend is expected to continue over the next six months and is affecting credit standards. Banking groups and national banks report tightened credit standards across the board, including for lending to small and medium-sized companies. Collateral requirements in particular tightened significantly.

“COVID-19 has led to an unprecedented shock for our economies. Regulatory and policy measures have played a significant role in keeping the economy afloat. In particular, public guarantee schemes have been very effective in maintaining lending activity by banks in the CESEE region” said EIB Vice-President **Ricardo Mourinho Félix**, responsible for economic studies. “The EIB Group will continue to support the region through the pan-European Guarantee Fund and our regular investment and advisory activities, not only to alleviate the hardship endured but also to reignite the investment needed to make the region’s economies greener, more digital, more competitive and more inclusive”, he added.

“Despite the relentless pandemic, the financial systems in the CESEE region are still coping. International banks are showing their commitment to the region. The decline in demand for investment financing is worrying in light of the twin green and digital challenge that economies in the region are facing. To reignite investment and in order to tackle the green and digital transformation to remain competitive in the long term, public support and coordination will be key,” added EIB Chief Economist **Debora Revoltella**.

The CESEE Bank Lending Survey is part of regular reporting from the EIB, International Monetary Fund (IMF), European Bank for Reconstruction and Development (EBRD) and World Bank for the European Bank Coordination [“Vienna Initiative”](#), a framework for safeguarding the financial stability of emerging Europe. The survey for the new edition of the report was conducted as the COVID-19 pandemic unfolded. Previous editions are accessible [here](#).

## **Background information**

### **About the EIB Economics Department**

The EIB Economics Department provides economic research and studies, as well as unique analysis of investment activities in the European Union and beyond, and supports the Bank in its operations and in the definition of its positioning, strategy and policy. Chief Economist Debora Revoltella heads the Department, a team of 40 economists.

### **About the EIB CESEE Bank Lending Survey**

The EIB CESEE Bank Lending Survey is a unique, bi-annual survey of some 90 local banks, banking groups and financial institutions in Central, Eastern and South-eastern Europe. The latest edition of the survey was conducted in September 2020 and collects information about the period from March to September 2020 as well as expectations for the period from October 2020 to March 2021. The survey collects information on credit standards, credit terms and conditions, approval rates and the various factors that may be responsible for changes, including domestic and international elements.

Demand for loans is also investigated in terms of loan applications as well as their quality. The survey also includes specific questions on credit quality and the funding conditions for banks. It is designed to build a panel of observations to support time series analysis, observations that can provide an almost real-time assessment of the health of the banking sector in the CESEE region. The CESEE Bank Lending Survey was developed and is managed by the EIB Economics Department, and is part of a series of reports by the EBRD, IMF and World Bank for the [Vienna Initiative](#).

[For more information](#)

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## [Luxembourg: EIB Announces First Direct financing for a start-up in the European “New Space” sector – €20 million venture loan for Spire Global](#)



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- The financing supports Spire Global's nanosatellite development and launches, space infrastructure, data analytics, and high-skilled job creation in Luxembourg and the EU.
- This represents the First-ever direct EIB financing for the emerging European “New Space” industry

Today at Web Summit 2020, the European Investment Bank (EIB), the long-term

lending institution of the European Union and [Spire Global](#), a company with the world's largest multi-purpose constellation of satellites announced a [venture debt](#) financing agreement of up to €20 million. The financing will back capital expenditure and research and development (R&D) activities to further develop Spire's constellation of small satellites and high-quality maritime, aviation and weather space data and analytics. It will also back the development of new software applications for customers and create high-skilled jobs in Luxembourg. The transaction follows the EIB's commitment to strengthen support for European space start-ups and cooperate with space agencies such as the European Space Agency ([ESA](#)). It is backed by the European Fund for Strategic Investments (EFSI), the main pillar of the [Investment Plan for Europe](#).

Spire Global is active in the space data industry as a global data and analytics company that leverages proprietary satellite technology to forecast the weather and track maritime and aviation movements. It designs, manufactures and operates the world's largest constellation of small satellites.

**EIB Vice-President Teresa Czerwińska**, responsible for innovation and digitalisation: "Like many other sectors, space is undergoing disruptive changes driven by innovation and digitalisation. We shouldn't miss the opportunity to play a decisive role in the emerging New Space industry and reap the many benefits it can bring to the whole economy and Europe's future competitiveness. I am therefore particularly pleased about our agreement with Spire. For the first time ever, the EIB is directly supporting a highly innovative, disruptive start-up in the New Space sector. It shows that the European Union can attract late-stage, fast-growing companies that develop new business models and commercialise new technologies in sectors that will define our future."

**European Commissioner for the Economy Paolo Gentiloni** said: "The 'New Space' economy, which remains little explored by private entrepreneurs, offers great potential for economic growth and job creation. I am glad that the Investment Plan for Europe is extending its support to this promising sector. The EIB financing will help the Spire Global start-up to accelerate its R&D activities, expand its network for space data analysis and create many high-skilled jobs."

**Peter Platzter, CEO and founder of SPIRE** said: "Spire is pleased to be working with EIB to drive product innovation and scalability in Europe. Our satellite constellation is monitoring every point on the planet in near real-time, producing unique datasets that can be processed into decision-making tools that help to solve some of the world's biggest problems, such as achieving net zero emission targets, illegal fishing, excessive fuel consumption, early warning of extreme weather events, and more efficient movement of global resources. Europe has exceptional high-tech talent, including in data analytics, AI/ML, and product development, making it an ideal location for Spire to scale our team to meet new customer demands through product innovation. We applaud EIB's decision to fill the growth financing gap between early stage and mature companies, which positions Europe as a competitive location for technology start-ups and particularly

attractive for business scaling.”

## **Financing New Space**

The global space economy has been growing at nearly twice the rate of the broader economy (pre-COVID) and is undergoing considerable changes. Many new private companies are entering this market that has long been dominated by government-run entities. According to ESA, every €1 invested in the space sector returns an average of €6 to the economy, making the sector essential for growth, competitiveness and high-tech employment. Space technology in orbit and applications on Earth are relevant across a large number of industries, including maritime, aviation, agriculture, natural resource management, insurance, financial trading and logistics.

The European Union has flagship programmes like Copernicus and Galileo that provide Europe with autonomous space capabilities, and is also embracing the changes of the “New Space” sector with various funding vehicles. However, Europe still lags the United States and China in terms of risk capital available to the space sector, which particularly affects the growth stage of space ventures. At this stage of development, grants are no longer adequate to drive scalability and commercialisation, but companies are not mature enough to access private equity markets. To fill this gap, the EIB Group provides direct [venture financing](#) for later-stage, fast-growing companies, and through the European Investment Fund (EIF) backs various venture funds to support European space start-ups at earlier development stages.

In addition to its financing, the EIB is supporting the development of a European New Space sector through its [Advisory Services](#), in collaboration with the European Commission. The services produced a [market study](#) on *The future of the European space sector* and initiated the EIB Space Finance Lab. The lab connects space companies and financiers, helping companies tap into EIB and other patient capital sources. Spire has been actively contributing to the Space Finance Lab initiative launched in 2019, representing the voice of New Space companies in the scale-up phase looking for debt financing. Spire was first identified by the Bank’s Advisory Services as a potential venture financing candidate, and benefited from its advisory support in preparation for the EIB financing application.

Spire has been in operation since 2012 with institutional investors from around the world and locations in four countries. The company’s data and analytics are backed by a wholly owned and developed constellation of more than 100 nanosatellites, global ground station network, and 24/7 operations. The support from EIB allows Spire to accelerate R&D investments and product innovation in Europe, leading to expanded customer capture and entry into new markets.

## **Background information**

### **Spire Global Luxembourg**

Spire is the leading space data company and Earth solutions platform – building, owning and operating the world’s largest multi-purpose

constellation of commercial nanosatellites. Spire provides the most advanced tracking of the world's ships, planes and weather systems with the best-in-class near real-time coverage of the entire globe. Our exclusive predictive data-analytics engine offers a competitive advantage to our customers as they navigate a rapidly digitizing economy. Sitting at the nexus of answers to the world's toughest challenges, Spire empowers businesses and governments to make critical, time-sensitive decisions about what to do next in a rapidly changing, and digital world. To learn more, visit <https://www.spire.com>

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## [Spain: Web Summit – EIB finances Worldensing with €10 million to develop next-generation industrial monitoring solution](#)



©Worldensing

- The EU bank supports the start-up's R&D strategy, focused on innovative

growth and market expansion.

- The company's product **Loadsensing** increases reliability, efficiency and safety of critical infrastructures through monitoring within mining, construction and rail.
- The project is supported by the Investment Plan for Europe and is expected to create 50 new highly skilled jobs in the R&D sector.

The European Investment Bank (EIB) will provide a €10 million financing to support the R&D strategy of the Spanish start-up **Worldsensing**, a widely recognised Internet of Things (IoT) pioneer that focuses on designing IoT solutions for monitoring sensors and operates in more than 60 countries. The EIB long-term and advantageous financing of **Worldsensing** will support the company's innovation efforts aimed at increasing its production capabilities, developing a portfolio of new products and at enhancing the company's commercial and distribution network. The agreement was announced today at Web Summit by EIB Vice-President **Ricardo Mourinho Félix** and **Worldsensing** CFO **David Deprez**.

Thanks to the EU bank support, the Barcelona-based start-up will further develop the [Loadsensing](#) product portfolio, a battery-powered, wireless, wide-area data transmission solution, to monitor in near real-time the status of infrastructures, improve efficiency and prevent disasters. The company's monitoring solution collects sensor data of critical infrastructure, including tailings dams in the mining sector, thus improving the safety of workers that normally collect this data manually and the communities that often live near these sites. Moreover, the EIB backing will enable **Worldsensing** to not only help preserve monuments in cities and to monitor the status of urban infrastructures, but will also create safer work environments and address the lack of infrastructure resilience through predicting landslides, floods, infrastructure fatigue and collapse.

**EIB Vice-President [Ricardo Mourinho Félix](#)**, who is responsible for the Bank's operations in [Spain](#), highlighted: *"Preserving our cultural heritage, creating safer work environments and monitoring the status of our infrastructure are only some of the results that can be achieved using **Worldsensing's** technology. This is a very good example of a project whose impact will improve our day-to-day life, wellbeing and security. EIB is pleased to support the company's RDI strategy to further develop its next generation monitoring solution and wide range of important applications. Boosting this type of cutting-edge technologies is critical for the competitiveness of the European economy, not only to face the COVID-19 crisis but also to address Europe's long-term challenges. The Web Summit is the ideal place to announce these ground-breaking projects."*

**Commissioner for the Economy, Paolo Gentiloni**, said: *"This agreement between the EIB and Spanish start-up **Worldsensing**, supported by the Investment Plan for Europe, shows how technology can be put at the service of society. Thanks to the new financing, **Worldsensing** will develop a solution to monitor remotely the status of critical infrastructure like bridges and railways: helping to prevent disasters and save lives."*

**David Deprez**, Chief Financial Officer at **Worldsensing**, said: *"The EIB*

*investment will enable us to accelerate our solution development. As a market leader in the space, we see safeguarding critical infrastructures as a mission that Worldsensing is uniquely positioned to deliver on,” said Deprez. “At this point in our growth, the EIB funding will help us to expand our global footprint and continue driving infrastructure resilience and safety through our partner network.”*

Some recent examples of projects where Worldsensing’s technology has been applied include new infrastructure projects like the expansion of the Paris metropolitan underground system, the metro tunnel construction monitoring of the U5 metro line extension in Frankfurt (Germany), and monitoring water wells across one of the largest open pit mines in the world (Chile).

The EIB is financing this RDI project through a venture debt operation backed by the European Growth Finance Facility (EGFF) – a programme loan under [Investment Plan for Europe](#). It is a financing instrument used by the EU bank that supports leading companies in innovative sectors. Since it was launched in 2016, this initiative has granted over €2 billion in financing for projects in areas such as robotics, artificial intelligence and biomedicine. The project will help create 50 new highly skilled R&D jobs in *Worldsensing’s* headquarter, located in Barcelona (Spain).

## **Background information:**

### **EIB venture debt**

The EIB’s venture debt product is a financing instrument that supports startup and fast-growing innovative companies in cutting-edge technology sectors. It combines the advantages of a long-term loan with a remuneration model based on the company’s performance. Venture debt transactions help strengthen the borrower’s economic capital without diluting the shares of existing investors. The product, developed four years ago in response to market needs, is backed by the European Fund for Strategic Investments (EFSI), the financial pillar of the Investment Plan for Europe.

### **Worldsensing**

Worldsensing is a global IoT pioneer. Founded in 2008, the industrial monitoring expert works with over 270 engineering partners in more than 60 countries to provide safety through critical infrastructure monitoring in mining, construction, rail and structural health. The company is a [member of the EIT RawMaterials](#), initiated and funded by the EIT (European Institute of Innovation and Technology), a body of the European Union, and has recently joined the [European Raw Materials Alliance](#). Worldsensing has more than 80 employees and offices in Barcelona, London, Los Angeles and Singapore and investors include Cisco Systems, Mitsui & Co, McRock Capital and ETF Partners, among others.

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