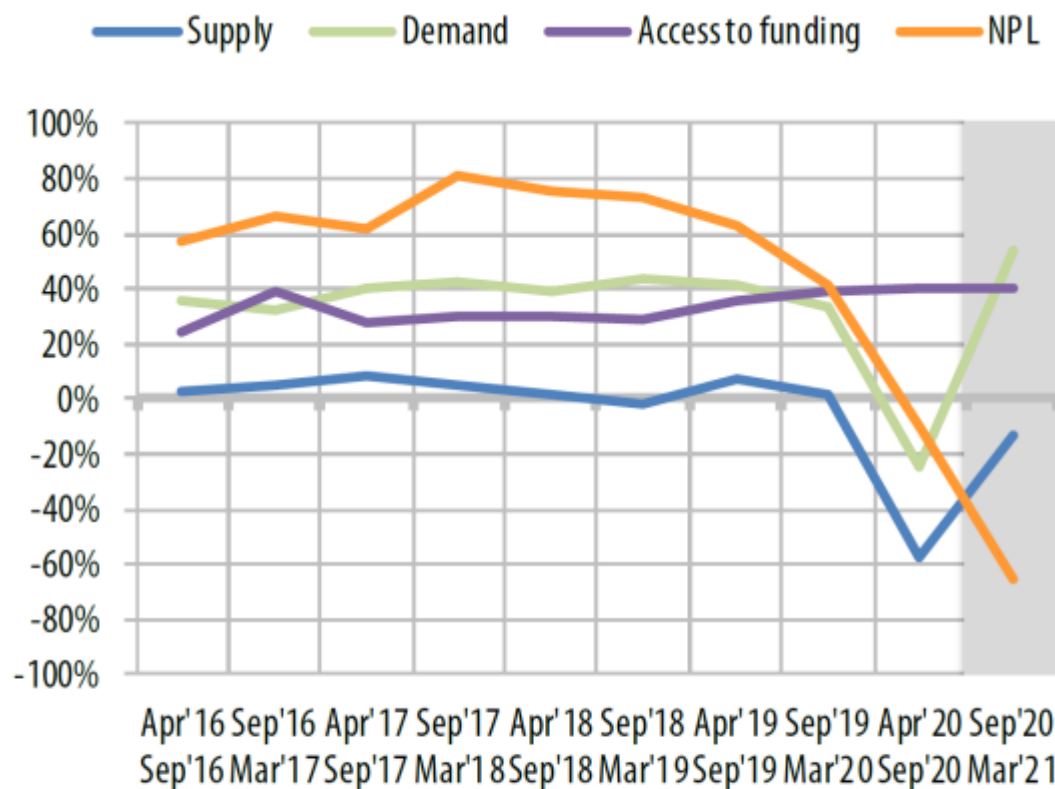


## Banks in Central, Eastern and South-eastern Europe give stable outlook amid second wave of pandemic



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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## **EIB Group provides €150 million to support artificial intelligence companies**



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Today at the Web Summit 2020, the European Investment Bank Group (EIB Group) launched [a new financing instrument](#) to support artificial intelligence companies across Europe. The co-investment facility of up to €150 million will allow the [EIB Group](#) to invest alongside funds backed by the [European Investment Fund \(EIF\)](#) in companies that are active in the artificial

intelligence (AI) sector and in technologies that directly complement AI, such as Blockchain, the Internet of Things and robotics.

Europe's artificial intelligence sector has a multibillion-euro funding gap compared with the United States and China. The facility launched today targets this gap. It complements and builds on EIB and EIF expertise in the sector, developed through the [existing €100 million Artificial Intelligence/Blockchain pilot under InnovFin Equity](#) and direct EIB financing for AI companies through its [venture debt instrument](#). The new instrument is part of a larger initiative of the EIB Group and the European Commission to support the development of Europe's digital future in areas such as high performance computing, quantum technologies and cybersecurity, to name a few.

"The potential of AI is enormous. Today we can already see the initial impact of AI in many areas of our day-to-day lives, but it will be the defining factor for the way we work, study and live in the future," said **EIB Vice-President Teresa Czerwińska**, responsible for innovation and digitalisation. "If Europe wants to stay competitive and shape the conditions of AI development and use, while ensuring European values are respected, it needs to embrace AI and lead its development. That is why I am very proud of the new instrument we have launched today. By using our resources and combining the expertise and market access of the EIB and the EIF we are pioneering new ways of financing AI, and helping to encourage more investment in this important sector."

**EIF Chief Executive Alain Godard said:** "Artificial intelligence is a key component in a technological revolution that we are already witnessing. There is strong market demand for co-investments in this sector. The EIB's expertise in assessing individual equity-type investments and the EIF's market reach and ability to leverage strongly on the fund managers in our portfolio active in the AI domain will ensure that the facility is deployed efficiently."

**European Commissioner for the Internal Market, Thierry Breton, said:** "Europe has all it takes to become a hub for cutting-edge developments in Artificial Intelligence. We have the talent and a wealth of industrial data – both of which will give us an important comparative advantage in AI if we use them wisely. We are putting a framework in place to leverage our strengths and build trust – including through clear and predictable rules. The co-investment facility announced today will further support companies so that they can grow in the EU thanks to the design and the deployment of trustworthy AI."

The new funds will be available in the European Union and in Horizon 2020 associated countries and are expected to be deployed during the next four years. By collaborating with private investors, the EIB Group expects to support approximately 20-30 small and medium-sized companies. The focus will be on early and growth-stage companies investing in the development of breakthrough AI applications. The resource allocation to potential co-investments in companies will be considered on a first come, first assessed basis and on the merits of the proposal. By assisting fund managers investing individual tickets of over €1 million in high-growth European companies the

new instrument will complement the EIF's existing fund activities. Additional information on the AI Co-Investment Facility can be found [here](#).

[InnovFin Equity](#) is part of InnovFin – EU Finance for Innovators, a generation of EU financial instruments and advisory services developed under Horizon 2020 to help innovative firms access finance more easily. InnovFin Equity provides equity investments and co-investments to or alongside funds focusing on early-stage financing of enterprises operating in innovative sectors covered by Horizon 2020, located or active in the European Union or in Horizon 2020 associated countries.

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## **Portugal: Web Summit – The EIB provides Bizay with €20 million to support their R&D programme and product development, fostering employment**



©Bizay

- The investment will boost the Portuguese company's growth and market



penetration in Portugal, rest of Europe and Latin America.

- More than 120 highly skilled jobs to be created over the next four years.
- These funds are provided under the European Growth Finance Facility programme loan.

The European Investment Bank (EIB) is investing €20 million in the Portuguese software company Bizay to finance the implementation of its research and development (R&D) programme and product development roadmap. One of Bizay's main focuses will be its tech-based B2B marketplace for customised products targeted at small and medium-sized enterprises (SMEs), such as retail stores, restaurants, hotels and small corporates. This financing will also promote job creation in Portugal, a fundamental aspect for the European Union's post-COVID-19 economic recovery. The agreement was announced today at Web Summit by EIB Vice-President Ricardo Mourinho Félix and Bizay CGO José Salgado.

This financing – in line with the European Commission's strategy to strengthen competitiveness and innovation in digital technologies – will further support Bizay's overall growth and geographic expansion plan and aims to create over 120 jobs in fields related to technology and business development over the next four years in Portugal.

Bizay's marketplace, available in over 20 countries spanning from Europe to Latin America, offers a wide catalogue of customisable products, ranging from corporate gifts and promotional products to packaging, business cards and leaflets across all verticals. Thanks to the EU bank's support, the company will further digitalise every step of the supply chain to make it more cost and time efficient. It uses artificial intelligence technologies like state-of-the-art machine learning algorithms for automating online marketing bidding processes, thereby improving overall marketing efficiency. Furthermore, Bizay's business model enables an entire ecosystem of small businesses and manufacturing companies to connect and benefit from each other, giving them access to a wide catalogue of customisable products at a competitive price, which are otherwise very expensive for small businesses, and with a short delivery time.

The EIB will further support Bizay's current technology developments, which include initiatives that will make use of learning models to forecast future traffic loads and of artificial intelligence to improve order aggregation and further improve production cost efficiency.

**EIB Vice-President [Ricardo Mourinho Félix](#), responsible for the Banks operations in [Portugal](#)**, said: *"The Web Summit is the ideal venue to announce the EIB backing for Bizay, underscoring the EU bank's support for the digital and innovation sectors in Portugal. This is a very important project that will strengthen the competitiveness of a leading Portuguese software house and shows the EIB's strong commitment to innovation digitalisation and the creation of high-quality jobs in Europe, key elements to boost a solid and inclusive economic recovery in the wake of the COVID-19 crisis, which is one of the EIB's main priorities."*

**European Commissioner for the Economy Paolo Gentiloni** said: *"Thanks to the*

*Investment Plan for Europe, Portuguese software company Bizay will be able to further digitalise its supply chain. Even better, it will create over 120 highly skilled jobs in the process. This project is a great example of how Europe is working to boost competitiveness and employment through innovative digital technologies."*

**Bizay co-founder and CGO José Salgado said:** "We are very proud to have the EIB as a partner for the next phase of our journey. With its support, we will further develop our R&D programme. In particular, we will invest in our AI technology that connects industrial manufacturers with more than 1 million SMEs across 21 countries. This is an important step towards our goal of becoming the leading tech-based B2B marketplace for all customisable products."

This venture debt operation is part of the European Growth Finance Facility (EGFF), a programme loan under the [European Fund for Strategic Investments](#) (EFSI) guarantee, which enables the EIB Group to increase its support for investments that promote innovation, economic growth and employment. Since it was launched by the EIB under the Juncker Plan in 2016, this initiative has granted over €2 billion in financing for projects in sectors such as robotics, artificial intelligence and biomedicine. EIB venture debt financing targets European companies with up to 3 000 employees in the fields of biotechnology and health sciences, software and ICT, engineering and automation, and renewable energy and clean technology.

### **About EIB venture debt and the Investment Plan for Europe**

The EIB's venture debt product is a financing instrument that supports start-up 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](#).

The **European Fund for Strategic Investments (EFSI)** is the main pillar of the Investment Plan for Europe. It offers first-loss guarantees that enable the EIB to invest in increasingly risky projects. The projects and agreements approved for financing under EFSI have so far mobilised €535.4 billion in investment.

### **Background information**

#### **About Bizay**

Founded in 2013, Bizay is currently one of the leading Portuguese technological start-ups, with a unique and differentiating platform for marketing products and services for SMEs and professionals. Bizay aims to become the "Amazon" for SMEs for fulfilling the needs of these businesses for customised products, such as merchandising, packaging and consumables, business essentials, decorations and uniforms, with professional quality at a

fraction of the cost. Based in Portugal, Bizay sells to more than 1 million SMEs in 21 countries, with three production hubs in Europe, Brazil and North America.

#### About Web Summit

Web Summit is an annual technology conference with more than 70 000 attendees held in Lisbon, Portugal. It is considered one of the largest and most important tech events in the world.

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©Bizay

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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 Platzer, 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>