

# Financing investments supported by EU funds

## The role of mBank

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Head of European Union Office

June 24th, 2015, Zurich



# mBank in Poland

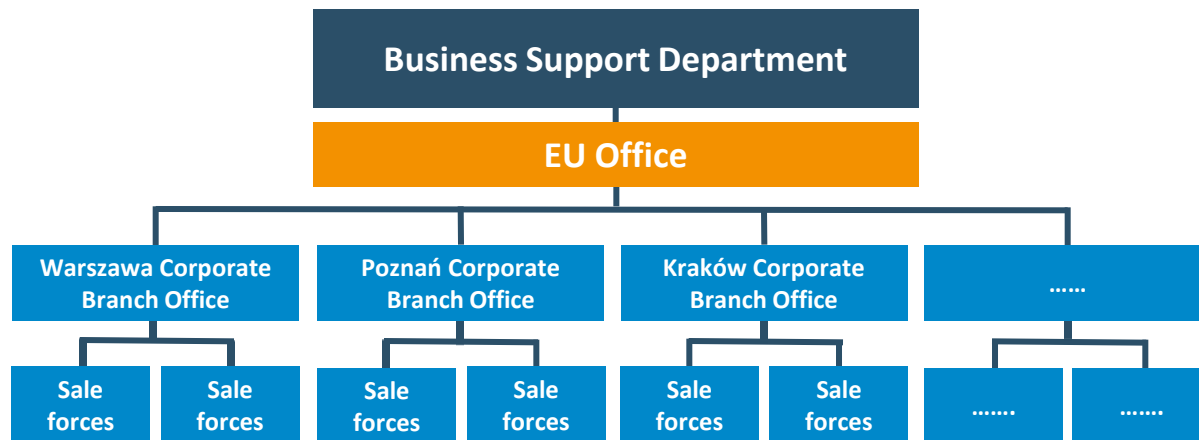
## Profile of an innovative universal bank



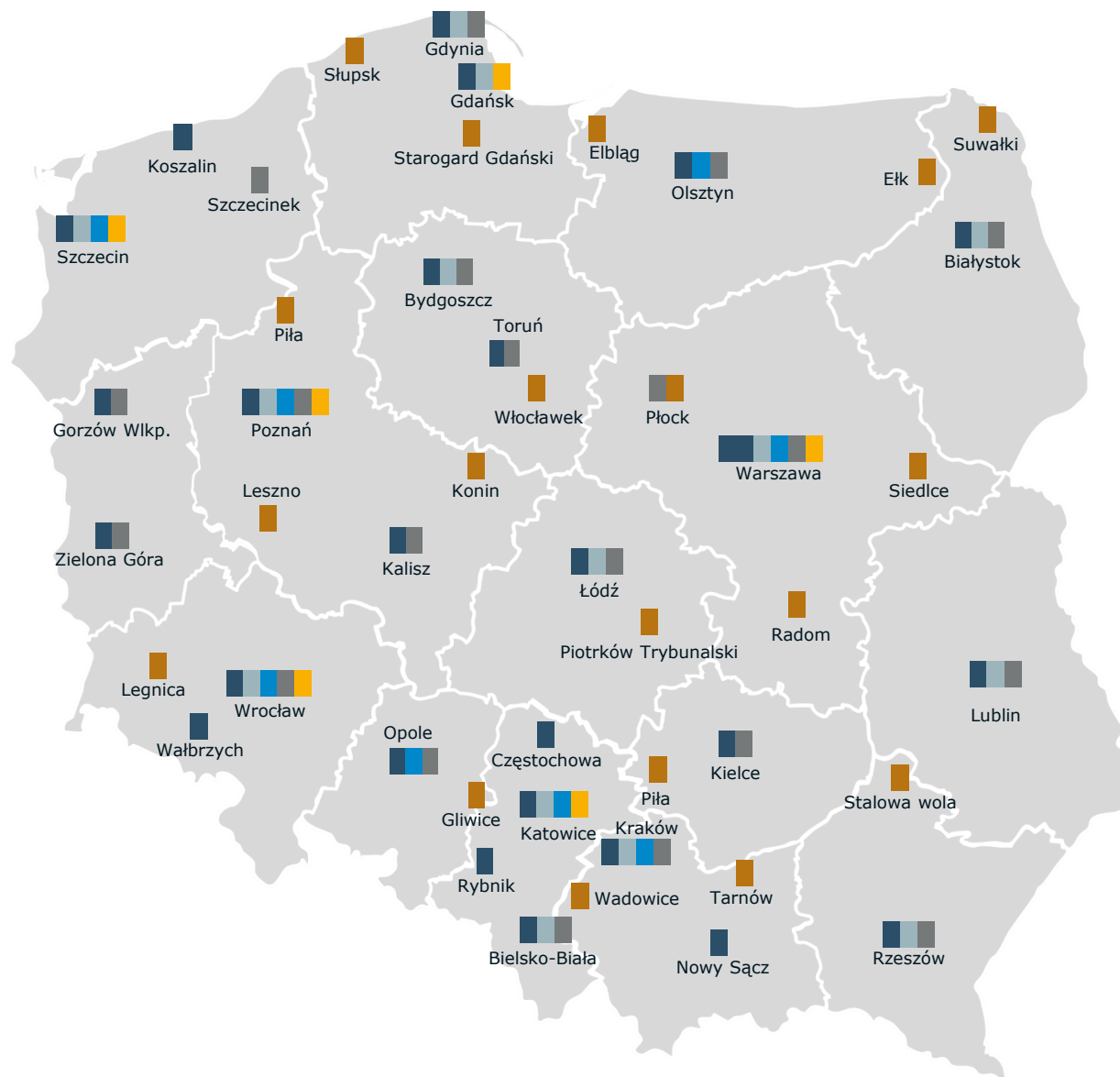
- ❑ **the first corporate bank in Poland**
  - established in 1986 as BRE Bank - the first modern corporate bank in Poland
  - focus on modern and dynamic companies: international corporations, large companies and the fast growing sector of SMEs
  - top-quality service and a range of tailor-made products
- ❑ **the first Electronic Banking System in Poland**
  - the first Electronic Banking for corporate clients in Poland (1994) and the first Internet Banking System (2001)
- ❑ **the first Cash Management offer for corporate clients**
  - the first Polish bank offering professional Cash Management services (since 1993)
  - today: mBank an expert in most modern, tailor-made Cash Management services and Foreign Trade transactions
- ❑ **the first Internet retail bank - mBank**
  - in 2001 mBank launched – under the mBank brand – Internet Banking for retail clients (branchless banking)
  - mBank – as an enthusiastically accepted project - created a new benchmark of Internet-based banking
  - mBank - the leader in innovations, number of accounts and client perception

# mBank Group

Corporate Banking	Investment Banking	Retail Banking	Other financial services
   	 		  



# Corporate branches and offices



29 mBank Corporate branches

14 mBank Dom Maklerski branches (its services available also in former Multibank branches)

6 mBank Hipoteczny branches

22 mLeasing branches

6 Headquarter and 5 branches of mFaktoring

18 Representative offices

# Why mBank ?



We have provided over **620 loans** amounting to **PLN 2 b.**

Our Clients have acquired more than PLN 1.8 b EU funding.

**We cooperate with external institutions in order to provide our Clients with professional support** (which is much broader than the financing offer) **in the implementation of investments which receive financial support from the EU.**

We have **extensive experience** in financing EU projects.

## Main focus of financing investments under EU funds by mBank

- **Innovative projects** (product innovations, proces innovations)
- Projects on **renewable energy sources**
- Projects on **low-carbon** and **energy-efficient economy**
- Investments in the **food processing businesses**

# Innovation Bank for demanding clients

## For our clients:

- **investments** in the amount of **more than PLN 3.7 b**
- free support in project financing under EU funds:
  - free seminars and conferences
  - free individual consultations with EU experts
- the possibility to utilize mBank **offer for financing investments under EU funds**
- the possibility to utilize **additional resources** from i.a. EIB funds
- the possibility to utilize **additional & attractive credit collateral** – de minimis guarantee
- the possibility to utilize the offer of consulting companies which are cooperating with mBank

# Enterprises size

Commission Regulation (EC) No 651/2014 – ANNEX I



## Definition of SME

Enterprise category	Headcount: Annual Work Unit (AWU)	Annual turnover	or	Annual balance sheet total
Medium-sized	< 250	≤ €50 million (in 1996 € 40 million)	or	≤ €43 million (in 1996 € 27 million)
Small	< 50	≤ €10 million (in 1996 € 7 million)	or	≤ €10 million (in 1996 € 5 million)
Micro	< 10	≤ €2 million (previously not defined)	or	≤ €2 million (previously not defined)

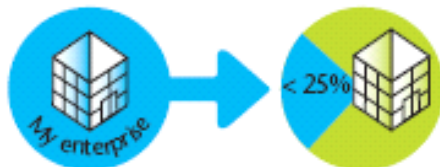
Source: [http://ec.europa.eu/enterprise/policies/sme/files/sme\\_definition/sme\\_user\\_guide\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf)

# Types of enterprises relationships



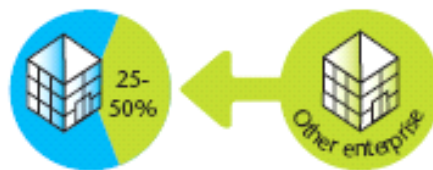
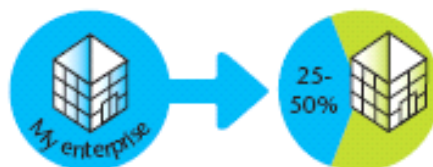
## Autonomous enterprises

My enterprise holds less than 25% (capital or voting rights) in another and/or another holds less than 25% in mine.



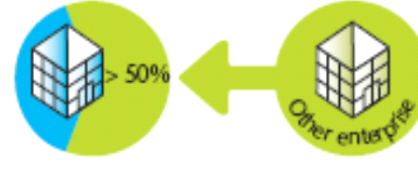
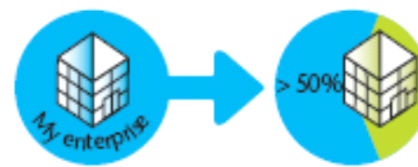
## Partner enterprises

My enterprise holds at least 25%, but no more than 50% in another and/or another holds at least 25%, but no more than 50%, in mine.



## Linked enterprises

My enterprise holds more than 50% of the shareholders' or members' voting rights in another and/or another holds more than 50% in mine.



Source: [http://ec.europa.eu/enterprise/policies/sme/files/sme\\_definition/sme\\_user\\_guide\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf)



# Types of enterprises relationships

**Linked enterprises** are enterprises which have any of the following relationships with each other:

- an enterprise has a majority of the shareholders' or members' voting rights in another enterprise
- an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise
- an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association
- an enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, majority of shareholders' or members' voting rights in that enterprise

*also*

An enterprise which have one or other of such relationships through a natural person or group of natural persons acting jointly are also considered linked enterprises if they engage in their activity in the same relevant market or in adjacent markets.

An „adjacent market” is considered to be the market for a product or service situated directly upstream or downstream of the relevant market.

# Offer of the mBank for Investors

## EU investment credit

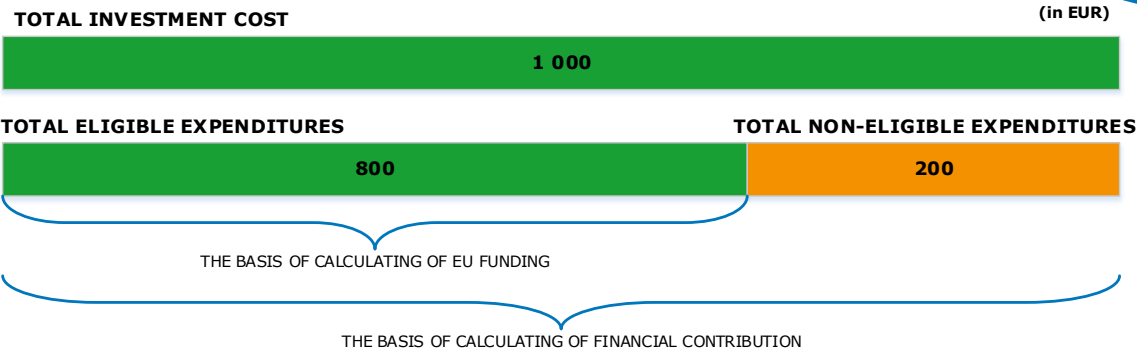
- the best way to finance investments under EU funds

- Offer for entrepreneurs, beneficiaries of EU support, especially SMEs
- Simple and transparent procedures:
  - one credit application form
  - one credit agreement consists of two parts:
    - **bridge-financing credit** – for financing part of project eligible expenditure, maximum value of this part equals grant amount specified in agreement with Implementing Institution
    - **investment credit** – for financing the rest of eligible expenditure and not eligible expenditure of projects
  - collateral - assignment
  - lower interest rate of bridge-financing credit
  - separate account for received subsidies enables correct tax accounting in view of the subsidy
  - free support in selecting the most profitable financial engineering

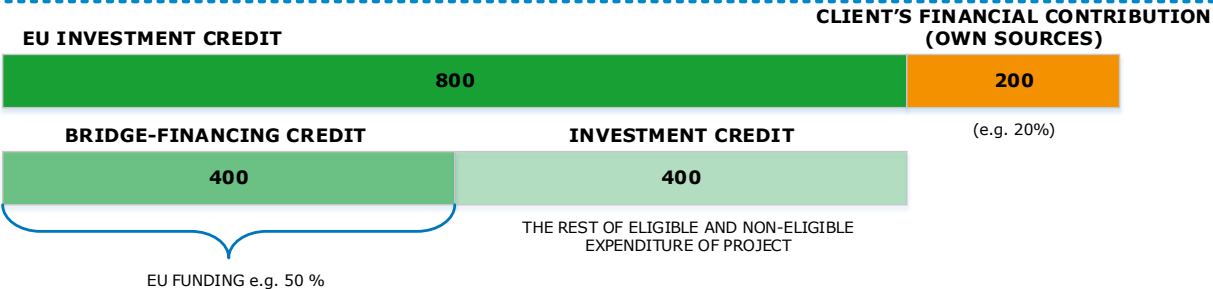
# EU investment credit - structure

Refunding system

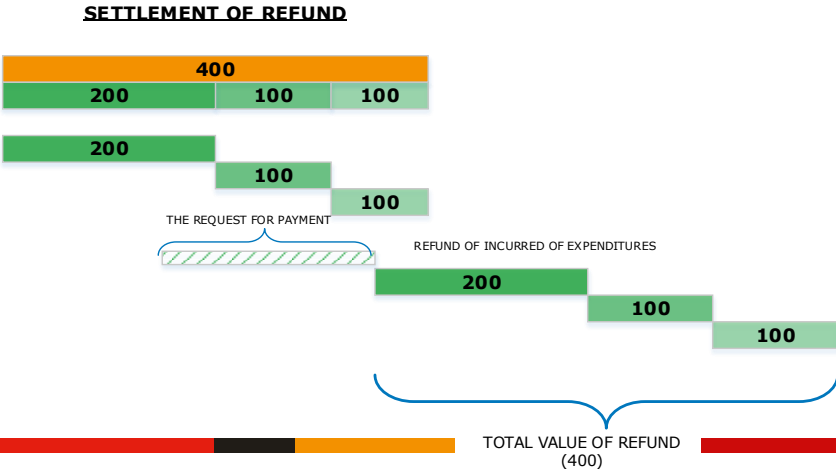
COST OF INVESTMENT  
STRUCTURE



SOURCES OF  
FINANCING  
INVESTMENT  
STRUCTURE

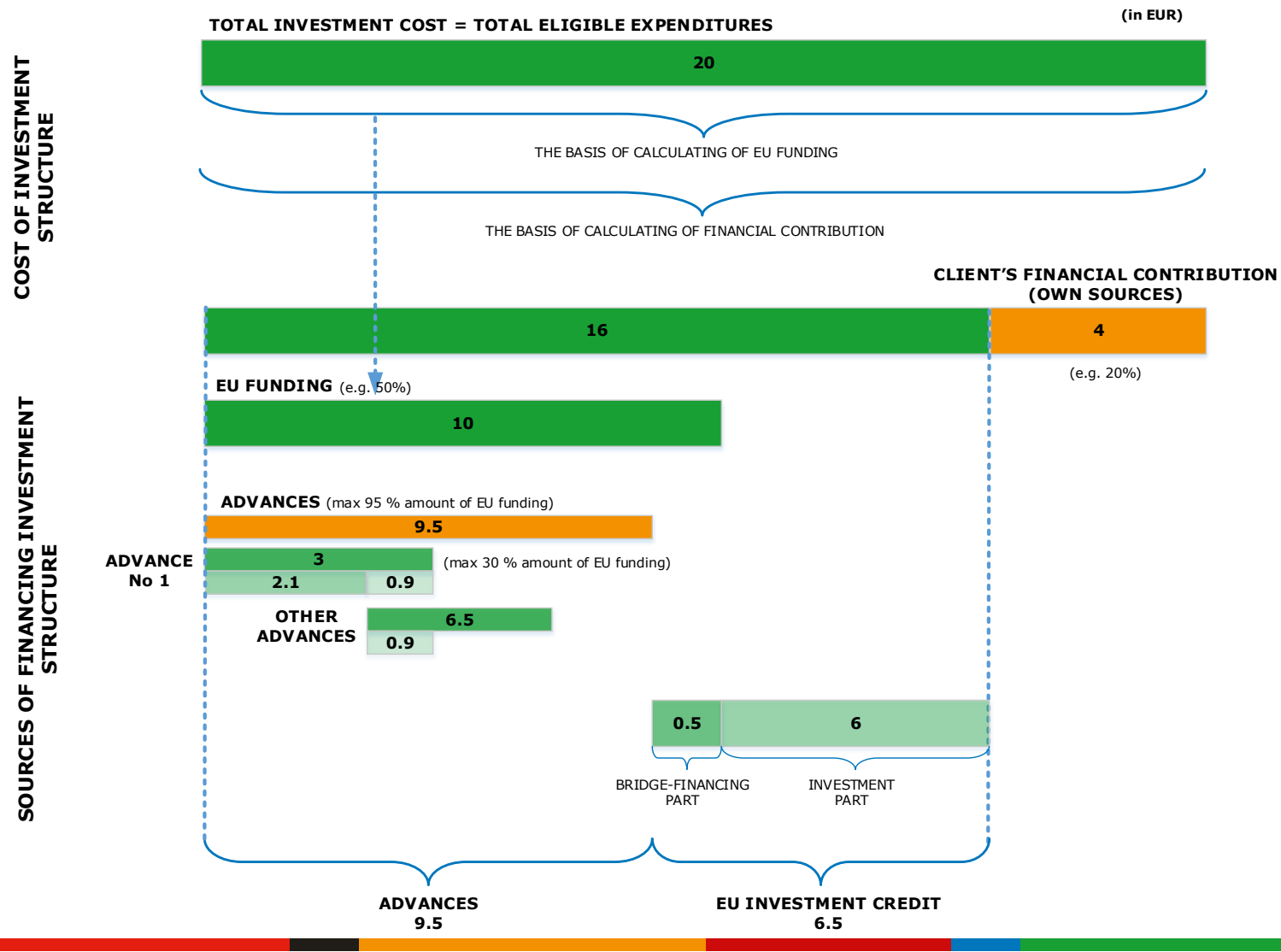


REALISATION AND  
SETTLEMENT OF INVESTMENT

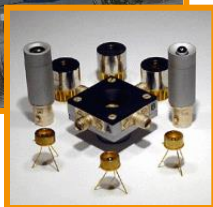


# EU investment credit - structure

Hybryd system



# Case study – innovation project



**Measure / OP:**

The Programme Innovative Economy, measure 4.3 „Technological credit”

**Aim of the project:**

The implement new technologies through creating production feasibilities to implement new products – optoelectronic devices.

**Total cost of the project:** PLN 5,609,244

**Credit value:** PLN 3,797,681

**EU funding:** PLN 2,004,484

*(...) The aim of the VIGO System's project was to implement new technologies through creating production feasibilities to implement new products – optoelectronic devices. Those technologies were developed in VIGO System as a result of R&D works as a non-patented technical know-how.*

*Within project VIGO System has implemented five new technologies that resulted in five new and two significantly improved goods – new detectors and optoelectronic devices.*

*The technology bonus co-financed part of our eligible costs: the purchase of measurement and control devices, machines and construction of our new laboratories, where production of the new and significantly improved goods is placed. (...)*

Source: [www.vigo.com](http://www.vigo.com)

# Case study – innovation project



## Measure / OP:

The Programme Innovative Economy, measure 4.3 „Technological credit”

## Aim of the project:

The implementation of new proprietary technology of hybrid silicon photovoltaic NoFrost panels.

**Total cost of the project:** PLN 6,000,000

**Credit value:** PLN 4,200,000

**EU funding:** PLN 4,000,000

*(...) At present ML System focuses on implementing innovative and technologically advanced solutions related to building integrated photovoltaics.*

*The Company's products include installation of security and PA systems, installation of structural networks, lighting control systems, fire protection systems and BMS. For six years, ML System – being one of the first Polish companies – has specialized in designing and installing complex systems based on photovoltaic technology (PV) and integrated with buildings (BIPV), used for obtaining electrical power from solar light. ML System offers high performance PV panels of the I, II, and III generation with custom - tailored aesthetic properties , parameters, features and functions.(...)*

Source: [www.mlsystem.pl](http://www.mlsystem.pl)

# Financing investments with EIB funds



## Final beneficiaries?

Final Beneficiaries are small and medium sized enterprises ("**SMEs**") defined as enterprises with less than 250 employees or **MidCaps** defined as enterprises with minimum 250 and less than 3.000 employees.

The calculation of the number of employees of an enterprise is coherent with that used by the EC (the SME definition which took effect on 1/1/2005 and Commission Recommendation 2003/361/EC).

## Investment categories:

- The purchase, renovation or extension of tangible assets other than land;
- The purchase of patents and licenses is eligible where they are necessary for the technical implementation of the Project;
- Investment in intangible assets;
- Medium and long term working capital needs.

## Benefits for clients:

- Possibility of combining EIB allocations with EU grants
- Possibility to utilize resources from international financial institution
- Favorable loan interest rate

# Financing investments with EIB funds

Beneficiaries	SME & MID CAPs enterprises		
Type of credit	Investment & revolving credits		
Term of the loans	2 - 8 years		
	SME	MID CAPs enterprises	
Total investment cost	max EUR 25 m	max EUR 25 m	Greater than EUR 25 m & up to EUR 50 m
The amount of an EIB allocation	up to 100% of the loan & may not exceed EUR 12.5 m	up to 100% of the loan & may not exceed EUR 12.5 m	up to 50% of the investment cost
Combining EIB allocations with EU grants	max 100% of the investment cost	max 100% of the investment cost	max 90% of the investment cost



# Financing with de minimis guarantee

<b>Beneficiaries</b>	<b>Micro, small or medium-sized enterprises</b> as defined in the Commission Regulation (EC) No 651/2014, with good credit rating and operating in sector not excluded
<b>Type of credit</b>	Investment & revolving credits
<b>Currency</b>	PLN only
<b>Term of the guarantee</b>	max 27 months (revolving credits) max 99 months (investment credits)
<b>The amount of guarantee</b>	max 60 % of the credits value & may not exceed total amount PLN 3.5 m
<b>Public aid</b>	Apply the principle of de minimis aid
<b>Guarantee fee</b>	0,5 % p.a.

## Benefits for clients:

- **Additional & attractive** credit collateral
- **Simple procedure** – „one counter” – all formalities are carried out in the financing bank
- **Stop bureaucracy** – any reporting obligations of the borrower

# Thank you for your attencion

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