CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT
Support to Innovators

Dubrovnik, 24th May 2013
HBOR was established in 1992 by a special act as a specialized financial institution with a public mandate.

HBOR is 100% owned by the Republic of Croatia, which guarantees the obligations of HBOR unconditionally, irrevocably and on first demand.

Funding:
- The founding capital of HBOR amounts to nearly EUR 1 billion
- Syndicated loan market transactions
- Capital market transactions
- Loan Agreements with special financial institutions (EIB, CEB, IBRD, KfW)

HBOR supports the systematic, sustainable and balanced economic and social development of Croatia’s economy in accordance with the strategic goals of the Republic of Croatia.
<table>
<thead>
<tr>
<th>In EUR million</th>
<th>2012 Bank</th>
<th>2011 Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>3,414</td>
<td>2,921</td>
</tr>
<tr>
<td>Total Equity</td>
<td>1,075</td>
<td>973</td>
</tr>
<tr>
<td>Profit</td>
<td>17,8</td>
<td>19,7</td>
</tr>
</tbody>
</table>
• In 2012, **loans in the total amount of EUR 1.36 billion** were approved, which is **56% more** than in 2011
• The structure of approved loans changed in favour of financing of new investments
Programme for Financing Innovations
## Programme for Financing Innovations

### LOANS

<table>
<thead>
<tr>
<th><strong>Goal</strong></th>
<th>Financing of undertakings based on knowledge, new technologies with the application of results of R&amp;D and innovations.</th>
</tr>
</thead>
</table>
| **Beneficiaries** | Beneficiaries are small and medium companies and craftsmen registered in the Republic of Croatia:  
  - *Which have received a support from the Croatian Business and Innovation Centre (BICRO d.o.o.)*  
  - *Which have developed a product (certified prototype) and/or technology;*  
  and which have fulfilled one of the following three criteria:  
  - *They have submitted an application for the recognition of a patent in the Republic of Croatia or*  
  - *They have submitted an application for the protection of industrial property in the Republic of Croatia and/or abroad or*  
  - *They have operated longer than 2 years and have intangible assets – R&D in their balance sheet for the previous year.* |
| **Loan amount** |  
  - from HRK 80,000.00 – unlimited (app EUR 10,600.00)  
  - generally up to 85% of the total investment amount, VAT not included |
| **Interest rate** |  
  - 2 or 4% p.a. (possible reduction to 3% until the end of 2013 for certain investments) |
| **Repayment period** |  
  - up to 14 years, including a grace period up to 3 years |
| **Purpose of loans** |  
  - Investment in tangible assets  
  - Permanent working capital (up to 15 % of the total investment amount) and more for investments in developing software solutions |
**Programme for Financing Innovations**

<table>
<thead>
<tr>
<th>Condition</th>
<th>Stake of the private investor ≥ stake of HBOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment amount</td>
<td>Up to 70% of the total project investment, to a maximum of HRK 6,000,000.00 (EUR 800,000.00)</td>
</tr>
<tr>
<td>Percentage of ownership of HBOR</td>
<td>Up to a 49% stake in the company’s equity</td>
</tr>
<tr>
<td>Exit</td>
<td>in the 7th year</td>
</tr>
</tbody>
</table>
1. Insufficient capitalisation of companies (low share of capital and reserves on the liabilities side of the balance sheet),

2. Commercial banks are reluctant to finance innovative entrepreneurs and business start-ups because they deem them to be too risky,

3. Companies invest insufficiently into R&D and the products are not competitive in the market,

4. Insufficient collateral
• **Introduction of a new lending model** – risk sharing model implemented in co-operation with commercial banks through existing HBOR loan programmes for SMEs.

HBOR finances and assumes risk of up to 40% of the total loan amount with bills of exchange, debentures, and a guarantee issued by HAMAG Invest in the amount of 80% of the loan principal as collateral.

• **Five Economic Co-operation Funds were established** (hereinafter: ECFs). HBOR was appointed as a qualified investor that invests an amount in each of the ECFs corresponding to the amount to be invested in the same ECF by private investors (total volume of all funds HRK 2 billion). HBOR carries out this activity on its own behalf for the account of the Government of the Republic of Croatia.

The aim of the funds is to promote the development of the economy, to preserve current jobs and create new ones, to strengthen existing business entities and start-ups through ownership restructuring by investing into additional capital in co-operation with interested private investors.
Challenges

• **Support the establishment of Venture capital funds** that will invest into companies in their start-up phases, primarily those in the phase of developing innovative products.

• For this purpose, **in April 2013, in co-operation with the World Bank and BICRO, HBOR organised a workshop with entrepreneur-innovators, representatives of state institutions, EIB, EBRD, management companies, and business angels. The main topic of the workshop was to define the needs of entrepreneurs for the establishment of a venture capital fund in Croatia, its scope and purpose.**

• **After joining the EU, a significant increase in the amount of EU funds for direct SME investments is expected, especially for innovators and R&D.**
Examples of Financing

ALTPRO d.o.o. is a business specialised in the engineering and manufacturing of advanced technologies for the railway industry and infrastructure. With its two niches of complete security systems for railway industry and infrastructure, ALTPRO is currently one of four manufacturers of this kind of device in the world. The manufacture of over 700 various devices and systems has been established. Complex development projects for new products are continuously being started, which also include other companies; with almost 40 sub-contractors, a railway and innovation production cluster has been created.

RIMAC AUTOMOBILI – a small entrepreneur that has developed the first non-commercial prototype of an electric sports car - Concept One. Their technological leadership in the segment of electric sports cars has been confirmed by the Guinness Book of World Records and the World Automobile Federation (FIA), with 5 world records for the fastest accelerating car. Additionally, Concept One was declared the most innovative sports car in 2012 at the famous 24 Hours of Le Mans car race in France.
DOK-ING is a 100% privately owned Croatian company, which was established in late 1991. It is registered as a producer of roboticized and special purpose systems and equipment. Along with a branch office in the USA, there is a branch company in South Africa, DOK-ING Africa, which supports a program for south African mines. Today DOK-ING has 220 employees, 170 of whom are in Zagreb, another 30 of whom are in Slunj, and up to 20 of whom are in South Africa.
THANK YOU FOR YOUR ATTENTION!

www.hbor.hr

Strossmayerov trg 9
10000 Zagreb, Hrvatska