**Presentation of the financing or investment operation:**

**Implementing Partner:** European Investment Fund (EIF)

**Name of the Operation:** UniCredit CEE Umbrella (Multi-country) (“UniCredit” or the “Intermediary”) – uncapped guarantee

**Type of approval:** Individual financing or investment operation

**Type of Financial Intermediaries:**

UniCredit S.p.A. (Italy) (hereinafter the "Coordination Entity") has applied, on behalf of the below listed financial intermediaries (together the "Participating Entities" or the "UniCredit Group"), for an uncapped guarantee covering a range of products and policy areas further described below:

- Zagrebacka banka d.d. (Croatia);
- Unicredit Bulbank a.d. (Bulgaria);
- Unicredit Banka Slovenija d.d. (Slovenia);
- UniCredit Leasing Slovakia, a.s. (Slovakia);
- UniCredit Leasing Croatia d.o.o. (Croatia);
- UniCredit Leasing CZ, a.s. (Czech Republic);
- UniCredit Bank S.A. (Romania);
- UniCredit Bank Hungary Zrt. (Hungary); and
- UniCredit Bank Czech Republic and Slovakia, a.s. (Czech Republic and Slovakia).

The Coordination Entity has applied on behalf of the Participating Entities, for InvestEU guarantee support under the so-called "Umbrella structure". Under such a structure, the Coordination Entity acts as a central point of contact, coordinating and managing the umbrella from the Intermediary side.

**Type of Final Recipients:** SMEs, Mid-Caps, Natural persons, Housing associations and Small Public Enterprises

**Country(-ies) of implementation of the operation:** Bulgaria, Croatia, Czech Republic, Hungary, Romania, Slovakia and Slovenia

**Short description of the financing or investment operation:**

The Coordination Entity has applied on behalf of the Participating Entities, for InvestEU guarantee support under the so-called “Umbrella structure”. Under such a structure, the Coordination Entity acts as a central point of contact, coordinating and managing the umbrella.

The initial Guarantee Amount requested for approval is split at pre-determined basis between the Participating Entities. The Coordination Entity may propose to reallocate such amounts among the respective Participating Entities to ensure full utilisation of the portfolio.

The Participating Entities are expected to provide a combination of investment and working capital financing in the form of loans and leases to eligible final recipients under the targeted portfolios and

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1 The Investment Committee Secretariat shall liaise with each Implementing Partner in order to identify the financing or investment operations or sub-projects, which have been signed and for which the relevant Scoreboard shall be published in line with Article 24(5) of the Regulation.
The targeted portfolios for which UniCredit Group requested InvestEU guarantee are as follows:
- Sustainability Guarantee
- SME Competitiveness Guarantee Product (Higher Risk Category 3)
- Innovation and Digitalisation Guarantee
- Cultural and Creative Sector Guarantee Product

### Public Statement

Eligible areas for the Operation in accordance with Annex II to the InvestEU Regulation:

With respect to the **Sustainability Guarantee**:
- **Item 1 of Annex II of the InvestEU Regulation:**
  the development of the energy sector in accordance with the Energy Union priorities, including security of energy supply, clean energy transition and the commitments taken under the 2030 Agenda for Sustainable Development and the Paris Agreement
- **Item 2 of Annex II of the InvestEU Regulation:**
  the development of sustainable and safe transport infrastructures and mobility solutions, equipment and innovative technologies in accordance with Union transport priorities and the commitments taken under the Paris Agreement
- **Item 3 of Annex II of the InvestEU Regulation:**
  environment and resources
- **Item 5 of Annex II of the InvestEU Regulation:**
  research, development and innovation
- **Item 7 of Annex II of the InvestEU Regulation:**
  financial support to entities employing up to 499 employees, with a particular focus on SMEs, and small mid-cap companies
- **Item 10 of Annex II of the InvestEU Regulation:**
  the rehabilitation of industrial sites (including contaminated sites) and the restoration of such sites for sustainable use
- **Item 11 of Annex II of the InvestEU Regulation:**
  sustainable agriculture, forestry, fishery, aquaculture and other elements of the wider sustainable bioeconomy
- **Item 15 of Annex II of the InvestEU Regulation:**
  seas and oceans, through the development of projects and enterprises in the area of the blue economy, and the Sustainable Blue Economy Finance Principles, in particular through maritime entrepreneurship and industry, renewable marine energy and circular economy

In due consideration that SMEs are the backbone of Europe’s economy as they account for 99% of all EU companies (and 93% being micro-enterprises), it is clear that small enterprises need to be at the core of the green transition. Likewise, accounting for the fact that buildings in the EU are responsible for 40% of the energy consumption, individuals and households are also a key part of the transition. The EIF Sustainability Guarantee, whose eligibility criteria were designed in the spirit of the EU Taxonomy for Sustainable Finance, are precisely adapted to the specific needs of the final recipients and can play a fundamental role in the decarbonisation of the economy.

In order to meet the objectives of the EU Green Deal and the “Fit for 55” package, the level of additional investments required is estimated around EUR 275 billion per year. According to certain estimations of the EIB, investments in the continent’s energy system would need to rise from an average of 1.3% of GDP per year over the last decade, to 2.8% of GDP over the next decade, and if we are to add transport that brings the total over the next decade up to 3.7% of GDP per year.
Transitioning from the current EU energy mix to one leveraged in renewable energy sources will not only help the EU tackling the climate crisis but also reducing its dependency from Russian fossil fuels. Nevertheless, the investments needed by 2050 for such a change are estimated around $5.3 trillion.

On the other hand, the estimated funding gap for energy efficiency investments in the EU over the next decade is EUR 185 billion per annum. Consequently, investments by energy producers (normally bigger enterprises) have to be coupled with investments by energy consumers, namely SMEs and private individuals/households.

For instance, roughly 75% of the EU building stock is energy inefficient. Renovating existing buildings could reduce the EU’s total energy consumption by 5-6% and lower carbon dioxide emissions by about 5%.

With respect to the **SME Competitiveness Guarantee (Higher Risk Category 3):**

- **Item 7 of Annex II of the InvestEU Regulation:**
  financial support to entities employing up to 499 employees, with a particular focus on SMEs, and small mid-cap companies

Under the SME Competitiveness – Higher Risk Category 3 portfolio, EIF expects to support intermediaries in originating final recipient transactions which are subordinated debt transactions. This type of debt financing is expected to improve the capital structure and solvency position of targeted final recipient.

With respect to the **Innovation and Digitalisation Guarantee:**

- **Item 5 of Annex II of the InvestEU Regulation:**
  research, development and innovation

- **Item 6 of Annex II of the InvestEU Regulation:**
  the development, deployment and scaling-up of digital technologies and services, especially digital technologies and services, including media, online service platforms and secure digital communication, that contribute to the objectives of the Digital Europe Programme

- **Item 7 of Annex II of the InvestEU Regulation:**
  financial support to entities employing up to 499 employees, with a particular focus on SMEs, and small mid-cap companies

About two thirds of Europe’s economic growth over the last decades was driven by innovation. Currently, Europe underinvests in R&I compared to its main trading partners. As per the Science Research and Innovation Performance of the EU 2020 Report, the EU’s overall R&I intensity is just above 2% of GDP, with a EUR 100bn per year more investment needed in order to reach the 3% target. Furthermore, at the level of regions, Europe shows high concentration and agglomeration effects (with 27 out of 266 regions accounting for half of EU R&D spending8), with no upward convergence of regions and, for some regions, a strong need to shift to an innovation-driven growth model.

With respect to the **Cultural and Creative Sector Guarantee:**

- **Item 7 of Annex II of the InvestEU Regulation:**
  financial support to entities employing up to 499 employees, with a particular focus on SMEs, and small mid-cap companies

- **Item 8 of Annex II of the InvestEU Regulation:**
  cultural and creative sectors, cultural heritage, media, the audio-visual sector, journalism and press
The financial gap in respect of the availability of external finance for cultural and creative sectors was confirmed by an independent feasibility study and is addressed in the Creative Europe Programme impact assessment. The market gap in the credit area has been estimated in the range of EUR 2.51bn – EUR6.22bn over three years, or EUR 837m – EUR 2.07bn per year. This operation aims to enhance access to finance to enterprises engaged in CCS activities.

Access to finance is one of the main issues that SMEs face in Europe. As reported in a recent EIF study, nearly one in three SMEs report severe difficulties in accessing finance. Many SMEs with economically viable projects cannot obtain the necessary financing from financial institutions, as they tend to be reluctant to extend uncollateralised credit to SMEs, even at high interest rates. The SME financing gap exists as the market is not able to supply a sufficient amount of external financing to SMEs. This market failure, resulting in a sub-optimal equilibrium outcome is rooted in the existence of information asymmetries.

According to the ECB SAFE survey, smaller enterprises continued to be more vulnerable than larger companies. While the percentage of medium-sized SMEs that can be considered vulnerable remained at 3%, it increased to 5% (from 4%) for small firms, and to 7% (from 5%) for micro firms.

The palette of EIF InvestEU Guarantee Products aims at addressing this market failure, within the targeted scope of certain policy areas where these are specifically present (small and micro SME, innovation and digitalisation, cultural and creative sectors, etc.).

EIF expects to support intermediaries in originating final recipient transactions (debt financing) which meet the enhanced access to finance measures described in the InvestEU Call for Expression of Interest published on EIF’s website. In this context, final recipient transactions supported by the InvestEU guarantee will typically entail a reduction of cost of financing, via reduction of the customary risk spread. The risk spread reduction will be equivalent to the guarantee rate applicable to the relevant financing transaction (loan or lease), before taking into account the cost of the guarantee.

To summarise, through this Operation, InvestEU guarantee will enable UniCredit Group members to strategically place their focus on the following:
- Facilitating of sustainable investments to SMEs, small mid-caps, natural persons and housing associations;
- Encouraging the provision of subordinated debt to companies affected by COVID-19;
- Continue supporting innovation driven companies and those wishing to invest into digitalisation; and
- Place strategic focus on companies engaged in CCS sectors. Such companies are often left unserved in the Central and East Europe with no strong national promotional institutions specialised in these sectors.

EIF will provide practical guidance to the Intermediary in order to ensure terms and conditions of the guarantee are met and to facilitate the deployment and ramp-up of the portfolio. This may take the following forms:
- Ad hoc assistance (e.g. monitoring, reporting, eligibility checking, etc.);
- Webinars for individual or groups of intermediaries (on all aspects of the implementation of the InvestEU Guarantee).

In particular, the implementation of the Sustainability Guarantee represents a novel intervention requiring significant effort in building market awareness. Specific accompanying measures are being launched, such as:

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2 Ex-ante evaluation of new financial instruments for SMEs, mid-caps and organisations from the cultural and creative sectors - Publications Office of the EU (europa.eu)
- Ad hoc assistance to the Intermediary in e.g. monitoring, reporting, eligibility assessment of green investments;
- the “Sustainability guarantee eligibility web tool”, whereby both the Intermediary and the final recipients will be able to check online if the project/investment planned will be eligible for the guarantee and which features are necessary to become eligible;
- Availability of dedicated guidelines in assessing eligibility of underlying projects (such as the “Sustainability use case document” published on EIF’s website);
- Dedicated ad-hoc informative sessions/webinars for the Intermediaries.

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**Operation-specific indicators**, estimated based on the “InvestEU Leverage and Multiplier Effect Calculation Methodology” as approved by the InvestEU Steering Board

- (a.1) Leverage effect: Indicatively 6x
- (a.2) Multiplier effect: Indicatively in the range of 7-8x