

EIB support for Turkish SMEs

EIB operations in Turkey in 2014 demonstrated our commitment to improving the country's business environment and to supporting its SMEs.

Total EIB financing in Turkey reached close to EUR 2.1bn in 2014, and SMEs accounted for almost 54% of this amount or EUR 1.1bn. As in many other countries, SMEs represent the lion's share of national growth and employment.

The EIB also supported other important sectors of the Turkish economy, such as the RDI activities of innovative export-oriented companies, transport, telecoms, the environment, tourism, energy and urban development, in close cooperation with our partner banks, comprising public, promotional and private sector intermediaries. The EIB funds have been channelled to the real economy in the form of lines of credit through Akbank, Denizbank, Eximbank, Garanti Bank, Halkbank, ING, Vakifbank and Ziraatbank.

Particularly important examples of the EIB's activity in Turkey in support of SMEs are:

1. A **EUR 150m groundbreaking operation**, the first ever residential mortgage covered bond in Turkey, involving EIB participation in a new programme introduced by **Akbank**, a long-standing partner of the EIB in Turkey. Akbank is inaugurating a covered bond programme, the first in Turkey backed by residential mortgages.

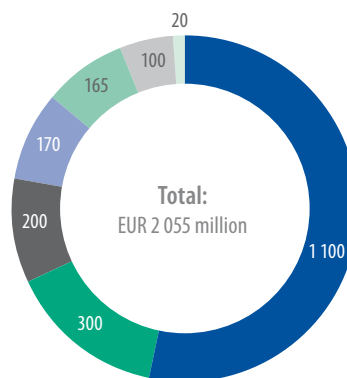
The Bank's participation will be in the first bond series issued under Akbank's newly-established programme. Akbank will on-lend the proceeds of the EIB series to eligible SMEs and midcaps. Through this operation, the EIB is continuing its successful cooperation with Akbank, building on Akbank's strong position in the SME segment and leveraging its broad geographical outreach. This new credit line increases the availability and maturity of funding for SMEs and midcaps in Turkey, which are an essential part of the country's economy. Following the successful launch of SME covered bonds in Turkey, the inauguration of mortgage covered bonds in the Turkish market is expected to have a catalytic effect, adding one more innovative funding option to the long-term funding toolset available to Turkish banks for the benefit of SMEs and midcaps. With this new facility, the EIB is supporting further export-oriented investments in Turkey, benefiting growth and job creation.

2. A **EUR 100m** loan to **Ziraatbank**, co-financed with the Instrument for Pre-Accession Assistance in Rural Development (IPARD), under which the EIB is expanding its SME financing for the first time to rural development in Turkey. The credit line will be used to finance investments in the Turkish agricultural and agribusiness sectors. It will contribute to the elimination of regional disparities and difficulties in accessing finance, by supporting the development of rural regions.

3. A **EUR 100m** loan in support of municipal infrastructure with a special focus on the less developed areas of the country. The funding was provided to **DenizBank** in cooperation with EBRD and other international banks, through a financial scheme based on Diversified Payment Rights securitisation, a funding scheme already well tested with DenizBank in 2011 for the benefit of renewable energy production.

Investment to promote innovation is helping to improve competitiveness and added value, while at the same time encouraging job creation. In 2014, the EIB financed the R&D programmes of innovative export-oriented companies in the field of consumer electronics with Vestel in Manisa (EUR 60m) and in the automotive sector with Tofas in Bursa (EUR 55m). The loan to Tofas was the first EIB transaction in Turkey supported by “InnovFin – EU Finance for Innovators”, with the financial backing of the European Union under Horizon 2020 Financial Instruments.

The EIB – with EU-funded technical assistance (TA) – has supported a number of energy efficiency credit lines for SMEs and midcaps, aimed at making their production more sustainable and cost-efficient.



EIB lending by sector in Turkey in 2014 (in EUR m)

■ SMEs	53.53%
■ Urban development	14.60%
■ Transport	9.73%
■ Energy	8.27%
■ Industry	8.03%
■ Agriculture, fisheries, forestry	4.87%
■ Other	0.97%



The European Investment Fund

The European Investment Fund (EIF) is the specialist arm of the EIB providing risk financing solutions to financial intermediaries to support SMEs and midcaps and foster innovation in Europe. In 2014, it committed EUR 3.3bn in support of business, through which approximately EUR 14bn of capital will be mobilised.

By business line, the EIF committed a total of EUR 1.65bn for equity in 74 early and growth stage funds, which raised a total of EUR 8.3bn. On the guarantees side, it committed EUR 1.6bn in 60 transactions, which acted as a catalyst in attracting EUR 5.6bn of new loans for SMEs. The EIF’s support for micro-enterprises totalled EUR 51m, generating a loan volume of EUR 33m. Overall, more than 170 000 SMEs and midcaps were supported by the EIF in 2014.

In 2014, the EIF committed EUR 26.3m in equity and EUR 20.1m in guarantee operations in Turkey, with targets of raising EUR 30m and EUR 257.7m respectively.

For more information: www.eif.org/turkey.



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