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# Study on the Role of Banks in the European Film Industry

**FINAL REPORT**

**12 MAY 2009**

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– Final Report  
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# A EXECUTIVE SUMMARY

## 1 Foreword

The aim of this study is to provide a current overview of the film banking landscape in Europe with a specific emphasis on making recommendations to the MEDIA Programme for actions that they can take to increase the access to bank loans for production companies.

In late 2008, the MEDIA Programme of the European Commission contracted peacefulfish to carry out a study on “The Role of Banks in the European Film Industry” as well as to organize a roundtable discussion focused on this subject. The idea was to gather the perspectives of the key players in this sector both through interviews and through the roundtable discussions to better understand a specialized set of banking services that, among other factors, has been heavily impacted by the economic crisis.

To conduct a study on film banking at the height of the biggest recession since the Great Depression makes perfect sense. Banking is at the heart of the economic crisis and what better time than now to establish an overview of the sector and determine where best the MEDIA Programme can intervene to stimulate lending.

The European audiovisual sector in general—and film production in particular—is a growth industry that generates both cultural and economic benefits across many borders. But without the ability to borrow capital, production companies cannot grow. Liquidity is the key to evolving from a small to an established producer, which means the availability of film banking services is vital to the growth of the film industry. Unfortunately, for most film production companies, a traditional banker/small business relationship is out of the question.

Traditional banking services are focused on companies. How many years has a given company been in business? What is their turnover? What are their assets? These questions typically cannot be applied to film production companies for a variety of reasons. For instance, producers often use single-purpose vehicles to structure each new film project, which means each project is a company in itself. Additionally, in order to finance their projects, producers more often than not must license or mortgage the majority of their intellectual property rights upfront. Such working methods insure that the film business is primarily a project-by-project—or prototype—business.

With the prototype nature of filmmaking in mind, financial institutions that offer film banking services have had to develop special lending criteria and specialized lending products that both satisfy their credit committees and meet the needs of individual productions. The risks associated with such specialized lending are often quite high while the profit margins are usually quite low. Why, then, do financial institutions do it?

The perspective taken by this study is not that of the producers, but that of the financial institutions themselves. What are their market needs? How can they grow their businesses, both at home and across borders? How will they mitigate their risks and increase their profits. To understand these concerns provides insight into how lending to production companies can be stimulated as the film banking sector and the production sector are inherently linked.

Viewing the producer/banker relationship as a client/service provider relationship was the starting point of our study, which began in November 2008 and continued through April 2009. Over this six-month period we explored the role of film banking in Europe through

quantitative, desktop research—mainly to provide a survey of production output on a country-by-country basis—as well as through interviews with the key players at a range of financial institutions. We obtained information on the 32 MEDIA countries of the European Union using an array of sources including data from the European Audiovisual Observatory and the local MEDIA Desks. In terms of interviews, we spoke with contacts at over 30 institutions including banks, subsidiaries of banks, guarantee funds, private funds, and film commissions as well independent experts and film producers. Using these interviews we pinpointed 5 main financial services for the film industry and, following from that, we illustrated numerous models (deal structures) that utilize those services to create specialized lending products.

On the basis of this research we were able to group the MEDIA countries by banking services available and draw conclusions about market demand and growth opportunities within those groups of countries. These conclusions informed the organization of the European Film Banking Roundtable, which took place in London on April 21<sup>st</sup> 2009. The day was divided into three roundtable discussions focused on the topics of:

- 1) Building Up a Competence in Film Banking: In-House vs. Outsourcing Expertise
- 2) Developing the Market for Film Banking: Risk Mitigation, Syndication, Profitability, and Growth
- 3) Developing Access to Credit for the Audiovisual Industry: Corporate Finance for Production, Sales, and Distribution Companies

Approximately 25 people participated in the Roundtable including representatives from banks, subsidiaries of banks, guarantee funds, the MEDIA Programme, the European Investment Bank, and peacefulfish as well as several independent experts. Through these roundtable discussions we were able to establish an even more precise overview of the current state of the film banking sector in Europe, which allowed us to draw more accurate conclusions and develop more refined recommendations.

The following text is the result of this process and we would like to take a moment here to thank all those who contributed to it. As mentioned above, this study and the resulting Roundtable were undertaken during a time of acute economic uncertainty. Over the course of the interviews several film banking units closed, many radically reduced their lending activities, and key players either left to take up positions at other institutions or withdrew from the sector completely (at least for the time being). We are extremely grateful that, amid this crisis, so many people took the time to participate in this study. Without their input the relevance of our conclusions and recommendations would be greatly diminished.

## **2 The Brief**

The three main objectives of the study outlined by the MEDIA Programme of the European Commission and peacefulfish were to:

- 1) provide the Commission with a current overview of the film banking landscape in Europe with a particular emphasis on the role of banks, subsidiaries of banks, and guarantee funds in the film industry value chain
- 2) assess the involvement of financial institutions in the film banking sector—including those not yet involved and those only slightly involved—to understand their potential future interest: what is the market for film banking? where are the growth opportunities? etc.

- 3) organize a roundtable discussion to bring key players from the film banking sector together with representatives from the MEDIA Programme and the European Investment Bank to inform the MEDIA Programme's future actions with regard to stimulating access to loan capital for production companies

In accordance with those objectives, the study was divided into three phases carried out from November 2008 through April 2009:

- 1) data collection including a survey of the production output of each of the 32 MEDIA countries of the European Union as well as interviews with representatives from banks, subsidiaries of banks, and guarantee funds in order to define both the main financial services provided by these institutions and the range of lending models currently being used
- 2) the organization of the roundtable discussion, which took place in London on April 21<sup>st</sup> 2009 and was attended by approximately 25 people including representatives from banks, subsidiaries of banks, guarantee funds, the MEDIA Programme, the European Investment Bank, peacefulfish as well as several independent experts
- 3) revising the intermediate draft of the study submitted to the Commission prior to the Roundtable with specific emphasis on honing the study's conclusions and refining its recommendations with respect to the range of ideas exchanged during the Roundtable

Considering the objectives, the timeframe, and the work phases of the study, its scope is limited to an overview of the film banking sector in Europe with particular emphasis on the needs of the banks: the market for their services, the potential growth opportunities, their deal structures, how they mitigate risk, their pricing, etc. It is not a direct assessment of the banking needs of the production sector, although the needs of producers and of film bankers are inherently linked.

As a result of this link, much can be derived from this study regarding the relationships between bankers and producers; however, an exploration of film banking from the producers' point-of-view could also be undertaken as a supplement to this study in order to establish a broader picture of banking's impact on the audiovisual industry as a whole.

### **3 Approach**

In order to execute on The Brief, peacefulfish carried out:

- 1) quantitative research including a survey of the production output of the 32 MEDIA countries of the European Union (see Appendix 2) using data from sources including the European Audiovisual Observatory and the local MEDIA Desks
- 2) qualitative research including interviews with representatives from banks, subsidiaries of banks, guarantee funds, private funds, and film commissions as well as independent experts and film producers resulting in the identification of five main film banking services, an illustrated analysis of how these services are being utilized to create lending products, which financial institutions are offering which lending products, in which countries, under what basic terms, etc.
- 3) organization of—and participation in—the European Film Banking Roundtable, which not only allowed for direct, on-the-ground exchange with film bankers currently present in the market but also greatly informed the structure, content, conclusions, and recommendations of this study

Through the implementation of this three-pronged methodology, we encountered an array of challenges including but not limited to:

- 1) the current economic crisis and its impact on institutions involved in film banking: some have been nationalized with their activity in this sector frozen, some have closed their film banking units altogether, many have greatly reduced their activities, and others have completely disappeared within the last 6-9 months
- 2) a certain fear of sharing information and thus confirming interest in film banking, which is often perceived as a high-risk lending activity and not encouraged within most institutions especially in the current economic climate
- 3) the recurrent trend of lending “indirectly” to the production sector by institutions with no specialized film banking unit, but with strong relationships to clients who happen to be film producers

Additionally, in order to more accurately understand the relationships (or lack thereof) between bankers and film producers, the use of the term “SMEs” to describe production companies has been modified throughout this study with more precise definitions of these companies as follows:

- *Small Production Companies*: companies that produced less than one film a year over the last three years
- *Established Production Companies*: companies that produced at least one film a year over the last three years

## 4 Definition of Financial Institutions

The term “financial institutions” is used throughout this study primarily to refer to banks, subsidiaries of banks, and guarantee funds. In accordance with The Brief, our focus herein is on loan capital and guarantee mechanisms for loan capital rather than subsidy or equity funding.

However, in order to more fully understand several of the lending models, we did interview a handful of subsidy bodies and private funds. Frequently their activities intersect with those of banks and they are also financial institutions, although usually with different agendas and criteria than those being examined within the scope of this study.

With respect to that, a further study on subsidy bodies and private funds could also be undertaken to complement our overview and analysis of the role of banks within the European film industry.

## 5 Five Main Film Banking Services

Through the interview process conducted as part of this study, we have identified five main film banking services provided by financial institutions:

1. Interim Finance
2. Tax-Incentive Financing
3. Gap Financing

4. Working Capital/Corporate Finance
5. Bank Guarantees

Within the body of this study, we have included a section (see Table 1) organized by “type of services offered” that details the film banking services currently—or recently—offered by 47 European financial institutions.

Additionally, in each of the five sections of the study dedicated to outlining these services, there is an accompanying list of financial institutions that provide the service being outlined.

These lists combined with Table 1 give a comprehensive—though not exhaustive—overview of the most recently active film banking institutions in Europe.

## **6 Market Conditions For Film Banking**

Despite the number of institutions directly or indirectly involved, film banking is still a boutique business. It requires a high degree of expertise and such specialization within banks is rare primarily because of the size of the market for these services.

Market size for film banking is tied directly to the production sector. The lack of a commercially-developed industry in the majority of MEDIA countries insures that the level of volume in terms of films produced and/or production budgets is well below what most banks have an appetite for. Furthermore, the prototype nature of the film business requires that the banks use specialized lending criteria that are not company-based, but project-based. Many credit committees do not have the capacity, nor the interest, to entertain this specialized lending activity.

However—through this study—in addition to defining three market segments for film banking services (see Section 7 below), we have also identified several potential intervention areas as well as a few growth opportunities.

## **7 MEDIA Countries Grouped Into 3 Market Segments**

As mentioned above, through this study we have grouped the 32 MEDIA countries of the European Union into three market segments based on quantitative data on country-specific production output (i.e. each production being a potential film banking opportunity/client) as well as qualitative data on the film banking services found to be available in those countries.

Countries with a Developed Market for Film Banking:

- France
- United Kingdom
- Germany
- Spain
- Italy

Countries with Financial Institutions Primarily Focused on Tax-Incentive Lending:

- Belgium
- Hungary
- Luxembourg
- Ireland

Countries where Current Market Size Prohibits Development of Film Banking Services:

- Austria
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- Greece
- Iceland
- Latvia
- Lithuania
- Netherlands
- Malta
- Norway
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Sweden
- Switzerland

From these groupings it is clear that—as with many other aspects of the European audiovisual industry—the “Big Five” countries represent the largest market as these countries have the highest production output and, as a result, employ more of an “industry approach” to filmmaking.

The next segment is made up of countries whose film banking services are primarily tax-driven. Tax incentives are one mechanism by which financial institutions are drawn into the boutique business of film banking. However, tax-based lending alone is not enough to consider these players part of the developed market for film banking.

The third and final segment is comprised of MEDIA countries in which the level of film production prohibits the development of film banking services. The majority of countries have been grouped into this segment. However, as will be outlined in the conclusions and recommendations section, regions within this third segment—Scandinavia or Eastern Europe, for instance—offer some of the most interesting growth opportunities.

## **8 Key Conclusions**

In addition to the grouping of the MEDIA countries into three film banking market segments, the key conclusions of this study—drawn mainly from the interviews and roundtable discussions—are:

### THE PRODUCTION SECTOR

- film production is a prototype business
- film banking is inherently linked to production levels, as projects represent the (potential) market for film banking services
- bank loans—whether for interim finance or working capital—are very difficult to access for small and many established production companies

- it is difficult for production companies to retain the IP rights of the films that they produce (assets) because these rights are typically licensed or mortgaged in order to finance the film
- film production—along with film banking and film sales—are primarily project- and fee-based businesses rather than company-based businesses
- many financial institutions have suggested that most European film producers do not fully understand the film business, specifically the sales and distribution side of the business and how that intersects with the banking industry

#### THE MARKET FOR FILM BANKING

- there are “big ticket” corporate banks as well as boutique banks and specialized lending institutions (subsidiaries of banks, guarantee funds, etc.) all involved in film banking
- this sector is classed as “high risk” by most financial institutions
- additionally, the market size for film banking services is limited by production output and budget levels
- the back-office cost of film lending does not justify the return for many of the players
- productions budgeted at €1.2m start to become interesting for some financial institutions, but not the majority of them
- therefore, film industry expertise within financial institutions is rare making film banking a niche business

#### THE CURRENT STATE OF FILM BANKING SERVICES

- banks and subsidiaries of banks provide loans not equity capital; they take “no risk,” charge interest as well as a fee for their services, and expect full repayment within a specific period of time
- additionally, liquidity in the current economic climate is low with many financial institutions still present in the market but not actively lending
- in terms of interim financing loans, the current economic crisis has made valuing sales agent and distributor contracts very risky
- tax-based lending—while the most common film banking service—is complicated by gearing schemes and the “interpretability” of each country’s ever-changing tax laws
- gap financing is currently only on offer from a handful of banks mostly in Germany
- working capital loans for small and most established production companies are not available unless those companies have assets
- a few French and German financial institutions do provide development loans to small and established production companies, but the loan amounts are low
- while interest rates have been lowered, financial institutions are primarily seeking to leverage that to increase their own profit margins rather than to lend to producers at a lower rate

### THE POTENTIAL FOR SYNDICATION

- cross-border collaboration between financial institutions (i.e. syndication) is usually not profitable for the institutions when lending to small and most established production companies
- many banks would rather not lend, then lend in syndication and split their fees with another institution
- additionally, financial institutions in one country typically do not lend to production companies based in another country primarily because of the lack of a cross-border legal framework for institutions to access and evaluate the financial track records of foreign production companies
- the European Investment Bank (EIB) is essentially a corporate bank—it can only issue direct loans for €25m or more; however, it has a mandate to support SMEs, which means it requires syndication partners in order to offer film banking services
- furthermore, the potential for the European Investment Bank to syndicate with a national bank to lend to SMEs has been hindered as most of the potential partners do not want to split their fees and would rather turn down a loan application than share the transaction with EIB
- however, cross-border lending to European production companies has occurred using the IFCIC loan guarantee

### THE POTENTIAL IN LEVERAGING LOAN GUARANTEES

- while syndication may not offer a solution to the lack of bank credit for production companies, loan guarantees might
- this study analyzed three 3<sup>rd</sup>-party guarantee mechanisms in Europe: Audiovisual SGR in Spain, the Landesbürgschaften in Germany, and IFCIC in France
- in operation for three years, Audiovisual SGR has provided guarantees for a range of film projects but their guarantees are presently capped at €600K and they are currently focused on the Spanish production sector
- while there are benefits to using the Landesbürgschaft guarantee in Germany, many cited this mechanism as being overly bureaucratic and unwieldy
- the French guarantor IFCIC has the longest track record in terms of providing guarantees and—since 2006—they have guaranteed loans for non-French, European co-productions through French financial institutions such as Coficiné, Cofiloisirs, and Fortis Mediacom Finance
- additionally, IFCIC has the potential to guarantee loans provided by non-French financial institutions
- one objection raised by non-French banks about the IFCIC guarantee is that it splits any losses pari passu with the lending bank: it is a risk-sharing mechanism rather than a 100% guarantee
- however, 3<sup>rd</sup>-party guarantees such as those provided by Audiovisual SGR, the Landesbürgschaften, and IFCIC do increase the access to loans on a project-by-project basis for production companies

## 9 Recommendations

The following recommendations are aimed at addressing some of the major challenges that small and established film production companies in Europe face in terms of accessing bank loans.

Loans are instrumental for independent producers since most pieces of the financing for a film—pre-sales, minimum guarantees, subsidies, tax incentives, private equity, etc.—are paid out in installments over the course of the production. This leaves producers with no other alternative than to cashflow these financing agreements through a financial institution in order to pay the production costs.

Based on the conclusions drawn by this study, three recommendations can be formulated to guide the actions of the MEDIA Programme:

- 1) Develop a business training initiative for producers seeking to utilize film banking services
- 2) Contribute to the expansion of 3<sup>rd</sup>-party guarantee funds that guarantee film-related loans
- 3) Create a cross-border network of financial institutions to provide film banking services and/or a network of experts to evaluate film banking applications

### **RECOMMENDATION 1: Develop a Business Training Initiative**

During the interviews with financial institutions conducted for this study and the roundtable discussions with these institutions in London, the issue was raised that most European film producers do not fully understand the film business nor how it intersects with the banking sector. Creatively there is an understanding, but in terms of the sales and distribution side financial institutions have noted a lack of knowledge on the part of potential producer clients.

In order to address this lack, the MEDIA Programme could develop a business training initiative aimed at small production companies in Europe seeking to grow their businesses and take the next step toward financing higher-budget projects. Higher budgets (€1.2m and above) will require at least some involvement from a bank and this training initiative will work to make producers aware of what the financial institutions will be looking for in a project, their requirements, how these institutions operate, how to negotiate with them, and who the most suitable players to approach would be with respect to the producers' needs.

Further education is the key factor here. Creative producers who want to make the transition to producing higher-budget, commercial films with international appeal will have to redefine many of their ways of working and a training initiative designed to introduce them to the ins and outs of film banking will also assist them in addressing the commercial value of their projects: target market, sales potential, possible distributors, etc. In this way, the initiative will both inform producers how to develop a working relationship with a financial institution as well as support their search for sales and distribution partners for their project.

The business training initiative could be comprised of experts from banks, subsidiaries of banks, guarantee funds, law firms, accounting firms, completion bond companies, etc. The MEDIA Programme would select this panel of experts as well as issue a call for applications from emerging producers. The application should be project-based—either single projects or slates—and the producers would need to have a track record and be able to provide at least 2-3 years of company financials (balance sheets, turnover, etc.).

**RECOMMENDATION 2:  
Contribute to the Expansion of 3<sup>rd</sup>-Party Guarantee Funds**

The examples of IFCIC in France, Audiovisual SGR in Spain, and the Landesbürgschaften in Germany show that guarantees provided to financial institutions that offer film loans are a very effective mechanism in that they increase access to bank loans for production companies.

Indeed, such guarantees decrease the risk of the lending institution and therefore create a number of benefits:

- 1) The guarantee represents an incentive for the financial institution to be active in film banking since the guarantee lowers the institutions' risk
- 2) The presence of the guarantee causes the interest rate that the film company will have to pay for the loan to be lower since the loan will be rated as less risky by the lending institution
- 3) If this guarantee is provided by a fund with expertise in the film industry—such as IFCIC or Audiovisual SGR—it provides a very valuable second judgement on each project application. In some cases, this might protect the lending institution from negative experiences and keep it active in film banking over the long term
- 4) A fourth and very significant benefit of these guarantees is the gearing ratio they use in terms of the level of actual cash required compared to the level of loan capital that they are able to guarantee. This base of cash is used as a lever to guarantee much higher loan amounts granted to the film industry. For instance, IFCIC uses a 5% failure ratio for its guarantee fund, which makes it possible for them to guarantee loan amounts up to 20 times the value of their actual cash on hand. Since they cover 50% of the value of loans granted by financial institutions for film production, it means that each euro invested in the guarantee fund of IFCIC generates 40 euros of bank credit for production companies.

However, the current situation in Europe is that only three countries have these guarantee funds: France with IFCIC, Spain with Audiovisual SGR, and Germany with several Landesbürgschaften focussing on the film industry (namely in North-Rhine Westphalia, Saxony-Anhalt, and Berlin-Brandenburg).

The German Landesbürgschaften do not seem to be widely used for the time being. The two main reasons mentioned by the German bankers interviewed are the paperwork involved in accessing these guarantees and the level of fees, which limits the profitability of such credits for banks already operating within a niche market.

In Spain, Audiovisual SGR—in spite of its relatively recent formation (created in 2006)—has already had a significant impact on the Spanish film banking landscape.

Finally, IFCIC has had a considerable impact on the development of film banking in France over the last 25 years. Furthermore, since 2006 it has negotiated with the CNC the possibility to allocate part of its fund to guarantee loans to non-French, European co-productions (see section 6.2.7). The success of this initiative proves that such a cross-border guarantee system is viable. Nevertheless, it should be noted that IFCIC aggregates the risk for its “non-French” guarantees with its main activities on French productions, making it possible to keep a high gearing ratio in order to guarantee loan amounts up to 20 times their actual cash on hand.

The underlying logic behind the set-up of such guarantee funds is that financial institutions pull their resources in order to mutualize their risks on loans. In the case of guarantee funds focussing on film, the government often contributes in part to these funds as a means of supporting its national film industry.

As described earlier, in most European countries there is a lack of involvement of financial institutions in film banking. One way of improving this situation would be for the MEDIA Programme to contribute to the expansion of one of these guarantee funds.

As a first step, MEDIA could elect to work with IFCIC or Audiovisual SGR by contributing a level of funding that either of these institutions would then leverage via their gearing ratio to increase the number and/or size of the guarantees that they can provide to production companies.

With regard to IFCIC, such a contribution by MEDIA would dovetail nicely with the CNC-supported initiative to stimulate lending by French financial institutions to non-French, European co-productions. To reinforce that activity and the cross-border impact that it has had on the European production sector would certainly be in line with MEDIA's objective to increase the access to bank loans for small and established production companies.

### **RECOMMENDATION 3: Create a Cross-Border Network of Financial Institutions and Experts**

In order to facilitate the access to loans for producers in countries with a less-developed film industry—and therefore a less-developed film banking sector—the MEDIA Programme could cultivate a network of financial institutions to provide film banking services and/or a network of experts to evaluate film banking applications on behalf of a “parent” bank.

While the most obvious form that this network could take would be a syndicate of banks from countries where there is a developed market for film banking, because of the competitive nature of the banking business such a syndicate of banks willing to collaborate and split their fees seems unlikely.

Add to that the difficulty in accessing company information across borders and the fact that many banks cannot “fish” for clients in countries where they have branch offices only further complicates this possibility. From the roundtable discussions it became clear that, in general, branch offices pursue their own in-house policy and there is little communication between say a British or German bank and its Spanish branch.

Based on this, a network of financial institutions would probably not include the “big ticket” corporate banks. However, boutique banks and specialized institutions could be interested in such a network.

Additionally, the MEDIA Programme could launch a call to setup a training program aimed at creating a network of film banking experts from countries with a less-developed film industry. This training would primarily target individuals in countries where no financial institution is offering banking services for film. Such a training program should include lecturers and/or mentors drawn from financial institutions that are active in film banking.

Individuals who go through this training would receive a certification enabling them to assess project-based applications from production companies seeking bank loans. The aim would be to develop a pool of experts and perhaps even to establish a “film bank” at the European level. This entity would not be a bank proper, but a specialized institution similar to Coficiné or Cofiloisirs—a “European Film Bank” that could potentially be utilized by production companies from any of the MEDIA countries.



## **B CONTEXT, OBJECTIVES, CHALLENGES, AND METHODOLOGY OF THE STUDY**

### **1 Context of the Study: Film Banking, a Financial Service in Transition**

#### **1.1 The Economic Crisis**

To conduct a study on European film banking at the height of the worst recession since the Great Depression makes absolute sense. Film banking is a financial service in transition largely as a result of the current economic crisis. Banks are being nationalized, high-risk lending models are being abandoned, and media lending units are closing down—at least for the time being.

Many bankers cite this period as just a dip in the cycle, maintaining that they are confident that as the world comes out of recession the banking sector will “return to normal.”

But “normal” will be different after the global economy recovers. This downturn has been too stark and too public for it not to be. Banks are going to need to reform.

In that sense, this time of crisis is the perfect moment to assess the film banking landscape in Europe, to suggest new models, and to actively promote those models so that they can take root and flourish during the recovery.

#### **1.2 Film Production: A Prototype Business**

Film production is the core industry activity upon which film banking is based. Capital is loaned to produce films as well as against the estimated value of the IP rights of films.

However, unlike many other industries, filmmaking is a prototype business. Each new project is built from scratch to be launched into the market. This is time-consuming and risky and no two productions are ever the same.

Because of this, small and even many established European production companies rarely meet all of a bank’s standard criteria to issue a loan. This criteria includes:

- company assets, or collateral
- 2-3 years of balance sheets
- positive turnover
- high volume (either of projects or of loan capital required)

### **1.3 Size of Market for Film Banking**

As a result of film production being a prototype business, the size of the market for film banking is relatively small. (For an overview of this market size derived from European production output and budget levels in 2007 see Chart 1 in Section C).

To grow this market, bankers devise new ways to assess productions in order to qualify them for loans while still remaining true to the criteria set down by their credit committees. Special lending products for the industry are developed, utilized, reworked, and put into practice once more.

Additionally, good relations between the film bankers and the credit committees of their respective institutions must be maintained.

Film banking is a boutique business within the banking industry as a whole and, while there are some growth opportunities, those are inherently linked to growing the production sector.

### **1.4 Film Banking Expertise Within Financial Institutions**

Though there are a number of financial institutions in Europe with dedicated media teams, the level of expertise with regard to film banking is relatively limited in terms of banks across Europe on the whole.

Limiting factors include:

- relatively small market size
- the prototype nature of film production
- lack of capacity for on-the-ground, day-to-day knowledge of the industry at every level
- the need to develop specialized lending products (see Section D)

Banks that wish to offer financial services for the film industry must invest time and effort that, in many transactions, far exceeds the return. Film banking is not a casual business. It requires a dedicated understanding of the elusive nature of the entertainment industry.

### **1.5 Emergence of New Types of Guarantees**

At this point it is reasonable to ask: how do banks make it work? And, for that matter, how do production companies make it work? How do these two players come together to form a working relationship?

The answer is: mainly through the use of guarantees.

Evaluating the risk associated with lending to the entertainment industry becomes much less elusive when those loans will be guaranteed, wholly or in part, by third-party guarantee mechanisms.

The relatively recent introduction of government-backed tax credits throughout Europe and the advent of public/private guarantor funds in several large European countries over

the last several years join the well-worn practice of contract discounting as “guarantees” against which banks can lend capital to the film industry.

Throughout the course of this study we will explore the range of lending products offered by these European financial institutions—how such products work and which institutions offer which products—with a particular emphasis on guarantees and the guarantee process used to offset risk and attract loan capital into the film industry.

## **2 Objectives of the Study**

The general objective of this study is to assist the European Commission to better understand the film banking landscape in Europe and to identify possible support tools that could be developed to help increase the role of banks in the production of films and therefore increase the amount of loan capital available to producers and the rest of the cinema chain.

This research is also used to understand the current lending models used by the different banks active in the sector and to identify the possible gaps in services offered to production companies.

This overview of the film banking landscape is also helpful to make visible European countries in which film banking is underdeveloped.

This study serves as the basis for a roundtable of film bankers (taking place on April 21<sup>st</sup>, 2009 in London) to develop possible recommendations for the intervention of the MEDIA Programme in the film banking sector in Europe.

Comments on the study and feedback from the discussion on the potential recommendations will be included in the final version of this report.

## **3 Challenges of the Study**

The study has been conducted between November 2008 and April 2009 and was the result of qualitative and quantitative analysis (see Methodology below).

A certain number of challenges linked to the market situation and the banking sector has hindered an exhaustive analysis of the sector. Some of the challenges include:

- Because of the large size of banking institutions, it has been difficult to identify departments of banks involved in film banking
- Film banking is mostly a regional or a national activity and very few banks are active internationally
- The current financial crisis has had direct impact on some of the banks involved in film banking: some banks were nationalised and their activity in film banking has been frozen, some banks have closed their specialized departments and some banks have completely disappeared during this period
- A certain fear of sharing information and thus confirming interest in film bank activities as film banking is often perceived as a risky sector
- The relatively small size of most of the specialized departments of banks involved in film banking
- The spread of the services offered to the film sector ranging from very specialized products to regular working capital offered to clients of banks who happen to be film production companies. These services are coming from different departments of the banks and very often from different locations.

## 4 Methodology

The study covers the 32 MEDIA countries, which include the 27 member states plus Iceland, Switzerland, Lichtenstein, Norway and Croatia. Because of the scope of the research and the short time allocated to the research, different methodology tools were used to research the film banking sector. These tools can be classified into two main categories:

### Quantitative research:

- Collection and analysis of existing research on film banking in Europe
- Desk research of trade press, websites, and blogs dedicated to the topic

### Qualitative research

- Interviews with banking and financing professionals from different countries
  - Allied Irish Bank (UK)
  - Anglo Irish Bank (Ireland)
  - Audiovisual SGR (Spain)
  - Bank of Ireland (UK)
  - Barclays Bank (UK)
  - Bayerische Bankenfonds (Germany)
  - Caja Madrid (Spain)
  - Cofiloisirs (France)
  - Commerzbank (Germany)
  - Coutts & Co. (UK)
  - Deutsche Bank (Germany)
  - EIB - European Investment Bank (Luxembourg)
  - FICA (Portugal)
  - Fortis Mediacom Finance (France)
  - Future Films (UK)
  - Hypovereinsbank (Germany)
  - IFCIC (France)
  - ING/Tax Shelter Productions (Belgium)
  - ILB - Investitionsbank des Landes Brandenburg (Germany)
  - Investitionsbank Sachsen-Anhalt (Germany)
  - Irish Film Board (Ireland)
  - Motion Investment Group (Belgium)
  - Natixis Coficiné (France)
  - NRW Bank (Germany)
  - Prescience Film Fund (UK)
  - Raiffeisenbank/RC Consulting (Hungary)
  - Royal Bank of Scotland (UK)
  - 4 further experts and independent film producers
- Case studies of films casflowed using various types of bank loans
- Online questionnaire to independent producers: the questionnaire has been posted on the Cineuropa and peacefulfish websites from February 09 to mid April 09 but only 4 answers have been registered and therefore not accounted for in the study as not representative.

### Terminology

In order to segment the traditional definition of SME in Europe, we have used the following terms to define production companies involved in film banking:

*Small Production Companies:*

Companies that produced less than one film a year over the last three years

*Established Production Companies:*

Companies that produced at least one film a year over the last three years



## C MARKET PERSPECTIVE

### 1 Preliminary Remarks

The Consultant's analysis of the market for banking services for the film industry was mainly based on secondary sources (European Audiovisual Observatory – OBS, local MEDIA desks, national film institutions, government statistics, industry websites, etc.).

For each country member of the MEDIA Programme, the Consultant analysed the market focussing on the production landscape and the banking landscape. The country overviews are included as an appendix of this document.

Each country overview provides the following information.

#### 1. Production Landscape

The aim of this analysis was to understand the size of the national film industry in terms of amounts of films produced per year, average budget sizes, etc. The larger the industry, the bigger the market of potential clients will be for financial institutions.

This section was divided into 3 different sub-sections:

#### 1.1. Feature Film Production

List of key film industry indicators giving an overview of the size of national film production as well as film distribution and box office in the country.

- Production:
  - Average production budget
  - Number of film production companies
  - Number of productions with theatrical release (100% national productions, majoritary productions, minority productions)
- Distribution and cinema audience:
  - Number of films released
  - Number of national films released
  - Market share national films
  - Market share US films
  - Market share European films
  - Most successful national film
  - Most successful international film
  - Total admissions
  - Average admission per inhabitant
  - Number of screens
  - Average ticket price
  - Gross box office

#### 1.2. Film Production Companies

To understand more precisely the size of the market, the Consultant chose to count the number of independent production companies in each country that had produced at least one film a year between 2005 and 2007. Indeed, as any other banking service, film

banking is a highly relational business, where a relation of trust has to develop between the producer and his banker. This can hardly happen if the producer only requires the services of his banker once every three years. Moreover, in order to develop an expertise in film banking a financial institution has to be confident that it can find enough regular clients in this industry in order to justify its investment in the know-how and resources necessary to serve this market professionally.

The Consultant used the IMDB Database as well as national sources to count the number of films and documentaries produced or co-produced by the main production companies in each country. Only independent production companies were included into the count meaning that no production company linked to a TV broadcaster was included. Financial intermediaries such as public or private funds as well as film studios were also not included in the count.

### 1.3. Public Funding for Film Production

Public funding for film production has a major impact on the market potential for film banking since the discounting of subsidy contracts from public institutions represents an important proportion of the amount of interim finance loans being provided by financial institutions to production companies.

## 2. Banking Landscape

This section was divided into 2 different sub-sections.

### 2.1. Overview of the Banking Landscape

List of the major commercial and savings banks established in the country as well as general data on national banking sector based on the information available from the OECD database: number of financial institutions established in the country, the size of the overall balance sheet of the national banking sector, etc.

This provides an idea of the banking sector in the country.

### 2.2. Film Banking

The Consultant contacted the local MEDIA desks as well as some industry insiders in the various countries. Based on this information, on interviews with stakeholders, and on desktop research, an overview of the amount of activity in terms of film banking in the country was provided as well as indications about which financial institutions are the most active in this sector.

## 2 Synthesis of the Results

The overview per country provides a good insight about the major issue for developing banking services tailored to the film industry in most MEDIA countries: the size of the (potential) film banking market.

It makes it clear that—even more than the challenges linked to the risk evaluation and risk mitigation—the major issue is a market issue: in most countries the production sector is too limited to make it profitable for financial institutions in those countries to start specialising in this area.

### 2.1 Production Budget and Production Output

Chart 1 shows that, based on the information provided by Cineuropa (and the European Audiovisual Observatory for FR, UK, DE, ES and IT), only 8 of the 32 MEDIA countries have an average production budget above €2M in 2007 (no information was available for LI, MT, LV, CY, LU, EE, IE, PT and BE). These countries are:

- Austria
- Sweden
- Denmark
- Italy
- UK
- Germany
- Spain
- France

Although the estimation of the average budget for films in a country is very difficult because of the absence of full disclosure of film budgets by production companies, it gives a rough idea of the budget size of films that need to be interim financed by banks in the country.

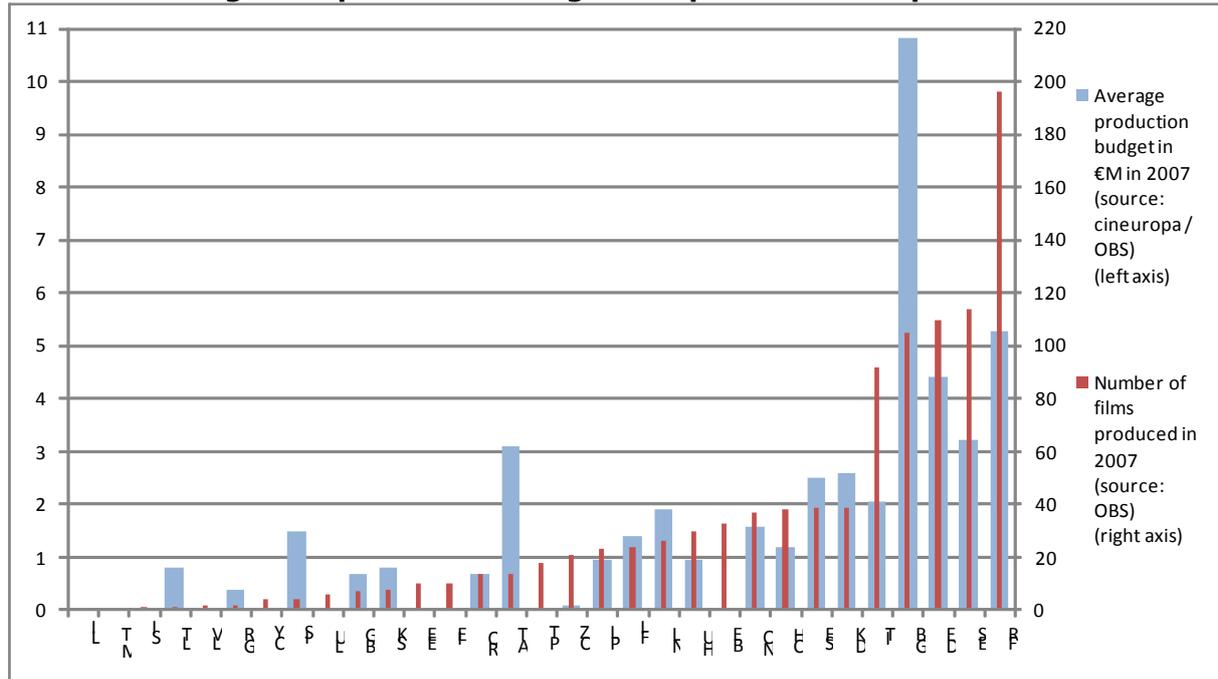
Furthermore, the number of films produced in the country in 2007 gives a general idea about the size of each national market for interim finance services. Chart 1 shows that only 5 member countries of the MEDIA Programme have a production output higher than 40 films a year. These countries are:

- France
- United Kingdom
- Germany
- Spain
- Italy

The fact that there is such a gap between the production output of the “Big Five” European audiovisual countries compared to the rest of Europe illustrates why it is mainly in these 5 countries that film banking services are being offered.

In the other countries the involvement of banks is due to the importance of the production output in relation to the size of the country – like for instance in Denmark, Sweden, Switzerland and Norway -, and/or it is linked to specific regulations supporting the film industry in which banks play a intermediary role like in Belgium or in Hungary.

**Chart 1: Average film production budget and production output in 2007**



Source: peacefulfish

Average production budget estimates from Cineuropa.org and, for DE, ES, FR, GB and IT, from OBS Yearbook 2007 (no production in LI and no estimates available for LU, MT, PT and SI). Production output based OBS (Lumiere Database).

## 2.2 Independent Production Landscape

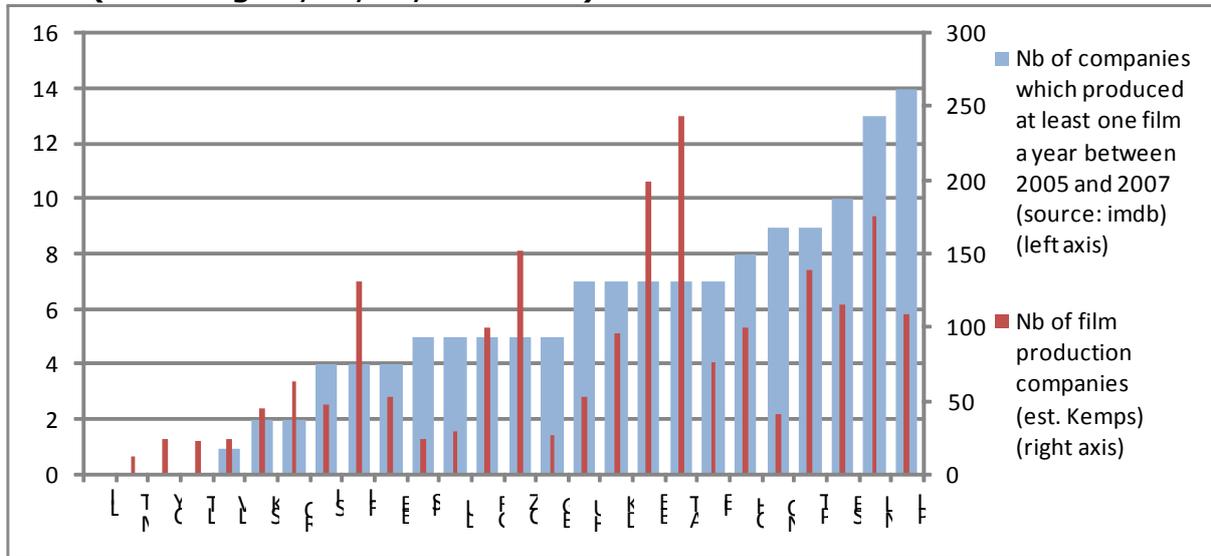
Another major factor impacting the size of the market for film banking is the existence of production companies which produce films on a regular basis. Chart 2 gives an overview of the number of production companies in each country that produced at least one film per year between 2005 and 2007. According to the Yearbook 2007 of the European Audiovisual Observatory (OBS, 2008), apart from companies in the “Big Five” countries—which make up 70% of the 100 leading independent film production companies by operating revenues in 2007 (see Chart 3)—only three further countries have 10 or more companies that produced at least one film per year between 2005 and 2007. These countries are:

- Poland
- The Netherlands
- Sweden

This gives an idea of the difficulty for financial institutions to develop an activity in film banking in most European countries. Indeed, since film banking services require a high level of customisation in order to assess the risks linked to each specific operation, it is difficult for institutions to build a relationship with enough production companies that could provide them with the level of recurring business necessary to develop a media unit within the institution.

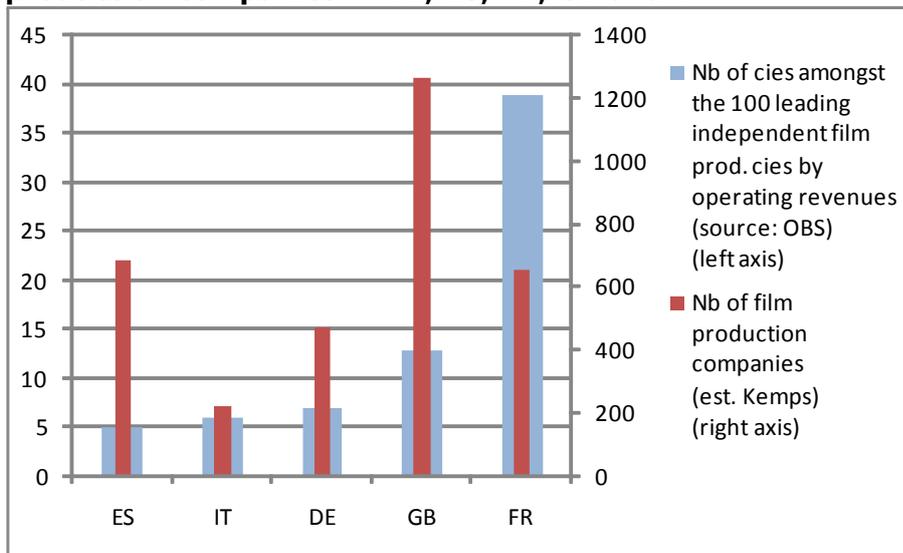
Another aspect highlighted by Chart 2 and Chart 3 is the high number of film production companies given the fact that so few of them produce at least one film per year. This contributes to the lack of transparency of the market making it difficult for a financial institution to start offering film banking services from scratch. Indeed, according to many of the film bankers interviewed suggested that it is very difficult to develop a media unit without having in-house the necessary knowledge and industry connections enabling the institution to identify which production companies are creditworthy.

**Chart 2: Number of companies that produced at least one film per year between 2005 and 2007 and estimated number of production companies in the country in 2007 (excluding DE, ES, FR, GB and IT)**



Source: peacefulfish

**Chart 3: Number of companies amongst the 100 leading independent film production companies by operating revenues in 2007 and estimated number of production companies in DE, ES, FR, GB and IT**



Source: peacefulfish based on OBS Yearbook 2007 for leading companies and on Kemps for overall number of production companies

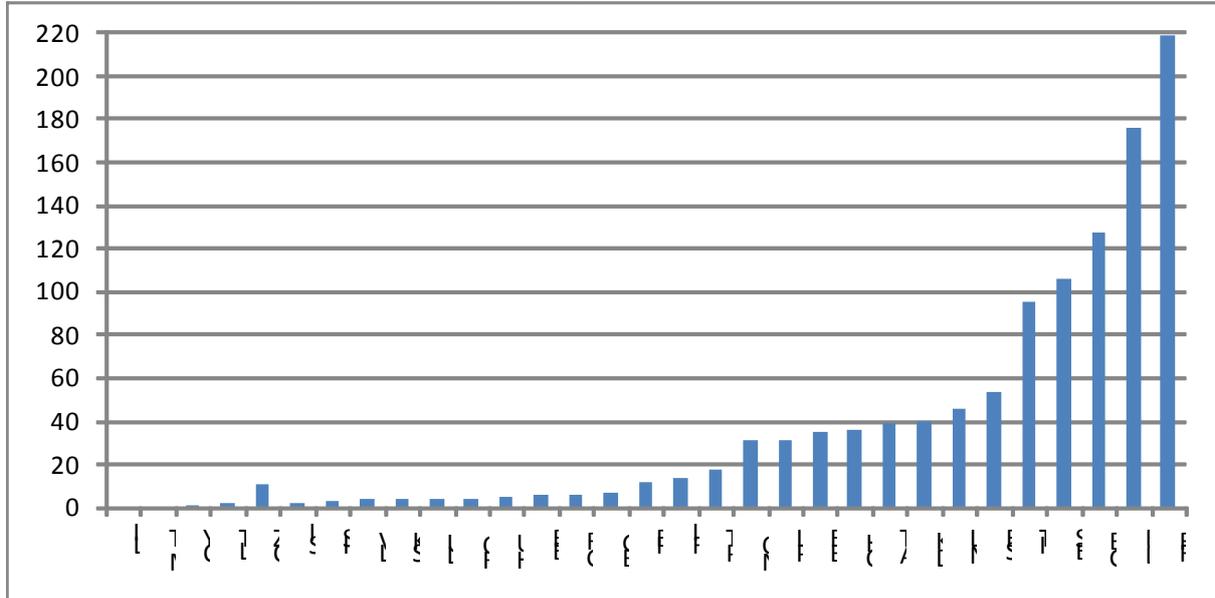
## 2.3 Impact of Public Funding

Chart 4 highlights the impact of public funding on attracting financial institutions into the film industry. Indeed, a classic film banking operation is interim finance, which consists of discounting contracts between a production company and a public institution providing a subsidy for the development, production, or distribution of a film.

Once again, this chart shows the existence of leading countries within the members of the MEDIA Programme where the amount of public funding available is significantly higher than in other countries which, in return, has a positive impact on the level of

involvement of financial institutions in the industry. Once again, the “Big Five” are leading with all of them having more than €60M in public funding available in 2008.

**Chart 4: Amount of public funding for production available in 2008 in €M**



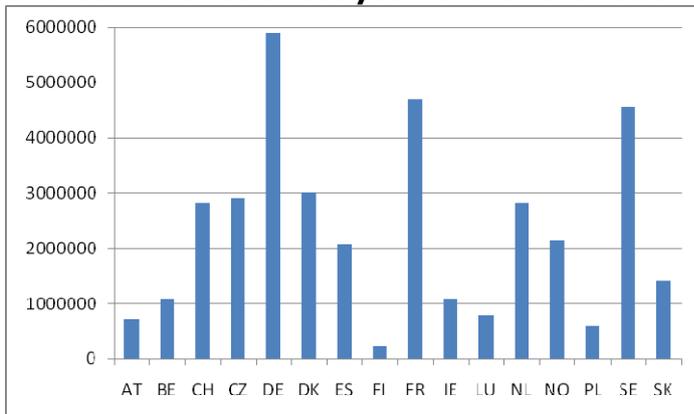
Source: peacefulfish (estimates based on Korda database and national info sources)

## 2.4 Size of the Banking System

Finally, Chart 5 provides a partial view of the size of the banking system in the various European countries taken from the statistics provided by the OECD.

It is hard to say whether the size of the national banking systems has an impact on the involvement of financial institutions in the film industry. Nevertheless, since most of these institutions are private companies seeking to turn a profit, it seems reasonable to assume that the existence of a sustainable market for film banking would automatically attract financial institutions interested in exploiting it, especially if the competition from other institutions is relatively low compared to other sectors of activity.

**Chart 5: Balance sheet year-end of the national banking system in 2005 in €M**



Source: OECD Statistics (no data available for BG, CY, EE, GB, GR, HU, IS, IT, LI, LT, LV, MT, PT, RO and SI)

## **D FILM BANKING IN EUROPE AND THE VARIOUS MODELS IN PLACE**

### **1 Film Banking in Europe**

The majority of film banking services available in Europe is provided by financial institutions based in France, the UK, and Germany; however, there are financial institutions in most of the EU member countries that are involved with the industry either directly or, more often than not, indirectly.

Through the Consultant's interviews it became clear that many more banks than just those with dedicated media teams provide financial services to the sector, but in an indirect manner, mainly by working with film industry players who are the bank's clients in other capacities. This trend coupled with the fact that many institutions declined to take part in the interview portion of this study has led us to compile a thorough—though not exhaustive—table (see below) that summarizes the European film banking landscape with more detail provided for the most “directly active” financial institutions.

Furthermore, through the Consultant's research, it has been determined that there are five main types of film banking services provided by European financial institutions. These are:

1. Interim Finance
2. Tax-Incentive Financing
3. Gap Finance
4. Working Capital/Corporate Finance
5. Bank Guarantees

Accordingly, the following table summarizing the European film banking landscape has been organized around these financial services to provide an overview of what is offered by the most “directly active” financial institutions.

**Table 1: Overview of Financial Institutions Involved in Film Banking in Europe as of 2009**

| NAME OF INSTITUTION                          | GENERAL INFORMATION |                    |                            |                   |               | TYPES OF BANKING SERVICES OFFERED      |   |             |                     |                |
|--|---------------------|--------------------|----------------------------|-------------------|---------------|--|---|-------------|---------------------|----------------|
|  | COUNTRY             | SIZE OF MEDIA TEAM | VOLUME PER YEAR            | TYPES OF PROJECTS | BUDGET RANGES | INTERIM FINANCE                        | TAX-INCENTIVE FINANCING                 | GAP FINANCE | WORKING CAPITAL     | BANK GUARANTEE |
| Allied Irish Bank                            | UK                  | 4                  | n/a                        | film              | €4m-54.5m     | yes                                    | yes                                     | yes         | for sales companies | yes            |
| Alpha Bank                                   | Greece              | n/a                | n/a                        | film, TV          | n/a           | n/a                                    | n/a                                     | n/a         | n/a                 | n/a            |
| Anglo Irish Bank                             | Ireland             | 3                  | 8 single pictures in 2008  | film, TV          | €5m-10m       | no                                     | yes                                     | no          | no                  | no             |
| Audiovisual SGR (public/private institution) | Spain               | 7                  | n/a                        | film              | €2m-3m        | no                                     | no                                      | no          | no                  | yes            |
| Banco Espirito Santo                         | Portugal            | n/a                | n/a                        | film, TV          | n/a           | as part of the Audiovisual SGR network | n/a                                     | n/a         | n/a                 | n/a            |
| Banco de Sabadell                            | Spain               | n/a                | n/a                        | film, TV          | n/a           | as part of the Audiovisual SGR network | n/a                                     | n/a         | n/a                 | n/a            |
| Bank of Ireland                              | UK                  | unit closed        | approx. 14 single pictures | film              | €7m-12m       | yes                                    | usually as part of interim finance deal | yes         | no                  | yes            |

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|  |                |            |   |                 |                       |   |   |                                    |                             |            |
|--|----------------|------------|---|-----------------|-----------------------|---|---|------------------------------------|-----------------------------|------------|
| <b>Barclays Bank</b>   | <b>UK</b>      | <b>70</b>  | <b>approx. 15<br/>single<br/>pictures</b> | <b>film, TV</b> | <b>€1m-<br/>13.5m</b> | <b>discount<br/>TV<br/>contracts</b>                          | <b>yes</b>  | <b>no</b>                          | <b>for TV<br/>companies</b> | <b>Yes</b> |
| <b>Bayerische<br/>Bankenfonds<br/>(public/private<br/>institution)</b> | <b>Germany</b> | <b>n/a</b> | <b>n/a</b>                                | <b>film, TV</b> | <b>n/a</b>            | <b>no</b>   | <b>no</b>   | <b>public/<br/>private<br/>gap</b> | <b>no</b>                   | <b>no</b>  |
| <b>BBVA</b>  | <b>Spain</b>   | <b>n/a</b> | <b>n/a</b>                                | <b>film, TV</b> | <b>n/a</b>            | <b>n/a</b>  | <b>n/a</b>  | <b>n/a</b>                         | <b>n/a</b>                  | <b>n/a</b> |
| <b>BNL/BNP Paribas</b>   | <b>Italy</b>   | <b>n/a</b> | <b>n/a</b>                                | <b>film, TV</b> | <b>n/a</b>            | <b>n/a</b>  | <b>n/a</b>  | <b>n/a</b>                         | <b>n/a</b>                  | <b>n/a</b> |
| <b>Caixa Tarragona</b>   | <b>Spain</b>   | <b>n/a</b> | <b>n/a</b>                                | <b>film, TV</b> | <b>n/a</b>            | <b>as part of<br/>the<br/>Audiovisual<br/>SGR<br/>network</b> | <b>n/a</b>  | <b>n/a</b>                         | <b>n/a</b>                  | <b>n/a</b> |
| <b>Caja Madrid</b>   | <b>Spain</b>   | <b>n/a</b> | <b>n/a</b>                                | <b>film, TV</b> | <b>n/a</b>            | <b>as part of<br/>the<br/>Audiovisual<br/>SGR<br/>network</b> | <b>currently<br/>evaluating<br/>the new<br/>cinema law<br/>in Spain</b> | <b>no</b>                          | <b>n/a</b>                  | <b>n/a</b> |
| <b>Cajamar</b>   | <b>Spain</b>   | <b>n/a</b> | <b>n/a</b>                                | <b>film, TV</b> | <b>n/a</b>            | <b>as part of<br/>the<br/>Audiovisual<br/>SGR<br/>network</b> | <b>n/a</b>  | <b>n/a</b>                         | <b>n/a</b>                  | <b>n/a</b> |
| <b>Citigroup</b>   | <b>UK</b>      | <b>n/a</b> | <b>n/a</b>                                | <b>film, TV</b> | <b>n/a</b>            | <b>n/a</b>  | <b>n/a</b>  | <b>n/a</b>                         | <b>n/a</b>                  | <b>n/a</b> |

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|                         |                 |            |   |                                     |                                    |            |  |            |  |            |
|-------------------------|-----------------|------------|---|-------------------------------------|------------------------------------|------------|--|------------|--|------------|
| <b>Coficiné</b>         | <b>France</b>   | <b>30</b>  | <b>approx. 100 film &amp; TV projects</b> | <b>film, TV</b>                     | <b>€1.5m-80m</b>                   | <b>yes</b> | <b>usually as part of interim finance deal</b> | <b>no</b>  | <b>small development loans</b>                 | <b>yes</b> |
| <b>Cofiloisirs</b>      | <b>France</b>   | <b>30</b>  | <b>approx. 100 film &amp; TV projects</b> | <b>film, TV</b>                     | <b>€1.5m-80m</b>                   | <b>yes</b> | <b>usually as part of interim finance deal</b> | <b>no</b>  | <b>small development loans</b>                 | <b>yes</b> |
| <b>Commerzbank</b>      | <b>Germany</b>  | <b>9 +</b> | <b>n/a</b>                                | <b>film, TV</b>                     | <b>€1m-50m</b>                     | <b>yes</b> | <b>no</b>                                      | <b>yes</b> | <b>for sales and distribution companies</b>    | <b>yes</b> |
| <b>Concorde</b>         | <b>Hungary</b>  | <b>n/a</b> | <b>n/a</b>                                | <b>film, TV</b>                     | <b>n/a</b>                         | <b>n/a</b> | <b>yes</b>                                     | <b>n/a</b> | <b>n/a</b>                                     | <b>n/a</b> |
| <b>Coutts &amp; Co.</b> | <b>UK</b>       | <b>26</b>  | <b>12 single pictures</b>                 | <b>film, TV</b>                     | <b>€1m-42.5m</b>                   | <b>yes</b> | <b>yes</b>                                     | <b>no</b>  | <b>yes</b>                                     | <b>yes</b> |
| <b>CDG</b>              | <b>Portugal</b> | <b>n/a</b> | <b>n/a</b>                                | <b>film, TV</b>                     | <b>n/a</b>                         | <b>yes</b> | <b>no</b>                                      | <b>no</b>  | <b>n/a</b>                                     | <b>n/a</b> |
| <b>Deutsche Bank</b>    | <b>Germany</b>  | <b>3 +</b> | <b>no single picture finance</b>          | <b>only lends corporate finance</b> | <b>company turnover: min. €10m</b> | <b>no</b>  | <b>no</b>                                      | <b>no</b>  | <b>for European firms: prod., distrib., TV</b> | <b>yes</b> |
| <b>DZ Bank</b>          | <b>Germany</b>  | <b>n/a</b> | <b>About 120 projects per year</b>        | <b>film, TV</b>                     | <b>n/a</b>                         | <b>yes</b> | <b>n/a</b>                                     | <b>n/a</b> | <b>n/a</b>                                     | <b>n/a</b> |

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|   |                |            |            |                                    |                        |   |  |            |                              |            |
|---|----------------|------------|------------|------------------------------------|------------------------|---|--|------------|------------------------------|------------|
| <b>Ethniki</b>                            | <b>Greece</b>  | <b>n/a</b> | <b>n/a</b> | <b>film, TV</b>                    | <b>n/a</b>             | <b>n/a</b>                                    | <b>n/a</b>                                     | <b>n/a</b> | <b>n/a</b>                   | <b>n/a</b> |
| <b>Forstaedernes Bank</b>                 | <b>Denmark</b> | <b>n/a</b> | <b>n/a</b> | <b>film, TV</b>                    | <b>n/a</b>             | <b>yes</b>                                    | <b>n/a</b>                                     | <b>n/a</b> | <b>n/a</b>                   | <b>n/a</b> |
| <b>Fortis Media Finance</b>               | <b>France</b>  | <b>9</b>   | <b>n/a</b> | <b>film, TV</b>                    | <b>no restrictions</b> | <b>yes</b>                                    | <b>usually as part of interim finance deal</b> | <b>no</b>  | <b>no</b>                    | <b>no</b>  |
| <b>Hypovereinsbank</b>                    | <b>Germany</b> | <b>10</b>  | <b>n/a</b> | <b>film, TV</b>                    | <b>n/a</b>             | <b>yes</b>                                    | <b>no</b>                                      | <b>no</b>  | <b>to major media groups</b> | <b>no</b>  |
| <b>Ibercaja</b>                           | <b>Spain</b>   | <b>n/a</b> | <b>n/a</b> | <b>film, TV</b>                    | <b>n/a</b>             | <b>as part of the Audiovisual SGR network</b> | <b>n/a</b>                                     | <b>n/a</b> | <b>n/a</b>                   | <b>n/a</b> |
| <b>IFCIC (public/private institution)</b> | <b>France</b>  | <b>15</b>  | <b>n/a</b> | <b>film, TV, radio, theater...</b> | <b>€1.5m-80m</b>       | <b>no</b>                                     | <b>no</b>                                      | <b>no</b>  | <b>no</b>                    | <b>yes</b> |
| <b>ING/TS Productions</b>                 | <b>Belgium</b> | <b>3</b>   | <b>n/a</b> | <b>film</b>                        | <b>no minimum</b>      | <b>no</b>                                     | <b>yes</b>                                     | <b>no</b>  | <b>no</b>                    | <b>no</b>  |
| <b>Institut Català de Finances</b>        | <b>Spain</b>   | <b>n/a</b> | <b>n/a</b> | <b>film, TV</b>                    | <b>n/a</b>             | <b>n/a</b>                                    | <b>n/a</b>                                     | <b>n/a</b> | <b>n/a</b>                   | <b>n/a</b> |

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|  |                |            |   |                 |                     |   |            |            |                                      |            |
|--|----------------|------------|---|-----------------|---------------------|---|------------|------------|--------------------------------------|------------|
| <b>Intesa San Paolo</b>  | <b>Italy</b>   | <b>n/a</b> | <b>n/a</b>                                  | <b>film, TV</b> | <b>n/a</b>          | <b>n/a</b>                                    | <b>n/a</b> | <b>n/a</b> | <b>n/a</b>                           | <b>n/a</b> |
| <b>Investec Bank</b>   | <b>UK</b>      | <b>2+</b>  | <b>n/a</b>                                  | <b>film, TV</b> | <b>n/a</b>          | <b>n/a</b>                                    | <b>n/a</b> | <b>n/a</b> | <b>n/a</b>                           | <b>n/a</b> |
| <b>Investitionsbank des Landes Brandenburg - ILB (public bank)</b> | <b>Germany</b> | <b>10</b>  | <b>200 projects in different capacities</b> | <b>film, TV</b> | <b>€100K and up</b> | <b>yes</b>                                    | <b>no</b>  | <b>no</b>  | <b>once to a conglomerate</b>        | <b>yes</b> |
| <b>Investitionsbank Sachsen-Anhalt (public bank)</b>               | <b>Germany</b> | <b>n/a</b> | <b>Since Feb. 2009</b>                      | <b>Media</b>    | <b>n/a</b>          | <b>no</b>                                     | <b>no</b>  | <b>no</b>  | <b>yes (€25K to €3M per company)</b> | <b>no</b>  |
| <b>La Caixa</b>  | <b>Spain</b>   | <b>n/a</b> | <b>n/a</b>                                  | <b>film, TV</b> | <b>n/a</b>          | <b>as part of the Audiovisual SGR network</b> | <b>n/a</b> | <b>n/a</b> | <b>n/a</b>                           | <b>n/a</b> |
| <b>LfA Förderbank Bayern</b>                                       | <b>Germany</b> | <b>n/a</b> | <b>n/a</b>                                  | <b>film, TV</b> | <b>n/a</b>          | <b>yes</b>                                    | <b>n/a</b> | <b>n/a</b> | <b>n/a</b>                           | <b>n/a</b> |
| <b>Mediocredito</b>  | <b>Italy</b>   | <b>n/a</b> | <b>n/a</b>                                  | <b>film, TV</b> | <b>n/a</b>          | <b>n/a</b>                                    | <b>n/a</b> | <b>n/a</b> | <b>n/a</b>                           | <b>n/a</b> |
| <b>Monte dei Paschi di Siena</b>                                   | <b>Italy</b>   | <b>n/a</b> | <b>n/a</b>                                  | <b>film, TV</b> | <b>n/a</b>          | <b>n/a</b>                                    | <b>n/a</b> | <b>n/a</b> | <b>n/a</b>                           | <b>n/a</b> |

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|                                      |                |                    |                                   |                                      |                   |   |            |            |                                    |            |
|--------------------------------------|----------------|--------------------|-----------------------------------|--------------------------------------|-------------------|---|------------|------------|------------------------------------|------------|
| <b>Nordea Bank</b>                   | <b>Finland</b> | <b>n/a</b>         | <b>n/a</b>                        | <b>film, TV</b>                      | <b>n/a</b>        | <b>n/a</b>                                    | <b>n/a</b> | <b>n/a</b> | <b>n/a</b>                         | <b>n/a</b> |
| <b>NRW Bank (public bank)</b>        | <b>Germany</b> | <b>n/a</b>         | <b>n/a</b>                        | <b>film, TV</b>                      | <b>n/a</b>        | <b>yes</b>                                    | <b>no</b>  | <b>yes</b> | <b>n/a</b>                         | <b>n/a</b> |
| <b>Raiffeisenbank/ RC Consulting</b> | <b>Hungary</b> | <b>n/a</b>         | <b>approx. 70 single pictures</b> | <b>film</b>                          | <b>under €10m</b> | <b>no</b>                                     | <b>yes</b> | <b>no</b>  | <b>no</b>                          | <b>no</b>  |
| <b>Royal Bank of Scotland</b>        | <b>UK</b>      | <b>unit closed</b> | <b>n/a</b>                        | <b>big-budget, U.S. studio films</b> | <b>n/a</b>        | <b>yes</b>                                    | <b>yes</b> | <b>no</b>  | <b>slate financing for studios</b> | <b>yes</b> |
| <b>Santander</b>                     | <b>Spain</b>   | <b>n/a</b>         | <b>n/a</b>                        | <b>film, TV</b>                      | <b>n/a</b>        | <b>as part of the Audiovisual SGR network</b> | <b>n/a</b> | <b>n/a</b> | <b>n/a</b>                         | <b>n/a</b> |
| <b>Sparbanke 1</b>                   | <b>Norway</b>  | <b>n/a</b>         | <b>n/a</b>                        | <b>film, TV</b>                      | <b>n/a</b>        | <b>n/a</b>                                    | <b>n/a</b> | <b>n/a</b> | <b>n/a</b>                         | <b>n/a</b> |
| <b>Sparkasse KölnBonn</b>            | <b>Germany</b> | <b>n/a</b>         | <b>n/a</b>                        | <b>film, TV</b>                      | <b>n/a</b>        | <b>yes</b>                                    | <b>no</b>  | <b>n/a</b> | <b>n/a</b>                         | <b>n/a</b> |
| <b>UniCredit</b>                     | <b>Italy</b>   | <b>n/a</b>         | <b>n/a</b>                        | <b>film, TV</b>                      | <b>n/a</b>        | <b>n/a</b>                                    | <b>n/a</b> | <b>n/a</b> | <b>n/a</b>                         | <b>n/a</b> |

Source: peacefulfish

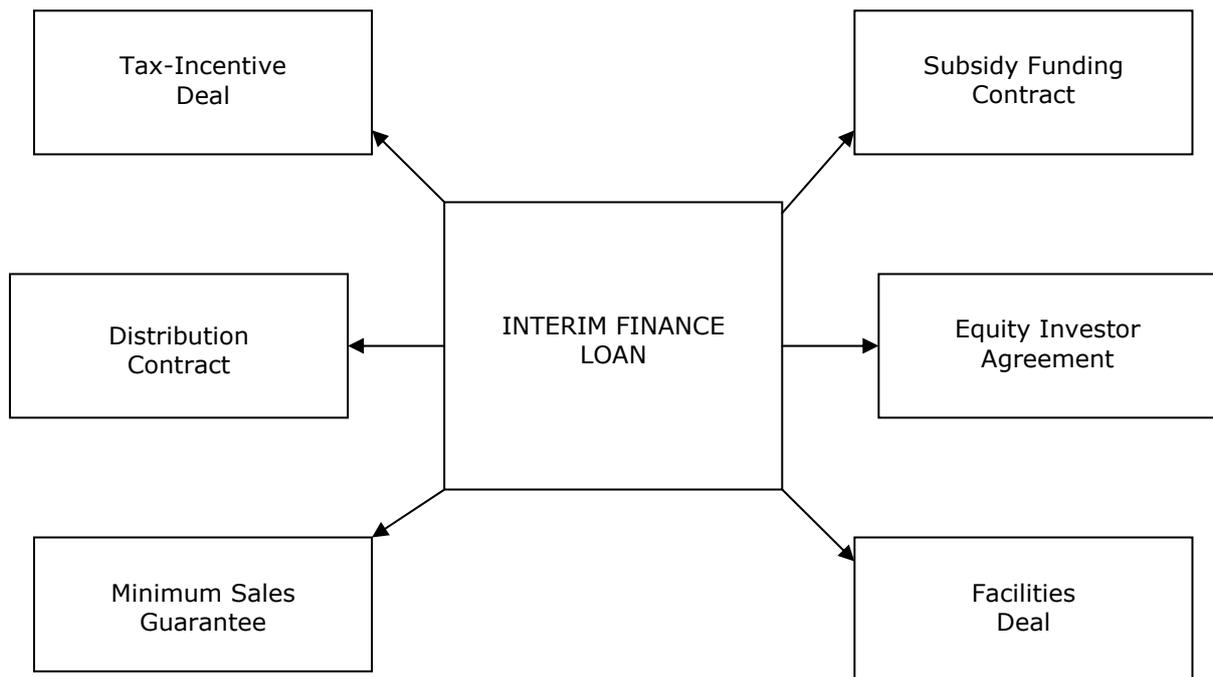
## 2 Interim Finance

### 2.1 Introduction

Interim financing, also known as contract discounting, is the process by which a financial institution cashflows a production usually after 100% of the financing agreements are signed. The cashflow takes the form of a loan secured primarily against these agreements, which could include tax-incentive deals, distribution contracts, minimum guarantees from sales agents, subsidy funding contracts, equity investor agreements, facilities deals, etc.

Expenditure on a production begins when pre-production starts and does not end until the completed film is delivered to the distributor. However, funds from the range of financing agreements cited above typically do not begin to be paid out to the producer until principal photography on the production begins. Some forms of financing, such as tax incentives and sales and distribution advances, may not be paid until after the film is completed.

Additionally, almost all of the financing from its various sources is paid out in installments. Because of this, the producer has a need for interim financing to cover the immediate cashflow requirements of producing and delivering the film.



**Figure 1: Interim Financing Structure**

The institutions that provide interim finance have specialists on their media teams dedicated to evaluating financing agreements: their sources, their value in the market, the amount of risk associated with lending against them, and the amount of security that they provide for the lender.

Typically, lenders tend to cashflow contracts issued by companies or government agencies that they have worked with before, or that have an A-list reputation in the industry. Otherwise, "historical data" detailing successful execution on previous agreements must be provided by the contract-issuer to the lender for evaluation.

Through this evaluation process, the financial institution determines whether or not it can offer an interim loan to the producer and under what terms. A financing fee is agreed upon and an interest rate is calculated for the loan based on the level of risk, the length of the lending period, and the amount of security or guarantees provided by the producer.

While the financing agreements themselves are the primary form of guarantee required by the lending institution, lenders could potentially require additional security including a completion bond, third-party guarantees for the majority of the interim loan amount, and sometimes even personal guarantees from the producers themselves.

Additionally, the due diligence process has a certain amount of administrative and legal fees associated with it, making it difficult for projects under approximately €1.2 million to bear the costs of this service in their budgets.

However, this service is one of the most common financial products for the film industry, being offered by more than half of the institutions interviewed for this study.

## **2.2 Financial Institutions Offering Interim Finance**

Financial institutions offering interim finance that are currently active and were interviewed for this study include:

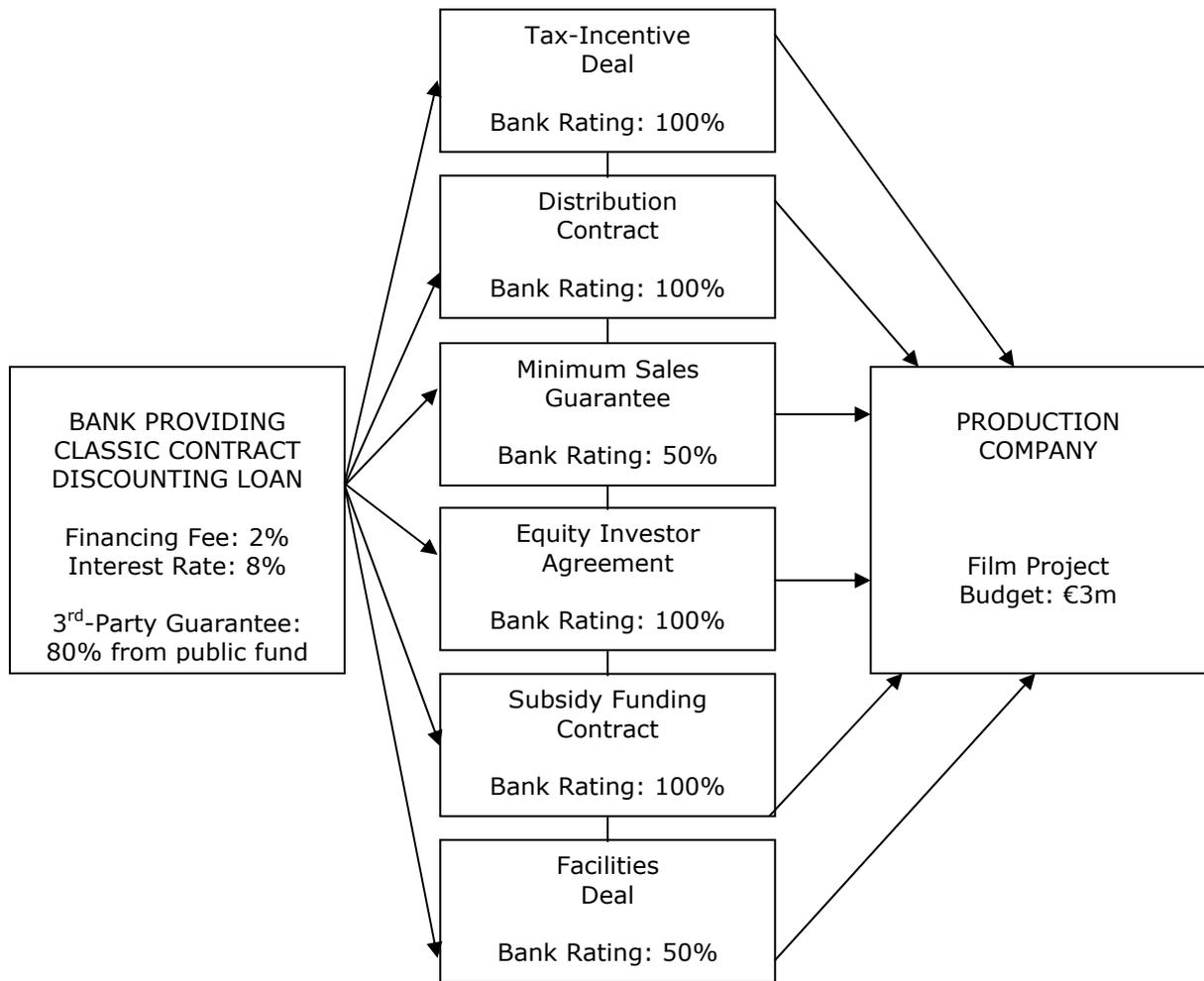
- Allied Irish Bank (UK)
- Coutts & Co. (UK)
- Natixis Coficiné (France)
- Cofiloisirs (France)
- Fortis Mediacom Finance (France)
- ILB - Investitionsbank des Landes Brandenburg (Germany)
- Commerzbank (Germany)
- Hypovereinsbank (Germany)
- NRW Bank (Germany)

## **2.3 Classic Contract Discounting Model**

The classic contract discounting model is quite simple: banks rate the financing agreements that constitute a given film's whole budget at typically 100%, 50%, or 0% of their paper value and then they structure a loan to cashflow the film's production. The terms and conditions of this loan are largely based on the results of the rating process.

Single pictures budgeted between €1.2m and €80m are of interest to most banks. As these lenders confirm, the administrative and legal work required to evaluate and document an interim financing loan is relatively the same for pictures budgeted at the low end of this range as it is for pictures budgeted at the high end, making a minimum budget threshold necessary as the fees that the financial institution earns are typically a percentage of the loan issued.

Below is an example of a classic contract discounting structure.



**Figure 2: Classic Contract Discounting Model**

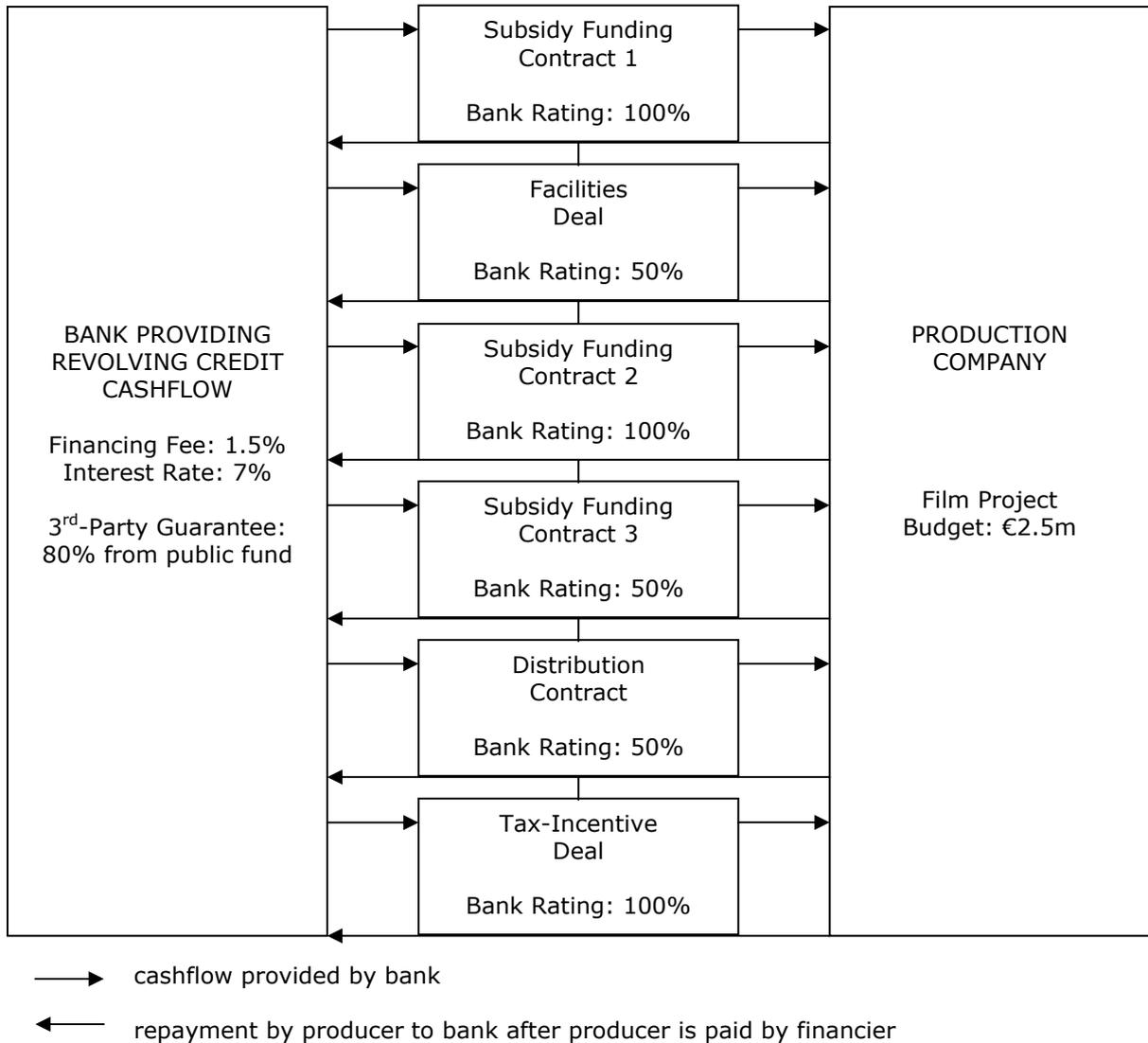
If all contracts are not rated at 100% of their paper value—as with the example above—then the bank must further mitigate its risk. This will be reflected in their arrangement fee as well as by the types of guarantees that they require in addition to the financing agreements themselves. Here the bank’s fee is 2%, with those lenders interviewed for this study citing 1.5-2.5% as typical. The financial institution in this example has also required an additional guarantee of 80% of the loan amount from a 3<sup>rd</sup>-party source, in this case a public guarantee fund.

## 2.4 Revolving Credit Cashflow Model

The revolving credit cashflow model is an even more refined type of interim finance. The rating and discounting of contracts is still at its core; however, under this model, financial institutions provide credit lines on a film-by-film basis to producers, who are able to draw down the funds as they are required for production activities.

Furthermore, as the film moves forward and its financiers begin to release their portions of the financing in installments as per the financing agreements, the producers can immediately begin to pay back the credit facility. This keeps the loan amount at a minimum, which in turn limits both the risk and the financing fees associated with this financial service.

The goal is to achieve a perfect cashflow for the film by centralizing the source of finance and making it as efficient as possible for the production. Below is an example of this structure:



**Figure 3: Revolving Credit Cashflow Model**

Films that receive subsidy funding to cover the majority of their production costs seemed more preferable to financial institutions offering revolving credit cashflow facilities.

Based on the interviews conducted for this study, these banks also tend to be public institutions or have a public component such as a state-backed guarantee as part of their basic deal structure.

For lenders who utilize substantial public components to engineer their lending products—and these tend to be lenders who often work with production companies that utilize substantial public components in the financing of their films—the revolving credit cashflow is a more refined and cost-effective option than an interim loan based on classic contract discounting.

### 3 Tax-Incentive Financing

#### 3.1 Introduction

Tax-incentive financing—whether of tax shelters, credits, rebates, or other schemes—is perhaps the most common financial service provided by institutions that loan to the film industry.

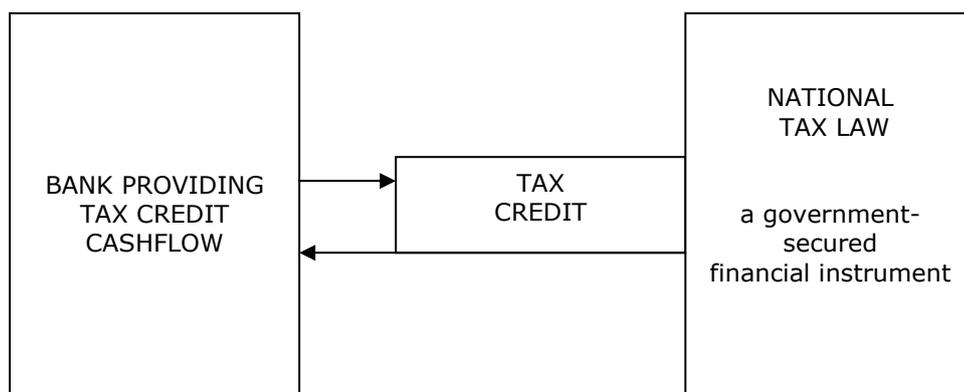
Sometimes the tax deal makes up one part of the overall interim financing for a production; however, more often than not, a tax incentive is at the core of the financial service that is being offered. Over 25% of the financial institutions interviewed for this study count tax-incentive financing as their main business while over 75% provide some form of tax-incentive lending.

The attractiveness of tax incentives is that, depending on how they are structured, they can provide immediate profit as well as function as a type of guaranteed finance. Some incentives allow private investors to write-off their film investment as a loss within the first year, giving them an instant tax break. In this case the investor pays fewer taxes in that year, which they consider to be an immediate, year-one profit.

These types of tax shelters had—in the past—stimulated a large majority of the film financing in Europe until about four years ago, when they began to be rigorously reformed both at the European and the national level. Now there are strict caps placed on the amount of funding that each individual investor can contribute to a project coupled with a set of rules defining the level of hands-on involvement that these investors must have in the production.

As these tax shelters were reformed, countries began to introduce nationally- or state-backed tax credits and rebates. These new incentives function as a form of guaranteed finance that a lending institution will offer to cashflow for a certain fee.

The evaluation process on the part of the lender is similar to that of their interim financing evaluation process with the tax credit or rebate being treated as a type of financing agreement secured against the tax law of the nation or state that offers the incentive.



- cashflow provided by bank
- ← repayment by national tax authority to bank after tax authority processing

**Figure 4: Tax-Incentive Financing Structure**

Through the interviews conducted during this study it was revealed that several lenders have engineered financial services that combine the newly regulated tax shelter schemes available in their countries with the nationally- or state-backed tax credits to attract further private investment into the industry.

The private investors combine their funds together with those of the lender to create a lending product that is then offered to producers.

The upside for small production companies is that the sum of this lending product's value exceeds that of any one of its parts, being worth a higher percentage of the production budget than say the tax shelter or the tax credit alone.

However, as with the interim financing offer, the downside is the considerable administrative and legal costs associated with evaluating, negotiating, and purchasing such a service.

## **3.2 Financial Institutions Offering Tax-Incentive Financing**

Financial institutions offering tax-incentive financing that are currently active and were interviewed for this study include:

- ING/TS Productions (BE)
- Raiffeisenbank/RC Consulting (HU)
- Natixis Coficiné (France)
- Cofiloisirs (France)
- Fortis (France)
- Allied Irish Bank (UK)
- Anglo Irish Bank (IRE)
- Barclays Bank (UK)
- Coutts & Co. (UK)

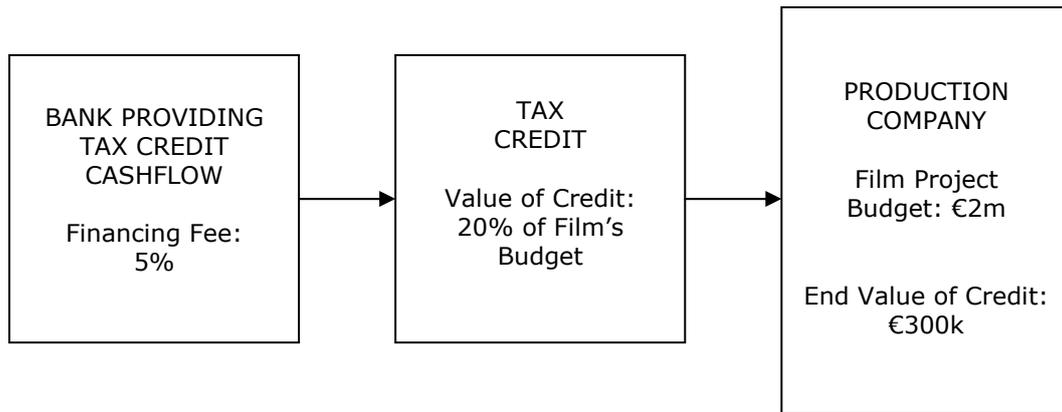
## **3.3 Tax Credit Cashflowing Model**

Tax credit cashflowing is a fairly straightforward lending model. The real cash value of these credits ranges from less than 10% of a production's budget to potentially over 20%.

Calculating this value hinges primarily on the amount of spend in the region; however, in most countries, the credit's value is also governed by a series of cultural and financial rules that further reduce the relief.

The role of lending institutions in cashflowing tax credits is quite simple: as with discounting other "contracts" that constitute a production's budget, they evaluate the project in light of the applicable tax laws to determine the potential value of the credit and then they lend against that value.

See the example below:



**Figure 5: Tax Credit Cashflowing Model**

This amount needs to be cashflowed because the final value of the credit cannot be determined until after production is complete, which is to say after the spend is made and all supporting documents are submitted to the tax authorities for processing.

However, as tax credits are government-backed and the regulations are readily available for review the risk in most cases is limited.

The chief concern for lenders is that the producer does not end up spending the amount of budget that they plan to spend in the country or region, thereby reducing the credit's final value.

However, through their "discounting"—which is to say through the financing fees that they charge for this service—lenders are able to offset their risk and provide loans for this relatively stable budget component.

### 3.4 Tax-Incentive Gearing Model

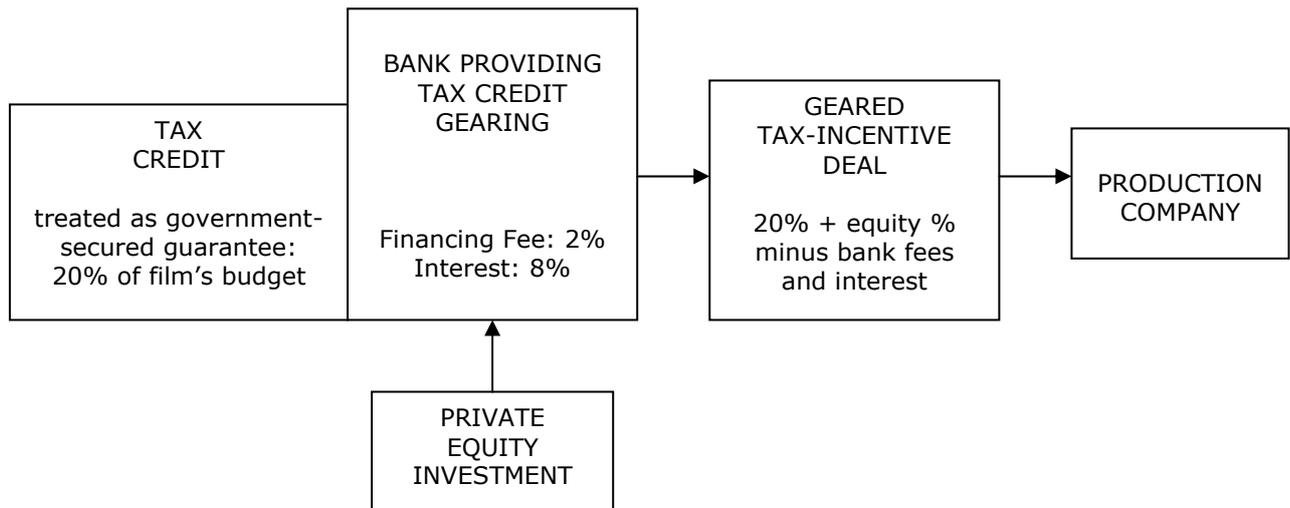
Gearing is the process by which financial institutions combine their financing (loaned capital) with capital from third-party private investors (equity or risk capital) to create a more robust financial service that meets the needs of the third-party investors, film producers, and the lenders themselves.

Through our interviews it was revealed that gearing to create attractive tax-incentive-based financing is quite common. Typically this lending product is built around a tax shelter offer (when available in the given country) coupled with the government-backed tax credit as a type of basis or guarantee.

In some cases the shelter itself is also seen as a guarantee. However, both the shelter and the credit are subject to interpretation of the tax laws that govern them as well as the scrutiny of the relevant tax authorities.

Despite this, gearing attracts private investment into the industry by enticing high-net-worth individuals seeking immediate tax breaks to invest in the lenders' schemes. This in turn enables banks to offer tax-incentive financing to producers at values higher than the tax credit or tax shelter alone would yield. It also provides a conduit for producers to work with these investors.

See an example of this structure below:



**Figure 6: Tax-Incentive Gearing Model**

The lenders—sometimes banks themselves and sometimes banks working in conjunction with a subsidiary organization or a private fund—manage the relationship between the producers and the investors in addition to managing the financial service that is being extended.

Arguments for and against the legality and sustainability of tax-incentive gearing can be made. Certainly it harkens back to the sale and leaseback model in the UK and the tax fund model in Germany, both recently ended.

In fact, the gearing of tax shelters and credits with loan facilities and equity capital seems to have been born out of the ashes of those previous models. It is a form of investment that all of the parties involved are familiar with, even though the regulations have changed and the amounts of capital involved have been reduced.

## 4 Gap Financing

### 4.1 Introduction

Essentially a loan secured primarily against the unsold foreign territories of a production, gap financing is one of the more risky and therefore one of the most expensive financial services provided by lenders.

Similar to the evaluation process for interim finance, evaluating productions to see if they are suitable to receive gap loans involves considerable administrative and legal costs.

Lenders must assess a range of factors including:

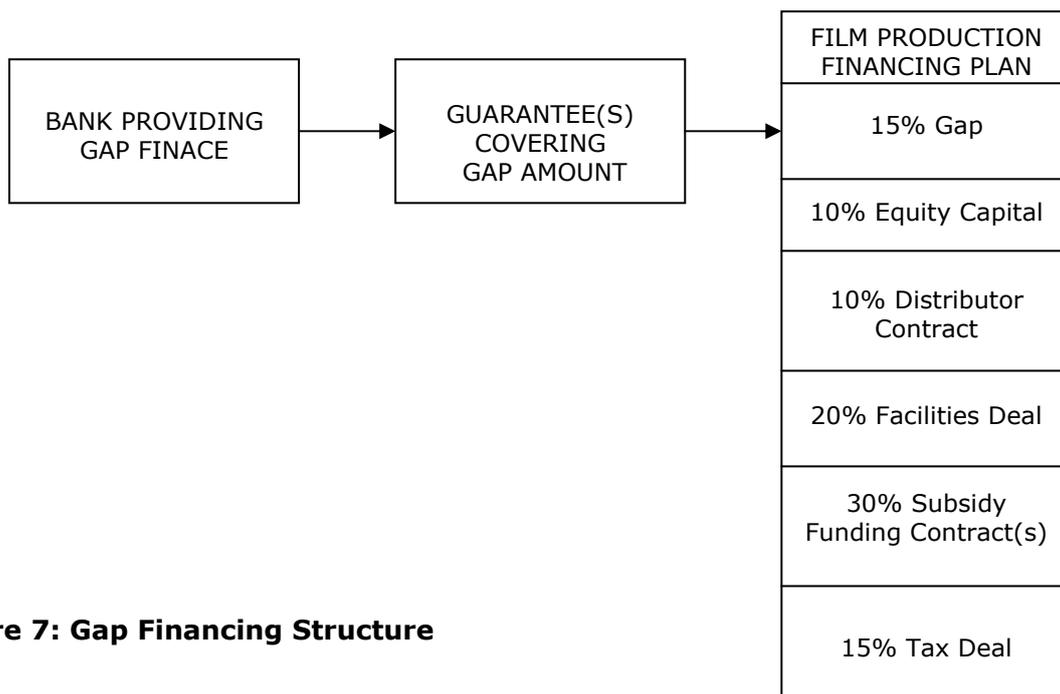
- track records of the producers/production companies involved
- the assets of those companies
- creative package surrounding the production (genre, cast, director, etc.)
- other financing sources (the agreements, how they will be cashflowed, etc.)
- track record of the sales company providing the estimates for the gap portion of the production's financing

Again, a previous working relationship between the lender and the producers and/or the sales company is preferable. In the absence of that, transparency when providing the lenders with "historical data" documenting past performance is essential.

Furthermore, gap lending typically requires multiple guarantees in excess of the gap amount being loaned. In addition to the sales estimates—which in some cases must amount to at least 200% of the the gap portion of the production's financing—the lender usually requires several of the following:

- a completion bond
- a charge over the copyright of the film
- a guarantee secured against the production company's assets (if any)
- a third-party or state-backed guarantee typically covering 80% of the gap amount
- a percentage of the producers' fees held in escrow
- a preferential recoup position
- personal guarantees from key players involved in the film's production

Below is a sample structure for a film requiring 15% in gap finance:



**Figure 7: Gap Financing Structure**

For small and even many established European production companies, gap financing is costly. However, the majority of financial institutions interviewed for this study have ceased to offer gap within the last few months or years, if they ever offered it in the first place. This suggests that gap financing is a volatile lending product both for borrowers and for lenders even when the gap loan has been thoroughly evaluated and guaranteed by multiple sources.

## 4.2 Financial Institutions Offering Gap Financing

Financial institutions offering gap financing that are currently active and were interviewed for this study include:

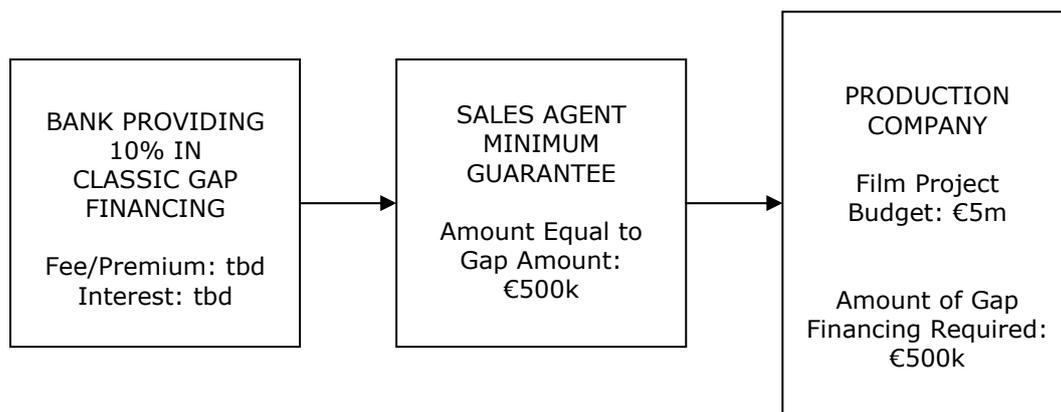
- Allied Irish Bank (UK)
- Commerzbank (Germany)
- NRW Bank (Germany)

## 4.3 Classic Gap Financing Model

The classic gap scheme is typically an add-on component to an interim finance loan. The lender discounts the contracts that constitute the film's financing but the value of these contracts do not add up to 100% of the production budget, leaving a gap that must be covered by an additional financing source.

In the classic model this gap is usually between 10-15% of the budget, which the lender offers to cashflow if this amount can be secured firstly by a minimum sales guarantee against unsold foreign territories.

Below is an example structure for a €5m project requiring 10% in gap financing:



**Figure 8: Classic Gap Financing Model**

On top of the minimum sales guarantee, the lender may require additional collateral including a completion bond, a charge over the film's copyright, a percentage of the producers' fees held in escrow, and sometimes even personal guarantees provided by the producers themselves.

In terms of recoup positions, the interim finance loan issued by the bank to cashflow the production will be in first position, then the gap loan, and then—only after the lender has been repaid all of its loaned capital—will the other stakeholders in the project begin to recoup.

It has been suggested that gap financing, at least at this level, is more efficient and cost-effective as a budget component than to include additional equity capital. Producers already require the relationship with the lender as well as the sales agent in order to receive the interim financing loan, so to add a gap component is relatively manageable if such a service is on offer and if the producer is able to bear the additional gap fee or premium in the production's budget.

## 4.4 SuperGap Financing Model

SuperGap builds upon the classic gap model in that it increases the potential gap loan from 10-15% of the budget to up to 30% of the budget.

In the current economic climate, not many lenders offer this service. In addition to being even more risky than classic gap lending, supergap has a whole range of additional requirements that the key players involved with the project must meet beyond the criteria to qualify for classic gap.

As with classic gap, the supergap lender will typically also be the project's source of interim cashflow. This means that the production will have already been evaluated by the lender as per their interim financing criteria. Once the project has been approved for that type of loan, then the potential for supergap funding can be explored.

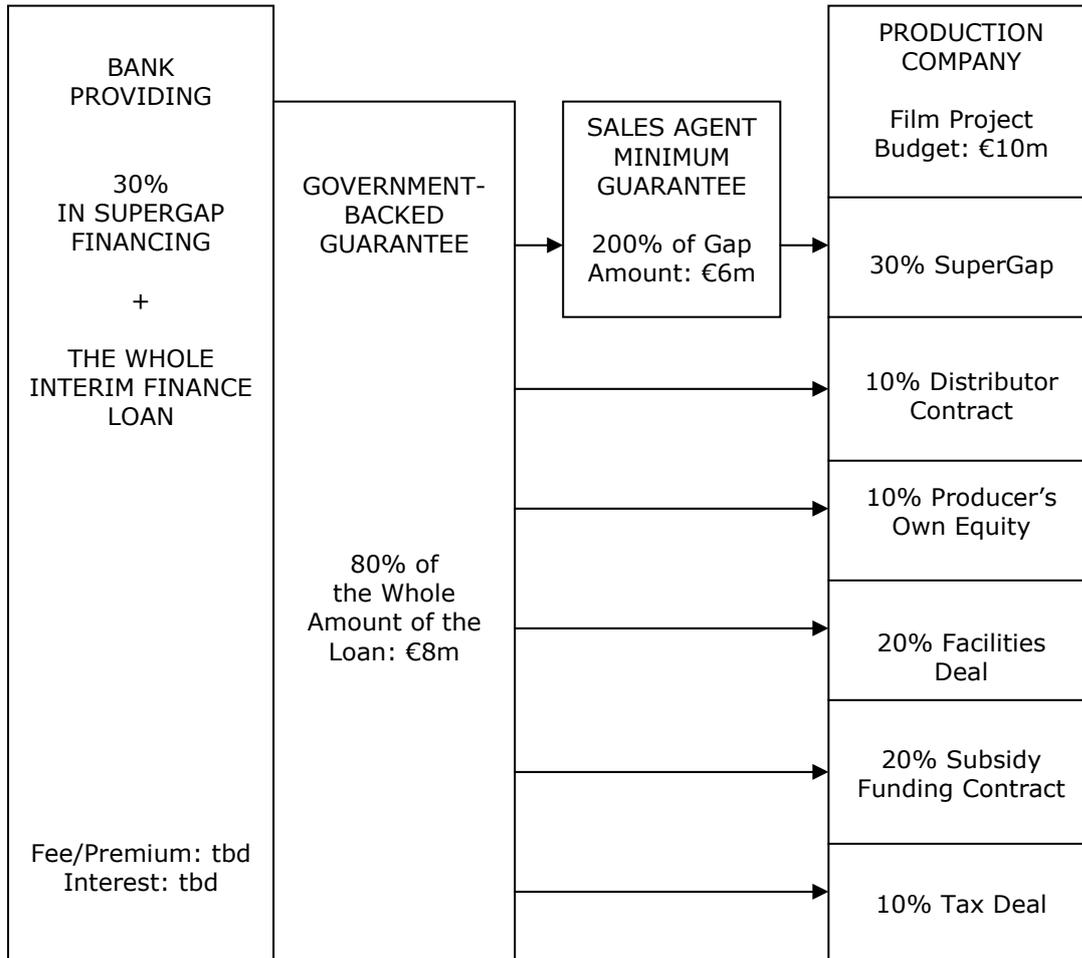
Purportedly still more efficient and cost-effective than including additional equity capital in the budget, supergap requirements normally include:

- providing track-record data on the director, the director of photography, the main actors, etc.
- a financial contribution to the production budget by the producers themselves
- proven solvency of all the key partners
- a completion bond
- production insurances including errors & omissions, liability, indemnity (for at least the director and main cast) as well as insuring the film negative
- certified chain of title documents
- a third-party collection account for the film either held by the lender or with access to an electronic settlement system
- the use of the lender's currency-hedging service over the course of the deal
- a limiting of the production company's ability to further borrow external funds
- sales agent estimates on unsold foreign territories of at least 200% of the gap amount
- a government-backed guarantee typically covering 80% of the gap amount
- at least 6% of the budget—or 20% of the gap amount—held in escrow until the loaned capital is repaid

If a production company can meet these requirements, then the benefits that they receive include:

- 1) a centralization of the project's financing amounting to a reliable cashflow
- 2) a transparent and "institutional" structure within which to work
- 3) increased ownership over the film's rights, rather than having to sell off more rights to distributors or equity investors upfront in order to raise the financing

Below is a sample structure for a €10m project requiring 30% in supergap financing from a bank that also provides the interim finance loan for the production:



**Figure 9: SuperGap Financing Model**

While it may provide a centralized and efficient financing solution, the sustainability of supergap and even classic gap lending is questionable with lenders that offer these products constantly entering and exiting the market.

## 5 Working Capital/Corporate Finance

### 5.1 Introduction

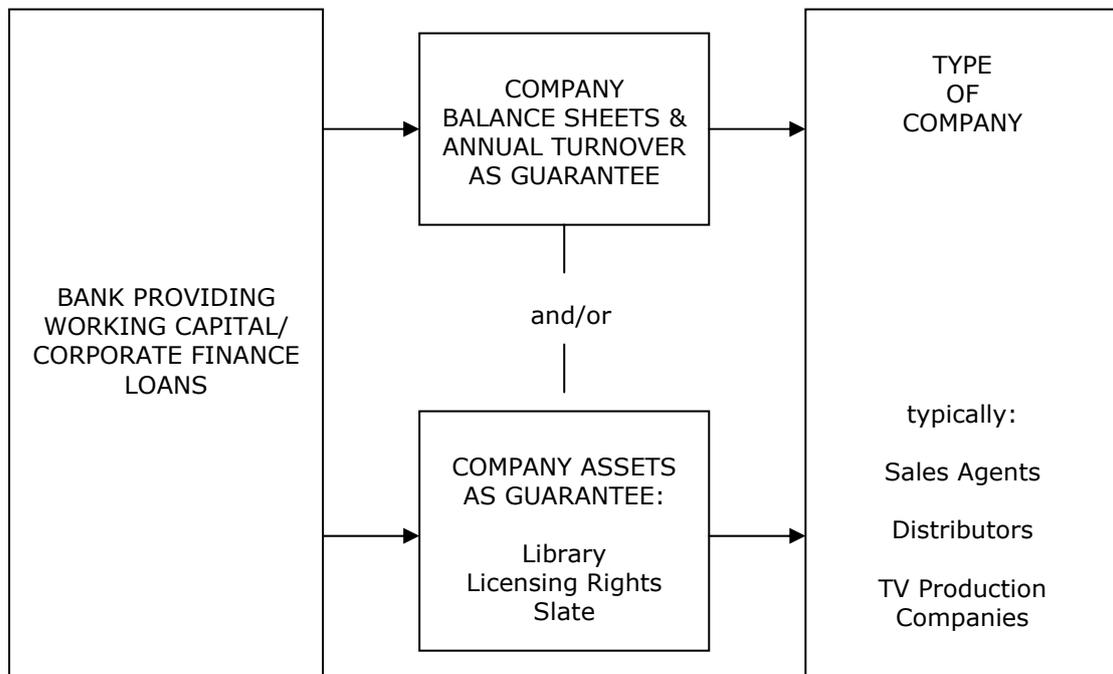
Working capital loans are difficult to secure for most small and many established European production companies. The chief objection raised by the majority of financial institutions interviewed for this study is the lack of assets on the part of the company.

Time and again it was pointed out that most European production companies only produce approximately one film every two years, and maybe only one film ever. Additionally, when they do produce a film, it is often structured as a single-purpose company set-up specifically to administer that production.

Under such circumstances, lenders cannot conduct their standard company evaluation—or rating—which is based on the company’s balance sheets for the previous 2-3 years of operation as well as their accumulated assets. Without this rating, the lender’s credit committee in many cases cannot approve a loan.

While some lenders turn to assessing the track records of individual producers, there are no guarantees that these producers will remain with a company. They are not an owned or controlled asset as such, and it is this type of collateral that a lending institution requires.

For sales agents and distributors—companies that have a steady flow of deals over a period of years recorded on their balance sheets—and for TV producers who have a working relationship with a broadcaster, corporate finance is possible. These loans can be guaranteed against a flow of rights that are able to be valued because they are documentable over a series of years and/or over multiple productions.



**Figure 10: Working Capital/Corporate Finance Structure**

This way of working again reinforces that lenders need to be presented with “historical data” reflecting past performance as well as a level of volume that suggests continued solvency in the market. On the one hand, these requirements seem perfectly reasonable;

however, on the other, they appear quite insurmountable—especially for start-ups and small production companies.

In the film industry—where the use of single-purpose production companies on a project-by-project basis is quite common—most productions do appear to be “start-ups,” at least on paper in terms of their balance sheets. For lenders, factoring this consideration into their overall company evaluation is not a problem; the problem lies with the lack of security that these production companies can provide.

## **5.2 Financial Institutions Offering Working Capital/Corporate Finance**

Financial institutions offering working capital/corporate finance loans—primarily to sales agents, distributors, and TV production companies—that are currently active and were interviewed for this study include:

- Commerzbank (Germany)
- Barclays (UK)
- Deutsche Bank (Germany)
- Coutts & Co. (UK)
- Hypovereinsbank (Germany)
- Natixis Coficiné (France)
- Cofiloisirs (France)
- Fortis Mediacom Finance (France)
- Allied Irish Bank (UK)
- ILB - Investitionsbank des Landes Brandenburg (Germany)
- Investitionsbank Sachsen-Anhalt (Germany)

## **5.3 Mid-Cap Credit Facility Model**

Almost every lender interviewed during the course of this study said that they do not provide corporate finance for small, established, and even most major European production companies.

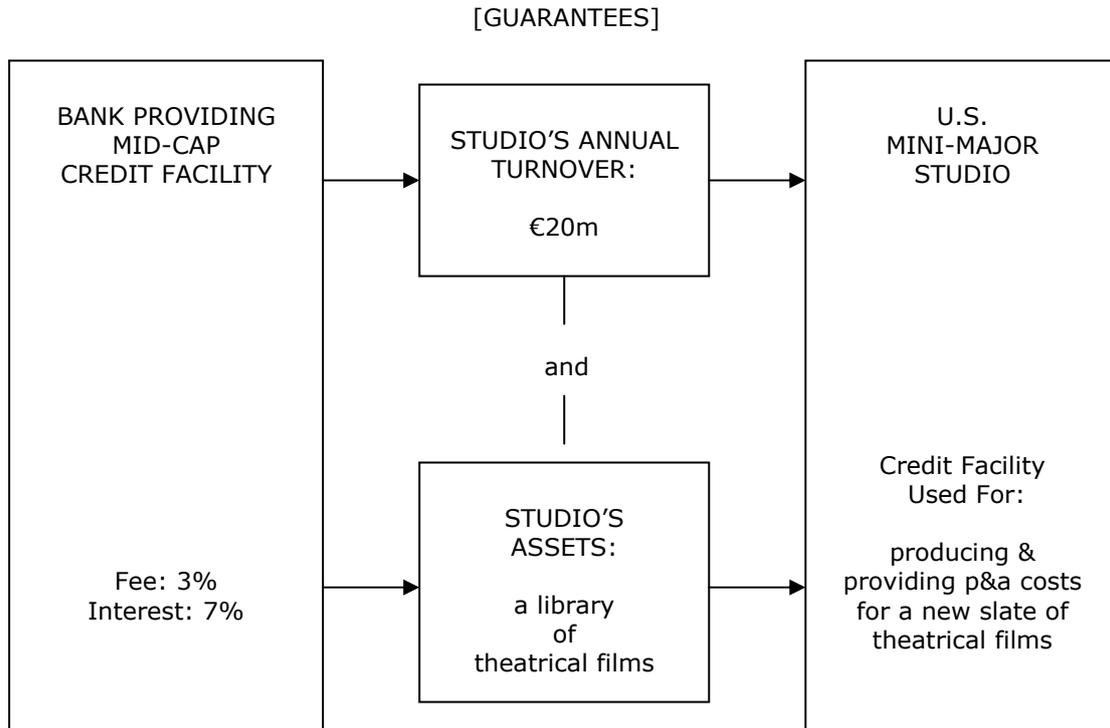
Deutsche Bank, whose core business with relation to the film industry is providing corporate credit facilities, noted that in Germany there are only 2-3 production houses that would even qualify. Similarly, many of the UK banks characterized UK film production as a “cottage industry” in which only 1-2 companies might meet the criteria for corporate finance.

In addition to the assets held by a company, these lenders look at annual turnover—approximately €10m or higher is typically of interest—and the capacity for a stable year-on-year output of A-list, international projects. Deutsche Bank noted that the latter is the chief concern even for the 2-3 German companies that do have the assets and the annual turnover to qualify.

In Europe, A-list projects with true international potential are so few and far between that if just one hits a stumbling block over the course of a lending period, it would throw the whole credit facility into jeopardy.

Because of this, most European banks that lend mid-cap credit facilities have turned to working with the U.S. studios, either directly or in conjunction with other European or U.S. lending institutions. The studios have the assets, they have the turnover, and they can guarantee a year-on-year output of A-list projects.

Below is a sample structure for a European bank lending a mid-cap credit facility to a U.S. mini-major studio:

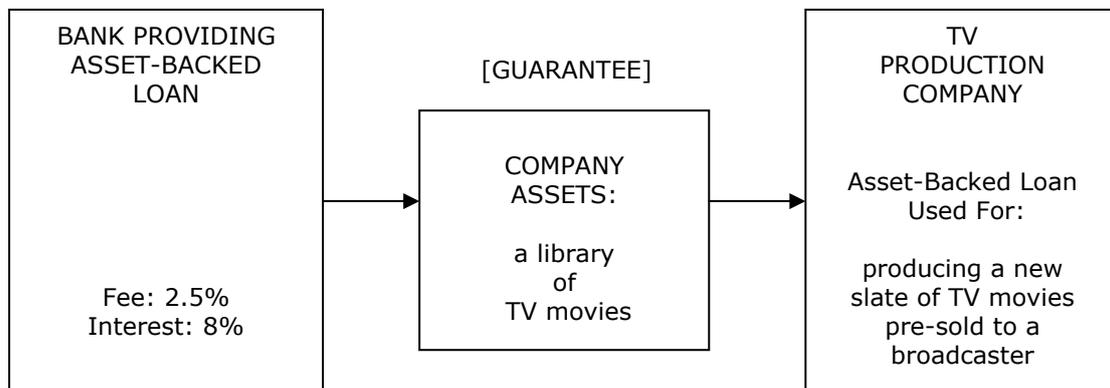


**Figure 11: Mid-Cap Credit Facility Model**

## 5.4 Asset-Backed Lending Model

The majority of lenders interviewed confirmed that when it comes to corporate finance for the European film industry what is usually provided is working capital loans to sales agents, distributors, and TV production houses.

These companies typically can show assets in the form of a steady flow of exploitation rights on their balance sheets over the course of several years. The volume of these rights is much higher than the volume of IP rights that film production companies can show and, because of this, these assets are both more easily valued and more valuable. Again, it is the assessed value of these “libraries” that the lender requires as the primary collateral for loaned capital. Below is a sample structure for an asset-backed loan to a successful TV production company in Europe:



**Figure 12: Asset-Backed Lending Model**

## 5.5 Public/Private Loan Model

One potential model for providing working capital to small production companies emerged out of our interview with Anglo Irish Bank who, in 2001, ran a scheme together with The Irish Film Board in which the two institutions loaned slate funding to five Irish production houses.

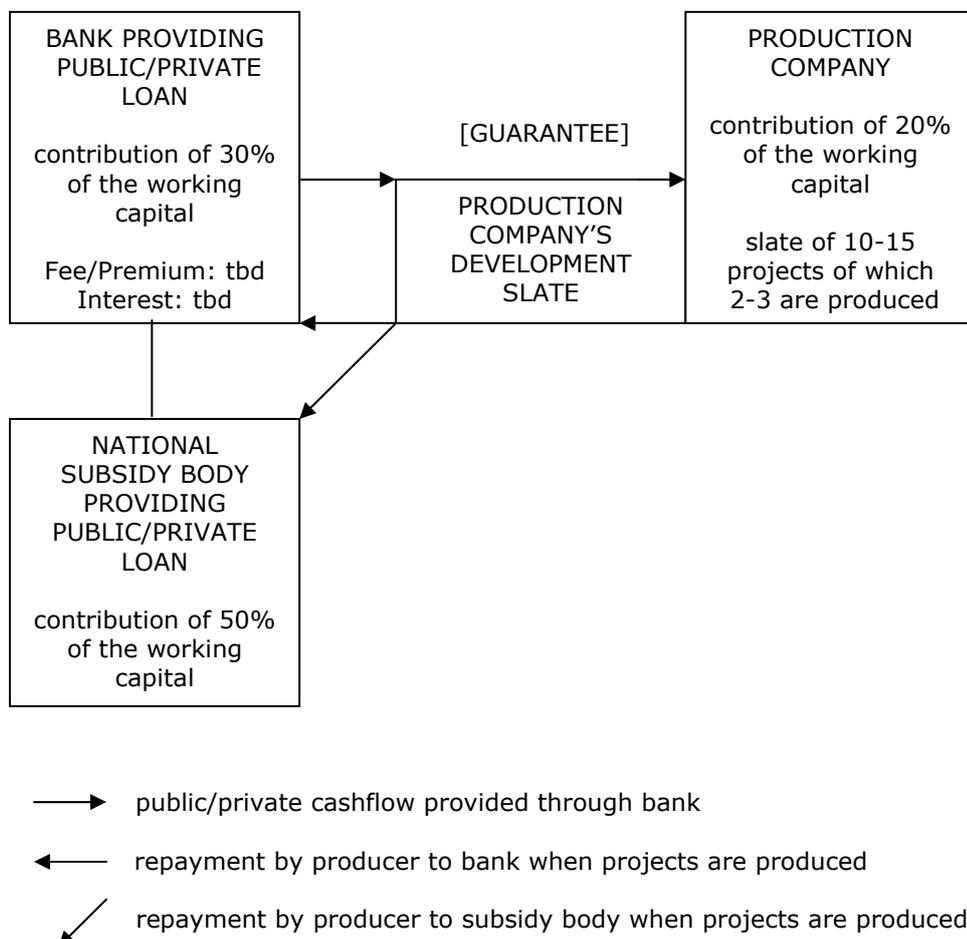
The motivating factor was to assist these companies in their growth and, by doing so, contribute to the overall growth of the Irish film industry.

Of the five companies selected, four were relatively established and one was a start-up albeit run by two individuals with strong track records. Funding was project-based with each company presenting a slate of 10-15 projects to be developed and packaged over the course of three years.

The plan was that—of those 10-15 projects—the companies would each successfully finance 2-3 over the three-year term and, from the production budgets of those 2-3 films, the loans would be paid back.

The Irish Film Board contributed 50% of the loan, the producers themselves needed to raise 20%, and Anglo Irish Bank financed the remaining 30%. The bank's money was considered a full recourse loan with the intellectual property rights of the slates used as the primary collateral.

Furthermore, if full repayment became an issue, the bank was entitled to collect both its share and The Irish Film Board's share until its part of the loaned capital was recouped.



**Figure 13: Public/Private Loan Model**

As described, this initiative was really large-scale slate development funding. Companies could use 25% of the loan to cover their overhead costs during the three-year term while putting the other 75% of the working capital toward project development.

If only 2-3 films out of 10-15 projects ever needed to be realized, then significant capital could be invested in those projects that might provide the the producer with increased access to the international market. As described in 5.3 above, projects with international potential are a key factor for banks when it comes to providing corporate finance.

This model—a bank working in conjunction with a national subsidy body to offset risk in providing corporate finance to small and established production companies—could be replicated in countries such as the UK, France, Germany, Italy, Spain, etc. to stimulate the growth of European producers both with respect to their home market and on an international level.

## 6 Bank Guarantee

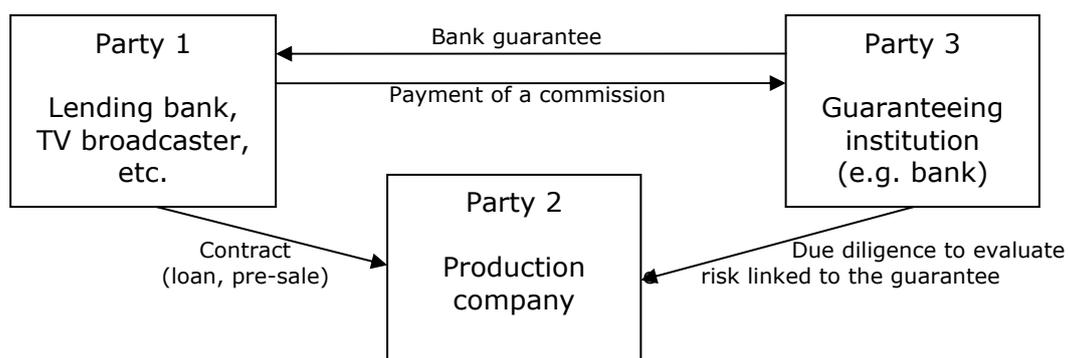
### 6.1 Principles of a Bank Guarantee

Bank guarantees are a common service offered by financial institutions to mitigate the risk involved in a transaction.

In the film industry, a broadcaster gives the pre-sale contract based on wanting the project. If the project is accepted, a broadcaster will only give a producer a pre-sale contract for a film project if the production company can provide the necessary bank guarantee on either a portion of the amount or on the entire sum needed to complete the film. The broadcaster thus hedges the financial risk in the event of non-delivery or non-completion of the film. In short, in order for the contract to be cashflowed, the broadcaster needs to see a guarantee from the bank. Bank guarantees are also common in international production when a foreign production company requires the services of a local bank to cashflow the cost of production in the local country. This local bank might ask the foreign production company's main bank to guarantee a part or the whole amount of that loan.

In the event of debtor insolvency, the debtor's guarantor is responsible to the local lender for the loan amount owed by the debtor. The guarantor bank has liability up to the maximum amount stated in the bank guarantee. In the case of a TV deal, the pre-sale has to be paid back to the broadcaster. The bank providing the guarantee receives a commission for the risk taken. Typically, the guarantor keeps a minimum amount of funds in proportion of the risks it is hedging in order to be able to meet its obligations in case of failure. The ratio between this reserve and the amount of funds that can be guaranteed based on this reserve is called the multiplication factor.

In Europe, some public/private structures and institutions have been set up to offer similar services with the specific aim of facilitating the access to bank credit for companies in the film industry. These institutions aim to provide extra support in hedging the commercial bank's risk involved with a specific loan. Such models exist in France, Spain and Germany.



**Figure 14: Bank Guarantee Structure**

## 6.2 French Public-Private Guarantee Model: IFCIC

### 6.2.1 Legal Structure

IFCIC stands for “Institute for Financing Cinema and Cultural Industries” (Institut pour le Financement du Cinéma et des Industries Culturelles). It is a private-sector limited company entrusted with a service of general interest and recognised as a lending institution. Founded in 1983 at the initiative of the Ministry of Culture, its unique purpose is to contribute to the development of the culture industry in France by making it easier for sector companies to obtain bank financing. IFCIC is a neutral and independent institution: neutral, because its capital is open to most lending banks and independent because it is financially responsible for all of its decisions.

IFCIC’s shareholder structure is the following:

- 49% is owned by the French State directly and through large public financial institutions (Caisse des Dépôts et Consignations and Oseo), and the French State.
- 51% held by some 20 French commercial banks and lending institutions including Natixis, OBC, BNP Paribas, CCF, CEPME, CDPME, LCL... Most of the large retail banks and main lending institutions own shares directly or indirectly, through their parent companies or cooperative banks.

### 6.2.2 Expertise

IFCIC’s familiarity with the industry and relations to expert committees as well as professional networks enables it to conduct in-depth analyses of the risk incurred by companies that seek financing.

The banks that work with IFCIC are not only given financial guarantees in the event that companies should fail, but also risk analyses that are specific to the cultural industries, particularly in regard to short-term loans for film and audiovisual projects. IFCIC helps entrepreneurial companies get financial backing for projects from their banks. It also offers its in-house financial expertise.

### 6.2.3 Guarantees provided

The loans guaranteed by IFCIC cover most of the needs of companies, at all stages of their development. IFCIC typically guarantees 50% of the loans obtained. This means that when a company fails, the bank’s losses are cut in half.

Two types of loan guarantees are provided: Loan guarantees for production and distribution and loan guarantees for companies.

#### a. Loan guarantees for production and distribution

The IFCIC guarantees loans going out to film and audiovisual producers and/or distributors whose activities make them eligible for CNC backing. The CNC is the audiovisual production support fund for the production or distribution of European works. The IFCIC guarantees close to two-thirds of the independent films produced each year in France.

- Guarantee for development loans  
Maximum size of guaranteed loans: No limitation but maximum risk of €420K (higher since March 2009, before: €330K) per borrower (i.e. €600K loan when guaranteed at

70%)

Proportion of the loan guaranteed: 70%

- Guarantee for production loans

Maximum size of guaranteed loans: No limitation but maximum risk of €7.2m per borrower (higher since March 2009)

Proportion of the loan guaranteed: 55%

## **b. Loan guarantees for companies in the cultural industries**

When IFCIC was created, the scope of support was broadened to include as many cultural industry sectors as possible, in addition to the core business of guaranteeing production loans. The goal was to provide extra support to SMEs operating in a sector with high risk potential. All companies registered in the EU and active in the cultural industry are eligible for IFCIC guarantees. This includes:

- the print/publishing industry (publishing, distribution and retailing);
- music (publishing, record and concert production);
- theatre (production, acquisition and outfitting of theatres);
- The arts and photography (galleries and studios);
- art-related businesses (production and sale);
- heritage (development and restoration);
- architecture (firms);
- multimedia (production, publishing and technical services);
- press (political and general information and specialised cultural publications);
- cinema operation and the technical industries (camera and sound).

## **6.2.4 Financial Resources**

On December 31, 2008, IFCIC had equity of about €26M, and more importantly, two active guarantee funds with a total gross value exceeding €76M.

- The Cinema and Audiovisual Guarantee Fund (Fonds de garantie Cinéma et Audiovisuel), which is funded by the Centre National de la Cinématographie (CNC).
- The Cultural Industries Guarantee Fund (Fonds de garantie Industries Culturelles), funded in large part by the Ministry of Culture.

These funds enable the IFCIC to guarantee up to €273M (IFCIC share), which corresponds to a loan total of €564.6M. Short term credits for cinema and audiovisual production represent 80% of this amount. In response to the financial crisis, the IFCIC's equity was increased to €29M in March 2009, compared to a prior €26M. They will be increased again to €32M in May 2009.

### **a. Cinema and Audiovisual Guarantee Fund**

This fund primarily focuses on cinema production and offers guarantees for short term interim financing loans for development, production and distribution. It also guarantees middle term working capital loans for production and distribution companies. Its gross worth was €34.9M on 31.12.2008.

The fund also offers guarantees for short term interim financing loans for development, production and distribution in the audiovisual sector (TV companies). Its gross worth was €10.4M at 31.12.2008.

Last, the fund provides guarantees for loans to independent exhibitors (€8.1M gross guarantee fund on 31.12.2008) as well as to companies offering technical services to the cinema, audiovisual and multimedia industry (€5.6M gross guarantee fund on 31.12.2008)

## **b. Cultural Industries Guarantee Fund**

This fund offers guarantees for loans to companies in the field of culture and the arts (books, music, theatre, dance, photography, fine arts, architecture, press, multimedia). It has gross value of €13.6M on 31.12.2008

### **6.2.5 Cost of IFCIC's Service**

The IFCIC's commission amounts to 1% annually of the guaranteed authorised loan over the full duration of the loan. This commission is paid by the bank. For certain loans amounting to less than € 150,000, the commission is paid upfront, one month after the loan contracts are established. In response to the financial crisis, the 1% guarantee commission was reduced to 0.5% in March 2009. In the event of disbursement the commission would remain 1%.

At any rate, it should be noted that the IFCIC's intervention reduces the risk borne by the bank, as the interest rate reflects, among other things, the estimated risk. The IFCIC's guarantee adds little or nothing to the cost of credit. The commission that the IFCIC charges the bank cannot exceed the annual 1% on the amount guaranteed. Furthermore, the IFCIC's intervention notably precludes any claim to the indebted company director's private home mortgage.

The IFCIC's second source of revenue is a 0.8% annual fee on the fund's average cashflow amount.

### **6.2.6 How it works**

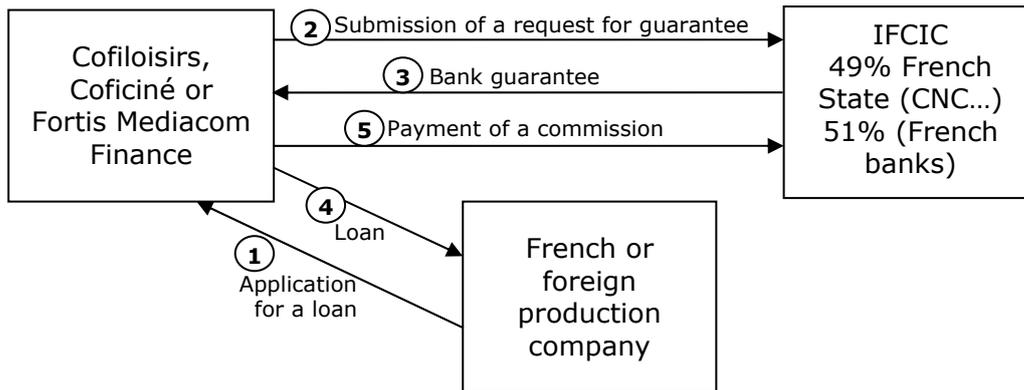
The IFCIC guarantee is given to the bank that lends money to the company and not to the company itself. The guarantee makes it easier for the bank to take risks in a sector that is known to be "difficult" since its losses are halved if the borrowing company fails. Applications are only examined at the request of a bank. The IFCIC's teams are nonetheless available for examining and giving advice on your financing application prior to the bank's request.

The guarantee process proceeds as follows (see Figure 15).

1. A production company (the borrower) submits a request for a loan at a bank. The project and the company are evaluated by the bank which then negotiates the terms of the loan with the borrower.
2. The borrower's bank submits a request for guarantee to the IFCIC. Then the IFCIC examines the loan application and may ask to meet the borrower. It then submits the application to expert committees (for loans in the book, music or cinema operation sectors) and/or to financial committees (notably for film and audiovisual production and distribution). The final decision is made by the IFCIC general management or its representative.
3. The IFCIC notifies the bank of its decision.
4. The lending bank authorises the loan within three to six months. The bank sends the IFCIC a certified copy of the loan contract and, where appropriate, the amortisation schedule. Based on these documents, the guarantee is issued. IFCIC generally guarantees between 50% and 70% of the amount of the loan. The guarantee usually runs for the full duration of the loan.  
The IFCIC guarantee is a risk-sharing agreement with the bank and not a bank guarantee. The lending bank, and not the borrower, is the sole beneficiary. All

securities allocated to loan reimbursement are considered to be jointly held and the IFCIC's share is proportional to its share of the risk. The contract that binds the bank and borrower must mention this risk-sharing. For the duration of the loan, the lending bank shall inform the IFCIC of any anomalies relating to the use or amortisation of the loan, the value or availability of collateral securities, or the amortisation of the loan. Any modification or extension of loans must also be submitted to IFCIC.

5. The bank pays IFCIC a commission over the full duration of the loan.



**Figure 15: IFCIC Model**

### 6.2.7 Special Fund for Non-French Productions

Since 2006, the CNC has provided the IFCIC with an extra €500K of funding to guarantee loans to non-French European production companies, on an experimental basis. It was also agreed that risks supported by this extra funding would be collateralised with the IFCIC's Cinema and Audiovisual Guarantee Fund. In practical consequence, the IFCIC may now use more even gearing ratio for French and non-French companies, which are more difficult to assess because of their foreign history. The ratio of non-French to French productions is 20:25. Without this collateralisation, the IFCIC would be forced to evaluate non-French companies at much more conservative ratio for such loans and the maximum risk per borrower would be very low (a few thousand euros instead of €7,2M).

A number of non-French European productions have since then benefited from this specific instrument through Coficiné, Cofiloisirs or Fortis Mediacom Finance (6 films in 2007, 8 films in 2008).

It has been made clear by the CNC that such non-French European activity for IFCIC could be maintained in the coming years only if based on European funding.

### **6.3 Spanish Public-Private Guarantee Model: Audiovisual SGR**

The Audiovisual SGR was founded on 23 December 2005 by the Ministry of Culture through the Institute of Cinematography and Audiovisual Arts (ICAA) and the Audiovisual Producers' Rights Management Association (EGEDA) with the aim of supporting the audiovisual industry. The ICAA is the Spanish national agency which supports cinema and the audiovisual arts. The EGEDA is a society that collects royalties. It represents and defends the interests of audiovisual producers in Spain, protecting the rights that are recognised and protected by the Intellectual Property Act. The EGEDA is a non-profit organization whose activities are authorized by the Ministry of Education, Culture and Sport.

The Audiovisual SGR is a "mutual guarantee society" (MSG) that underwrites low-interest bank loans for film and TV companies. Based in Madrid, the company has established pre-negotiated loan agreements with a range of Spanish banks including La Caixa, Banesto, Banco de Sabadell, Ibercaja, Caixa Tarragona, BBVA, Cajamar and Caja Madrid. It has also agreements with some foreign banks involved in the Spanish film industry, including Portugal's Banco Espirito Santo and Germany's Deutsche Bank. These agreements contain terms and conditions specifically geared toward the audiovisual production sector, being mutually beneficial both for producers and the banks. In practice, a preferential low-interest rate of 0.5% above the Euro Interbank Offered Rate (Euribor) has been defined in return for SGR's guarantee.

Given the mutual character of MGSs, only those who obtain the status of member may benefit from the services offered by the society. There are two types of members: participating associates and protector associates.

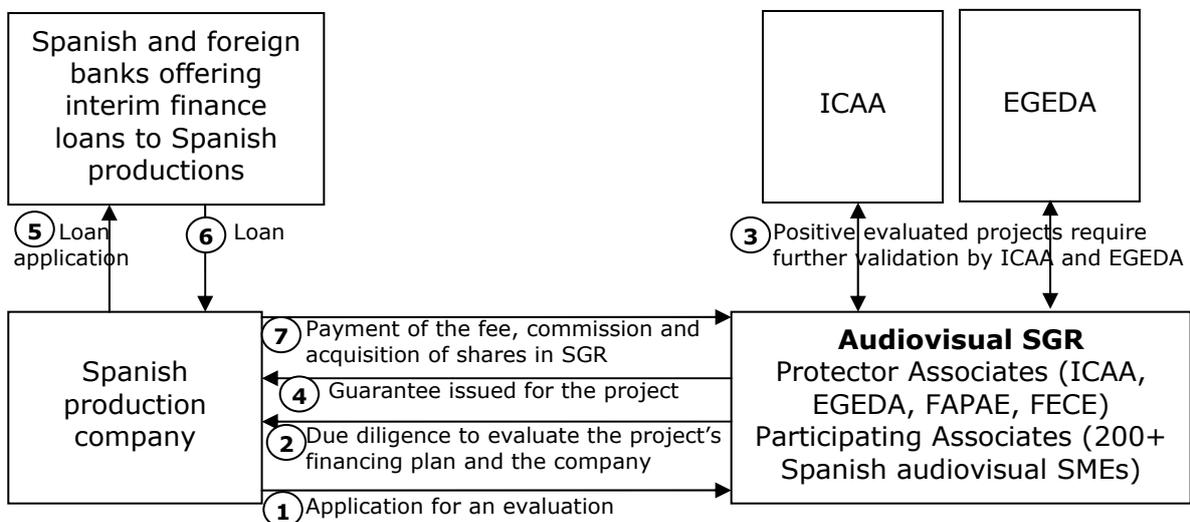
- **Participating Associates:**  
Spanish SMEs in the audiovisual sector (production, exhibition and technical industries) and the content sector of a cultural or leisure nature, in general. Audiovisual SGR was established with the minimum of 150 participating associates required by law and, at present, there are more than 200 belonging to this group.
- **Protector Associates:**  
Public administration bodies, autonomous organizations and the other public organizations or entities which represent or associate economic interests of a general nature or by sector as referred to in the By-Laws. Protector associates inject liquidity into the SGR by ways of share capital or provision accounts. They do not have the right to request loan guarantees from the SGR. Protector associates with the most capital are: the Ministry of Culture through the ICAA and EGEDA. In addition, the two professional federations FAPAE (Federación de Asociaciones de Productores Audiovisuales Españoles) and FECE (Federación de Cines de España) are participating as protector associates.

The process works as follows (see Figure 16).

1. Producers submit their projects to the SGR and;
2. The SGR evaluates them, which in this case means both an evaluation of the financial track record of the production company as well as an evaluation of the financing plan for the film. Films must have at least 75% of their financing in place in the form of signed agreements before they can approach the SGR. Moreover, it is the value of these agreements that SGR is primarily assessing. Through the in-house expertise of their 7-person team, the company determines whether or not film projects meet the criteria to receive a guaranteed interim finance loan from one of their banking partners.

3. If yes, the SGR passes the project along to the Ministry of Culture and EGEDA for their input and;
4. If these two institutions concur with SGR's positive evaluation, then a guarantee is issued by SGR for the project.
5. With this guarantee attached, the project is then submitted to one of the banks in the partner network;
6. Who will automatically provide the interim finance loan at the pre-negotiated terms and conditions. Typically, these loans are for 3-year terms and the interest rates are much lower than the production company would have received if it had gone to a bank.
7. For their services, the SGR receives the following:
  - o A 0.5% fee on the amount of the guarantee for evaluating the project and administering the transaction;
  - o 1-1.5% annual commission over the course of loan;
  - o 1% of the guarantee amount.
 The production company applying for the loan uses this 1% of the guarantee amount to buy shares in the "mutual guarantee society" SGR.
8. When these production companies successfully repay their loans, this latter 1% is returned to them and their shares in the company are dissolved.

As of 2009, the Ministry of Culture has agreed to finance the 0.5% evaluation fee and the 1-1.5% annual commission for producers whose projects receive a guarantee from SGR.



**Figure 16: Audiovisual SGR Model**

According to Audiovisual SGR, in its three years of existence, this model has not only provided a framework for a range of Spanish banks to loan funds to the film industry. It has also stimulated approximately €39m in guarantees for about 200 projects, which in turn has resulted in approximately €180m in industry-related expenditure creating over 2,000 jobs. Petitions for SGR's services come mainly from the feature film production sector but bank credits have also gone to some documentaries, TV and animation projects. The SGR would also like to extend its financial services to Spanish sales agents.

## **6.4 German Public Guarantee Model: Landesbürgschaft**

### **6.4.1 Principles**

State guarantees (Landesbürgschaften) are provided by State guarantee banks. Each federal State in Germany has a public guarantee bank with the purpose of assuming default guarantees for SMEs, so as to shore up the disadvantages such companies face on the capital market compared to large companies. The guarantees are provided by State guarantee banks that make credits available to healthy companies and freelance professionals, which do not have sufficient - if any - bank acceptable collateral.

Any SME based in the federal State can apply for such a guarantee. The maximum guarantees granted per company may not exceed €1M. The guarantee banks only provide guarantees that replace lacking collateral on the basis of due diligence and a properly managed business. The guarantors do not replace a company's lack of creditworthiness. Such companies are therefore not eligible.

### **6.4.2 Application to the film industry**

Landesbürgschaften are not widely used by banks active in the German film industry. According to the bankers who were interviewed, the bureaucratic burden related to the procedure involves a lot of paperwork, as well as a commission linked to the bank guarantee. German retail banks seem confident enough about the projects they are financing. The companies which they are lending to prefer not to reduce their margin by paying a commission for the bank guarantee.

Commerzbank Berlin is the only interviewed credit institution that mentions its plan to use Landesbürgschaften in order to hedge the risk of its gap financing service.

### **6.4.3 Legal Structure**

Guarantee banks are credit institutions which operate within the legal parameters of a public limited liability company (GmbH). Their main purpose is to provide credit guarantees for SMEs but they may also offer additional services in support of SMEs.

The bodies of the guarantee banks are:

- The general meeting of partners (meeting of the individual partners with tasks regulated by law; these partners include the Federal State, the Chambers of Trade and Industry, Chambers of Crafts, etc.);
- The executive board / supervisory board (supervising the activities of management);
- The guarantee committee / the approval committee (representatives from the free market economy, appointed by the partners for their expertise, to advise the management in the decision making process).

36% of the guarantor's risk is covered by the counter guarantee assumed by the Federal Republic of Germany while 29% is covered by the respective Federal State. The guarantee bank bears 35% of the risk. Regarding support of the new federal states, the public authorities (the Federal Republic and Federal State) assume a counter-guarantee currently covering 80%.

#### 6.4.4 How it Works

A State guarantee works as follows (see Figure 17).

1. A SME applies for a loan at a retail bank based in the EU.
2. After its examination of the company's application, the lending bank applies for a bank guarantee at its Federal State guarantee bank. In its application, the lending bank must declare that it is prepared to assume at least 20% of the loan's risk. Exceptions exist for what are known as "small establishments" whose credit needs may not exceed €50-80K. In such cases, guarantee banks are prepared to accept a direct application, because the processing and examination expenditure of such small credit applications are in most cases rejected by credit institutions for cost related considerations.  
→ In most States where Landesbürgschaften are specifically directed at the film industry, the whole process on the guarantee bank side (reception of application, evaluation and day-to-day monitoring) is contracted out to a professional consultant with industry expertise. In the case of Saxsony-Anhalt and North Rhine Westphalia, the selected expert is the local practice of PricewaterhouseCoopers.
3. An application for a guarantee is examined by the guarantee bank and its staff economists. This examination is supported by the expert opinion of consultants, consulting institutions from among the ranks of partners and takes into account the prevailing conditions in the market, the company, the expertise and personal qualifications of the entrepreneur and the result of a "feasibility study" (calculation of investments, return on investment and financing plan). Applications that fulfill the guarantee bank's criteria are submitted to the the guarantee committee / approval committee for pre-approval. The final decision on the guarantee is made by the guarantee bank's management. The decision is externally binding.
4. The lending bank issues the loan to the borrower.
5. The guarantee bank is remunerated with a processing fee, a running guarantee commission which accrues annual interest and return on the cover capital. The annual guarantee commission, annual interest and return on the cover capital have to bear the default risk to meet part of the administrative costs and at the same time to finance provisions for the formation of the cover capital (equity principle according to the credit institution act to underpin the guarantee risks). The guarantee commission and premiums to be borne by the SME are adjusted as required. At present, an SME is on average charged a processing fee of 1 % and a running guarantee commission of another 1 %.

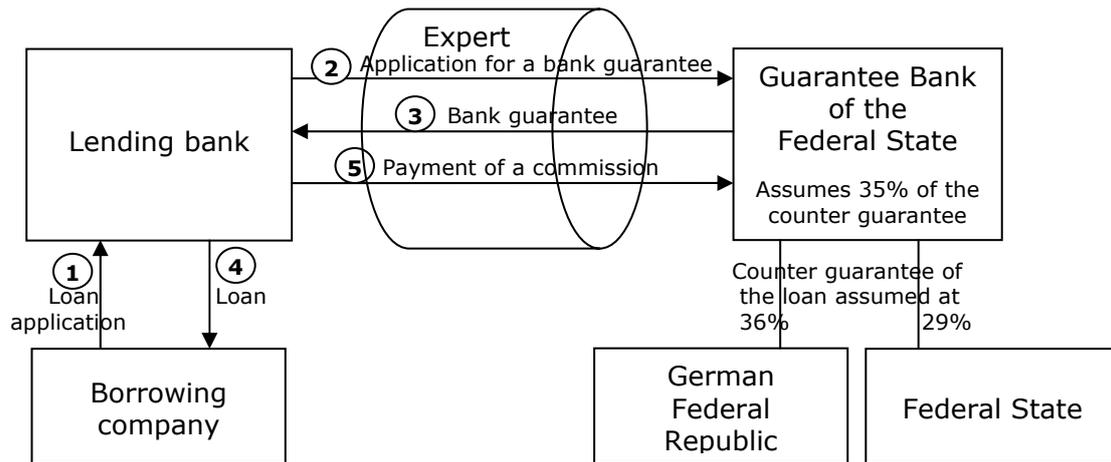


Figure 17: Landesbürgschaft Structure

## 7 Further Models

### 7.1 European Investment Bank Loan Framework (2003-2007)

The European Investment Bank (EIB) is the European Union’s long-term lending bank set up in 1958 by the Treaty of Rome. Its activities within the European Union are determined by the 6 priority objectives of its 2007-2009 Corporate Objective Plan (COP) which is the Bank’s rolling business plan:

- Cohesion and convergence
- Small and medium-sized enterprises (SMEs)
- Environmental sustainability
- Innovation 2010 Initiative (i2i)
- Trans-European Networks (TENs)
- Sustainable, competitive and secure energy

The EIB’s investment financing for media is eligible under Article 267 – Investment in innovation and content production in the audiovisual sector, in support of the Lisbon objectives. The benefit of EIB loans is mainly the low cost of funding passed on to clients of European banks.

In 2001, the EIB issued a call within the frame of the newly established i2i support of the MEDIA Programme. The aim of EIB was to sign framework agreements with as many European retail banks as possible to syndicate loans offered by these banks with additional loans coming from the EIB. The logic behind this measure was to increase the amount of credit offered to the European film industry.

Only two French banks, Coficiné and Cofiloisirs, made use of this support which resulted in 7 framework agreements signed between the EIB and either one of these banks between 2003 and 2007. After 2007, the EIB chose not to sign any further agreements in spite of the continued willingness of the two French banks to make use of this support. Reasons stated by the EIB were the limited number of banks that actually took advantage of the support measure as well as the excessive amount of administrative work on part of the support measure’s management. Long-term viability did not pan out in terms of a positive macro-economic impact for the European audiovisual industry as a whole.

Table 2 summarises the EIB’s Intermediated Lending Operations with pari-passu Risk Sharing model.

|   |  |
|---|--|
| Running period of the framework                     | Approval/disbursement of loans: End 2001 until mid 2008.<br>By end 2008, about two-third of the loans had been redeemed. Remainder to be redeemed over the next several years. |
| Number of framework agreements signed               | 7  |
| Number of agents which took advantage of the scheme | Only 2: Cofiloisirs (Groupe ABN Amro Neuflyze OBC, FR) and Natixis Coficiné (Groupe Natixis, FR)   |
| Amount of each framework agreement                  | About €20M   |
| Amounts lent over the period                        | Approx. €140M (7 frameworks, allocated in 6 years)   |
| Number of projects supported                        | 80 projects  |
| Aggregated production budget                        | Approx. €900M  |

|  |  |
|--|--|
| Approximate gearing ratio achieved         | 6.4  |
| Default amounts (as at end 2008)           | Some ten thousands of euros                              |
| Relative Level of default (as at end 2008) | Only minor partial defaults, on about 3% of the projects |

**Table 2: EIB credit syndication model**

The main reason for the lack of interest of European retail banks in this support measure is that, at the time when the support was started (beginning of the 2000s), banks had little need to leverage their business and did not see much benefits in taking part of their loans out of their balance sheet. Furthermore, with the use of structured finance instruments such as SWAPS, most European banks already had access to liquidities at relatively cheap rates which did not make the offer of EIB very attractive.

Coficiné and Cofiloisirs are in a different position. Indeed, these banks' activities are exclusively linked to the audiovisual industry. They are set-up as independent financial institutions. Therefore, their bank reserves are much more limited than those of the media unit of a bank like Deutsch Bank which can back any loan it grants with the overall bank reserves of Deutsche Bank. Cofiloisirs and Coficiné therefore have a clear interest in syndicating loans with the EIB because it enables them to channel an amount of loans potentially higher than their bank reserves would allow. Furthermore, in the case of bigger production companies running several high budget productions within a short period of time, Cofiloisirs and Coficiné have to syndicate with other banks in order not to risk an excessively high percentage of their bank reserves with one single client.

## **7.2 Bavarian Bank Fund (Bayerischer Bankenfonds - BBF)**

### **7.2.1 Presentation**

The BavarianBankFund (BBF) was established in 2000 a cooperation between four financial institutions based in Bavaria:

- Bayerische Landesbank (federal State-owned public bank);
- LfA Förderbank Bayern (regional development bank, owned by the federal State);
- HypoVereinsbank (retail bank, part of the UniCredit Group) and;
- Bankhaus Reuschel & Co (private bank, part of the Commerzbank Group).

Together, the four banks pulled together €10M in initial funding to create this revolving fund. Between 2000 and 2008, the fund has provided about €23M of loans for production distribution of feature-length films.

### **7.2.2 Principles and Conditions of the BBF**

The BBF provides conditionally repayable gap loans for the production and distribution of feature-length cinema films with a potential for commercial success. Films which apply have to already be supported by Bavaria's regional fund, FilmFernsehFonds Bayern – FFF provides subsidies to audiovisual projects with a Bavarian spend.

The fund's main aim is not to maximise profit but rather to preserve its capital in order to continue to provide access to gap loans at reasonable price to films being produced in Bavaria. In this sense it is a combination of a gap loan structure and of regional support. This is best illustrated by the fact that, although no completion bond is required, the interest rates offered are limited compared to the potential risk. Furthermore, the loans are conditionally repayable in the sense that interest payments end after the eighteenth month following the German opening of the financed film and that the obligation to make repayments ends as a rule ten years after the film's opening.

To compensate for the risk taken, the fund requires a back-end participation *pari passu* of its share in the film's budget. This way, the fund's upside is mainly linked to the commercial success of the projects it supports rather than to the financial service it provides.

The loan is provided through the LfA Förderbank. The requested loan can be up to 100% of the already issued FFF funding for the project. Loans are limited to a maximum of €1M for production funding and of €200K for distribution funding.

The loan is to be repaid after the priority recoupment of the own funds and deferred payments from the proceeds of domestic and foreign exploitation. The repayment of the loan will be made ahead of repayment of the public funding. After repayment of the loan, the BBF receives a back-end participation from the proceeds accruing to the producer *pro rata* for its financial participation in the project as a whole. To secure its share of the back-end, the fund requires a collection agent to be attached to the project.

### **7.2.3 Selection Procedure**

The decision over the gap loan is taken by the Bank Committee of the BBF based on a recommendation from the FFF Allocation Committee. Each of the banks represented in the BBF appoints one representative to the Bank Committee, each with one vote. The Bank Committee's decisions require unanimity.

The president of FFF or his or her deputy chairs the bank committee. He or she has a right of consultation but no voting right. In addition, other members of the FFF staff, as well as up to two representatives of the FFF allocation committee, can be called upon to perform a consultative role. As a rule, the bank committee should convene within a week before the FFF allocation committee sitting. The FFF prepares the bank committee sittings.

## **7.3 FICA - Investment Fund for Cinema and Audiovisual Works**

If the Bavarian Bank Fund is mainly a credit instrument incorporating some elements of investment—namely the back-end participation—FICA goes one step further in this logic as it concentrates purely on investment without any credit element.

### **7.3.1 Introduction**

FICA is a €83M capital investment fund constituted as a special fund for cinematographic and audiovisual investment. It was set up as a closed fund based on a 2006 law with the purpose of channelling the investments which all main actors of the Portuguese terrestrial, cable and satellite TV industry should make in original Portuguese audiovisual production. Only such designated entities as well as Portuguese public institutions can invest in the fund.

The fund initiated its activity on 23 July 2007, which was when the first Assembly of participants took place and designated ESAF – Espírito Santo Fundos de Investimento Mobiliário, S.A, as the Fund's Management Entity and BES – Banco Espírito Santo, as its depository.

The Fund aims to invest in cinematographic, audiovisual, and multiplatform works, geared at their wider dissemination, in order to increase and improve the supply and potential value of these productions, with the final purpose of promoting and developing cinematographic and audiovisual arts. Furthermore, the Fund should invest with the aim to maximise return on investment.

The Fund's investment may be direct or indirect, through participation in the capital and funding of entities that have an object that is compatible with such investment and which present potential growth and valuation. Profit maximation can therefore be achieved through:

- profit sharing in the projects in which the Fund invests;
- valuation of the capital participations in the companies in which it invests.

The Fund has a duration of seven years, counted as of the beginning of its activity, of which the first five years corresponds to an investment phase and the remaining two years to a disinvestment phase. By decision of the Assembly of Participants, the Fund's duration may be extended.

### **7.3.2 Objectives**

FICA's has three general objectives and two specific objectives.

#### **a. General objectives**

1. To contribute to the promotion of the audiovisual sector in Portugal, in its cinematographic, television, and multiplatform realms, investing in independent production and other cinematographic and audiovisual activities, in order to quantitatively and qualitatively increase national production and co-production and value the assets of small and mid-size companies within the sectors connected to cinematographic production, independent television production, and the production of multiplatform works;
2. To contribute to the integrated development of the audiovisual sector, privileging interventions geared towards strengthening the sustainability of cinematographic and

audiovisual activities, strengthening the creative and competitive capacity of SMEs independent of their sector, and to improve the penetration on the international markets of the works produced or co-produced by these small and mid-size companies, thus increasing the sector's added value and business opportunities;

3. To constitute an instrument of public policy for the audiovisual sector, complementary relative to other entities and sources of funding and aid.

#### **b. Specific objectives**

1. To carry out investments capable of facilitating access by SMEs within the sector and respective independent production projects to other national or international, public or private, funding and partnerships, thus seeking, in this way, to share and mitigate the Fund's investment risk;
2. To contribute towards promoting greater proximity between the public and national cinematographic creations and, in general, greater notoriety and broadcasting of independent cinema and television productions, stimulating in that way, as well as through other means at its disposal, market growth and demand.

### **7.3.3 Fund Participants and capital subscribed**

Currently, the Fund reports capital in the amount of €83 million, integrally subscribed in cash, by the following entities:

#### **a. Portuguese State**

The Portuguese development agency for SMEs, IAPMEI – Instituto de Apoio às Pequenas e Médias Empresas e à Inovação, holds 40% of the Fund's capital (€33M). It is represented at the Assemblies of Participants by the National Film Institute, ICA - Instituto do Cinema e Audiovisual.

#### **b. Main Portuguese TV companies**

- ZON Multimédia (TV Cabo) which is Portugal's main cable and satellite broadcaster and ISP, with a 30% participation in the Fund's capital (€25M);
- SIC – Sociedade Independente de Comunicação which is a private TV broadcaster which holds 12% of the Fund's capital (€10M);  
TVI – Televisão Independente which is a private TV broadcaster with a 12% participation in the Fund's capital (€10M);
- RTP – Radiotelevisão Portuguesa which is Portugal's public TV broadcaster with 6% of the Fund's capital (€5M).

### **7.3.4 Fund Investment Types**

#### **a. Direct Investments**

The fund invests directly into films from development up to distribution taking a share of the copyright *pari passu* to its equity share in the budget.

#### **b. Indirect Investments**

The fund invests in audiovisual companies, in complementary groupings of companies or in funds that promote or invest in cinematographic, audiovisual or multiplatform productions. The fund's investment can take the form of shares of the company's capital. This capital intake may be followed by subsequent funding in ancillary or supplementary instalments of capital and loans.

The fund's indirect investments, whenever these are investments in companies, are based on multiannual production plans of the entities object of these investments, understood as mid- or long-term corporate strategies relative to the development and

production of a set of cinematographic or audiovisual works, set forth by an independent product.

Approval of the Fund's indirect investments requires the approval by the Assembly of Participants by two-thirds majority of the total votes of the Fund's participants.

### **7.3.5 Fund Investment Policy**

#### **a. Eligible works**

- Long fiction and animation feature films;
- Television documentaries;
- Fiction or animation television series or documentary series;
- Telefilms.

From development to commercial exhibition.

#### **b. Necessary requisites for the candidates to FICA investment**

Companies that wish to present projects for direct or indirect FICA investment are subject to the following requisites:

- The beneficiary companies must be registered in the Register of Cinematographic and Audiovisual Companies, kept by ICA and be independent production companies;
- The beneficiary companies are SMEs as defined by the European Commission;
- These companies have complied with their respective obligations towards the fund or ICA, and are in good standing with the tax authorities or social security.

#### **c. Breakdown of FICA's investment policy**

The breakdown of FICA's investments shall observe the following proportions of the fund's budget:

- Direct investments – 60% to 80%;
- Indirect investments – 20% to 40%.

#### **d. Investments to date**

Between the start of the fund's activity in September 2007 and December 2008, 21 projects and 3 companies were approved, for a total investment of €16.7M<sup>1</sup>.

The subtotal for direct investment in audiovisual projects was €5.3M and €11.4M were invested in the following companies:

- VC Filmes (€3.96M)
- Utopia Major Spot (€5.05M)
- Beactive II (€2.39M)

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<sup>1</sup> FICA, 2008. Projects approved by FICA, December 2008. Portugal

## E CASE STUDIES

### 1 Case Study 1: Bilateral Co-Production Interim Financed in One Country

#### 1.1 Presentation of the case

This case study presents the cashflow plan of a bilateral co-production between companies based in two different countries that are members of the MEDIA Programme. This feature film co-production was interim financed in one country. The co-production's cashflow plans for the pre-production and production phases as well as for the post-production and exploitation phases are reproduced in Chart 7 and Chart 8, respectively.

The lending bank dealt exclusively with the production company which was responsible for the acquisition of the majority of the film's budget – subsequently referred to as the borrowing company. The film was majority financed in Country A.

The film's budget was €1.7M. Its financing plan was structured as shown in Chart 6. Only a fraction of this funding was available at production start so that the borrowing company had no other alternative than to discount some of its contracts. As the film was being majority financed in Country A, the borrowing company chose to discount its main subsidy contracts and reached an agreement with its co-producer for receiving all of Eurimages support, making the discounting of this contract possible as well.

Hence, the contracts discounted were the following:

1. The production support subsidy which was provided by the national film institute of Country A; this contract was partly discounted during the pre-production phase and later fully discounted in the production phase;
2. The production support subsidy which was provided by a regional film fund from Country A;
3. The first two tranches (out of three) of the Eurimages production subsidy.

| Financing                       | Type              | Origine     | Amounts          | Proportion |
|---------------------------------|-------------------|-------------|------------------|------------|
| Production support              | Subsidy           | Country A   | 470.000          | 27%        |
| Development support             | Subsidy           | Country A   | 12.500           | 1%         |
| Regional support                | Subsidy           | Country A   | 300.000          | 17%        |
| Production support              | Subsidy           | Country A   | 89.579           | 5%         |
| TV co-production                | TV Deal           | Country A   | 24.800           | 1%         |
| TV pre-sale                     | TV Deal           | Country A   | 17.353           | 1%         |
| Theatrical and video MG         | Distribution Deal | Country A   | 30.000           | 2%         |
| i2i                             | Subsidy           | Country A   | 25.000           | 1%         |
| MEDIA Support                   | Subsidy           | Country A   | 22.500           | 1%         |
| <b>Total Country A</b>          |                   |             | <b>991.732</b>   | <b>57%</b> |
| Production support              | Subsidy           | Country B   | 300.000          | 17%        |
| Theatrical MG                   | Distribution Deal | Country B   | 10.000           | 1%         |
| TV pre-sale                     | TV Deal           | Country B   | 150.000          | 9%         |
| <b>Total Country B</b>          |                   |             | <b>460.000</b>   | <b>27%</b> |
| Sales Agent MG                  | Distribution Deal | Country A+B | 30.000           | 2%         |
| Eurimages                       | Subsidy           | Country A+B | 250.000          | 14%        |
| <b>Total other</b>              |                   |             | <b>280.000</b>   | <b>16%</b> |
| <b>Total financing</b>          |                   |             | <b>1.731.732</b> |            |
| <b>Total subsidies</b>          |                   |             | <b>1.469.579</b> | <b>85%</b> |
| <b>Total TV Deals</b>           |                   |             | <b>70.000</b>    | <b>4%</b>  |
| <b>Total Distribution Deals</b> |                   |             | <b>192.153</b>   | <b>11%</b> |

**Chart 6: Financing Plan of the Bilateral Production**

## 1.2 Validation Process of the Interim Loan

To validate the interim finance loan, the lending bank asked the borrowing company to provide the following documents:

1. Financing plan of the film along with all contracts and quotes;
2. All financing agreements (LOI, MoU, confirmations of the attribution of subsidies, etc.);
3. Contracts and MoU with all co-producers;
4. Documents linked to the copyright (author's contracts, options, etc.);
5. Detailed financial documents of the borrowing company for the previous year (balance sheet and income statement);
6. Bank details of the film's bank account;
7. Cashflow plan for all phases (pre-production, production, post-production and exploitation).

Further extra documents were requested based on some specificities of the project:

8. Letter signed by the co-producer from Country B confirming that all Eurimages support would be transferred to the account of the borrowing company; this was necessary because two tranches of the Eurimages support would be discounted;
9. Non-revocable agreement signed by the bank of the borrowing company that all funds transferred to the borrowing company's account corresponding to Eurimages' support would be transferred directly to the lending bank's account;
10. Non-revocable agreement signed by the two other institutions which contracts had been discounted (e.g. national film institute and regional film fund) that the subsidies would be transferred directly to the lending bank's account.

Once the project was greenlighted by the lending bank, a loan contract was signed between the lending bank and the borrowing company with the co-producer from Country B co-signing the contract. This whole process takes between 3 weeks and a month.

From this point, the lending bank transferred the funds to the film's bank account according to the cashflow plan (see Chart 7 and Chart 8). The borrowing company reported weekly to the lending bank and necessary adjustments to the cashflow plan were made on a regular basis. Any major adjustment would have had to be validated by the bank's decision committee.



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| FINANCING  | Type              | Origine     |                  | Discounted contracts | POST-PRODUCTION |               |               |               |              |                | EXPLOITATION  |                |
|--|-------------------|-------------|------------------|----------------------|-----------------|---------------|---------------|---------------|--------------|----------------|---------------|----------------|
|  |                   |             |                  |                      | Month 1         | Month 2       | Month 3       | Month 4       | Month 5      | Month 6        | Longer period |                |
| Production support   | Subsidy           | Country A   | 470.000          | 470.000              | 117.500         |               |               |               |              |                | 47.000        |                |
| Development support  | Subsidy           | Country A   | 12.500           |                      |                 |               |               |               |              |                |               |                |
| Regional support   | Subsidy           | Country A   | 300.000          | 300.000              | 100.000         |               |               |               | 33.333       |                | 33.333        |                |
| Production support   | Subsidy           | Country A   | 89.579           |                      |                 |               |               |               |              |                |               |                |
| TV co-production   | TV Deal           | Country A   | 24.800           |                      |                 |               |               |               | 3.720        |                | 2.480         |                |
| TV pre-sale  | TV Deal           | Country A   | 17.353           |                      |                 |               |               |               |              |                |               | 17.353         |
| Theatrical and video MG  | Distribution Deal | Country A   | 30.000           |                      |                 |               |               |               |              |                |               | 30.000         |
| i2i  | Subsidy           | Country A   | 25.000           |                      |                 | 17.500        |               |               |              |                |               | 7.500          |
| MEDIA Support  | Subsidy           | Country A   | 22.500           |                      |                 |               |               |               |              |                |               |                |
| Production support   | Subsidy           | Country B   | 300.000          |                      |                 |               |               |               |              |                |               |                |
| Theatrical MG  | Distribution Deal | Country B   | 10.000           |                      |                 |               |               |               |              |                |               | 10.000         |
| TV pre-sale  | TV Deal           | Country B   | 150.000          |                      |                 |               |               |               |              |                |               | 150.000        |
| Sales Agent MG   | Distribution Deal | Country A+B | 30.000           |                      |                 |               |               |               |              |                |               | 30.000         |
| Eurimages  | Subsidy           | Country A+B | 250.000          | 200.000              |                 |               | 50.000        |               |              |                | 50.000        |                |
| <b>TOTAL FINANCING</b>   |                   |             | <b>1.731.732</b> | <b>970.000</b>       | <b>229.895</b>  | <b>0</b>      | <b>17.500</b> | <b>83.333</b> | <b>3.720</b> | <b>137.771</b> |               | <b>244.853</b> |
| <b>CASHFLOW</b>  |                   |             |                  |                      |                 |               |               |               |              |                |               |                |
| EXPENSES   |                   |             | 1.705.085        |                      | 23.248          | 15.224        | 12.983        | 0             | 28.917       | 36.841         |               | 273.256        |
| CUMMULATED EXPENSES  |                   |             | 1.705.085        |                      | 1.337.865       | 1.353.088     | 1.366.071     | 1.366.071     | 1.394.988    | 1.431.829      |               | 1.705.085      |
| FINANCING TRANCHES   |                   |             | 1.731.732        |                      | 229.895         | 0             | 17.500        | 83.333        | 3.720        | 137.771        |               | 244.853        |
| CUMMULATED FINANCING   |                   |             | 1.731.732        |                      | 1.244.554       | 1.244.554     | 1.262.054     | 1.345.388     | 1.349.108    | 1.486.879      |               | 1.731.732      |
| REIMBURSEMENT OF CREDIT  |                   |             |                  |                      | -217.500        | 0             | 0             | -83.333       | 0            | -80.333        |               | 0              |
| CREDIT TRANCHES  |                   |             |                  |                      |                 | 40.000        | 0             |               |              |                |               |                |
| CREDIT BALANCE   |                   |             |                  |                      | 123.667         | 163.667       | 163.667       | 80.333        | 80.333       | 0              |               | 0              |
| <i>Maximum credit facility (for 180 days periods)</i>  |                   |             |                  |                      | 800.000         | 800.000       | 800.000       | 80.000        | 80.000       | 80.000         |               |                |
| FINANCIAL COSTS  |                   |             |                  |                      | 24              |               | 2.875         | 1.355         |              |                |               |                |
| - Handling fees (fixed fee)  |                   |             |                  |                      |                 |               |               |               |              |                |               |                |
| - Commission (1,5% of max. credit facility for pre-production, 1,1% after - based on 180 days periods) |                   |             |                  |                      |                 |               |               | 440           |              |                |               |                |
| - Interests (6,85%)  |                   |             |                  |                      | 24              |               | 2.875         | 915           |              |                |               |                |
| CUMMULATED AMOUNT  |                   |             |                  |                      | 22.417          | 22.417        | 25.292        | 26.647        | 26.647       | 26.647         |               | 26.647         |
| <b>CUMMULATED CASHFLOW</b>   |                   |             |                  |                      | <b>7.939</b>    | <b>32.716</b> | <b>34.357</b> | <b>33.002</b> | <b>7.806</b> | <b>28.403</b>  |               | <b>0</b>       |

Chart 8: Post-production and Exploitation Cashflow Plan of the Bilateral Co-production

## **2 Case Study 2: Quadripartite Co-Production Gap Financed in One Country and Interim Financed in the Two Countries**

### **2.1 Presentation of the case**

This case study presents the financing plan and the details the interim finance structure of a quadripartite co-production between companies based in four different countries that are members of the MEDIA Programme. The budget of this film's co-production was €6.2M. Its financing plan and interim financing were structured as shown in **Fehler! Verweisquelle konnte nicht gefunden werden..**

Although the Consultant did not receive the cashflow plan, this project presents a number of specificities which are noteworthy in respect to how film banking can work out quite complex structures. Indeed, this project combined the following aspects:

1. Quadripartite co-production, which makes the financial structure quite complicated;
2. Participation of two banks in the interim financing of the production;
3. Provision by one bank of a country with a minimum share in the financing (Country D, 4% of the financing) of interim services to companies in other countries;
4. Presence of a gap loan in its financing (14% of the financing).

### **2.2 Interim Financing by the Bank of Country D**

During the pre-production phase, the producer of the production company of Country A (hereafter referred to as Company A) was put in touch with the bank of Country D (hereafter referred to as Bank D) by the intermediation of the company of Country D (hereafter referred to as Company D) which was already client of Bank D.

Based on the financing plan provided by Company A and on its analysis of the project and the company, Bank D agreed to discount a TV pre sale contract which Company A had in its country. This interim loan only lasted for the time necessary to fully close the film's funding, after which the TV pre sale contract was bought back by the bank of Country A (hereafter referred to as Bank A) to be included in the main interim finance deal between Company A and Bank A.

In the production and post-production phases, Bank D further discounted another TV pre-sale contract of Company A as well as the last two tranches of the Eurimages support. Furthermore, provided that Company A signs an agreement to cover part of the potential losses involved with the interim financing of contracts submitted by the production company of Country B (hereafter referred to as Company B), Bank D got involved with Company B. It discounted Country B's national film foundation's production support as well as a co-production and pre-sale deal with Country B's public broadcaster.

### **2.3 Interim Financing by the Bank of Country A**

Bank A provided Company A with two bank loans. Firstly, a gap loan amounting to 14% of the financial plan was granted based on sales estimates given by the international sales agent attached to the project.

Secondly, Bank A pulled together[consolidated] all subsidies of Country A as well as the pre-sale contract of Country A's public broadcaster to provide an interim finance loan on top of the gap loan.

## 2.4 Financing Plan and Interim Finance Structure for the Quadripartite Co-production

| Financing                   | Type       | Origine         | Amounts          | Proportion | Contracts discounted by:       | Bank Country D                |                            |                            | Bank Country A             |
|-----------------------------|------------|-----------------|------------------|------------|--------------------------------|-------------------------------|----------------------------|----------------------------|----------------------------|
|                             |            |                 |                  |            | Detail                         | To Company A (Pre-Prod phase) | To Company A (Prod. Phase) | To Company B (Prod. Phase) | To Company A (Prod. Phase) |
| Production support          | Subsidy    | Country A       | 1.300.000        | 21%        |                                |                               |                            |                            | 1.300.000                  |
| Production support          | Subsidy    | Country A       | 435.206          | 7%         |                                |                               |                            |                            | 435.206                    |
| MEDIA Support               | Subsidy    | Country A       | 50.000           | 0,8%       |                                |                               |                            |                            |                            |
| TV Pre sale                 | TV deal    | Country A       | 400.000          | 6%         | Taken over by bank Country A   | 400.000                       |                            |                            | 400.000                    |
| TV Pre sale                 | TV deal    | Country A       | 150.000          | 2%         |                                |                               | 150.000                    |                            |                            |
| Producer's investment       | Investment | Country A       | 24.607           | 0,4%       |                                |                               |                            |                            |                            |
| Gap loan                    | Gap        | Country A       | 850.000          | 14%        |                                |                               |                            |                            |                            |
| <b>Total Country A</b>      |            |                 | <b>3.209.813</b> | <b>52%</b> |                                |                               |                            |                            |                            |
| Production support          | Subsidy    | Country B       | 550.000          | 9%         | Last tranche (10%)             |                               |                            | 55.000                     |                            |
| TV co-production + pre-sale | TV deal    | Country B       | 550.000          | 9%         | Last tranche (10%)+VAT         |                               |                            | 69.520                     |                            |
| <b>Total Country B</b>      |            |                 | <b>1.100.000</b> | <b>18%</b> |                                |                               |                            |                            |                            |
| Private equity              | Investment | Country C       | 1.087.465        | 18%        |                                |                               |                            |                            |                            |
| Producer's investment       | Investment | Country C       | 37.425           | 0,6%       |                                |                               |                            |                            |                            |
| <b>Total Country C</b>      |            |                 | <b>1.124.890</b> | <b>18%</b> |                                |                               |                            |                            |                            |
| Development support         | Subsidy    | Country D       | 70.000           | 1%         |                                |                               |                            |                            |                            |
| Producer's deferment        | Investment | Country D       | 192.000          | 3%         |                                |                               |                            |                            |                            |
| <b>Total Country D</b>      |            |                 | <b>262.000</b>   | <b>4%</b>  |                                |                               |                            |                            |                            |
| Eurimages                   | Subsidy    | Country A+B+C+D | 500.000          | 8%         | 2 last tranches (20% each)     |                               | 200.000                    |                            |                            |
| <b>Total other</b>          |            |                 | <b>500.000</b>   | <b>8%</b>  |                                |                               |                            |                            |                            |
| <b>Total financing</b>      |            |                 | <b>6.196.703</b> |            | <b>Contracts discounted</b>    | <b>400.000</b>                | <b>350.000</b>             | <b>124.520</b>             | <b>2.135.206</b>           |
| <b>Total subsidies</b>      |            |                 | <b>2.905.206</b> | <b>47%</b> | <b>Maximum credit facility</b> | <b>300.000</b>                | <b>350.000</b>             | <b>124.520</b>             | <b>750.000</b>             |
| <b>Total TV Deals</b>       |            |                 | <b>1.100.000</b> | <b>18%</b> |                                |                               |                            |                            |                            |
| <b>Total investments</b>    |            |                 | <b>1.341.497</b> | <b>22%</b> |                                |                               |                            |                            |                            |
| <b>Gap loan</b>             |            |                 | <b>850.000</b>   | <b>14%</b> |                                |                               |                            |                            |                            |

Chart 9: Financing Plan and Interim Finance Structure for the Quadripartite Co-production

## **F CONCLUSIONS & RECOMMENDATIONS**

### **1 Conclusions**

#### **1.1 Introduction**

The conclusions drawn by this study are presented below:

1. by “country groupings” with reference to market size, film banking services found to be available, and quantitative data on country-specific production output (see Appendix 2)
2. as grouped bullet points of key issues raised during interviews with representatives of financial institutions as well as during the roundtable discussions in London on April 21<sup>st</sup> 2009

Please note again that this study was conducted from the point-of-view of financial institutions (banks, subsidiaries of banks, guarantee funds, etc.) engaged with the film industry, not from the point-of-view of the production sector. In that respect, “market size” here refers to the market size for film banking, which is a niche market with reference to the banking industry as a whole.

#### **1.2 Conclusions by Groups of Countries**

##### **1.2.1 Countries with a Developed Market for Film Banking**

- France
- United Kingdom
- Germany
- Spain
- Italy

##### **1.2.2 Countries with Financial Institutions Focused Primarily on Tax-Based Lending**

- Belgium
- Hungary
- Luxembourg
- Ireland

##### **1.2.3 Countries in which the Current Market Size Prohibits the Development of Film Banking Services**

- Austria
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark

- Estonia
- Finland
- Greece
- Iceland
- Latvia
- Liechtenstein
- Lithuania
- Netherlands
- Malta
- Norway
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Sweden
- Switzerland

## **1.3 Conclusions Based on Interviews & Roundtable Discussions with Financial Institutions**

### THE PRODUCTION SECTOR

- film production is a prototype business
- film banking is inherently linked to production levels, as projects represent the (potential) market for film banking services
- bank loans—whether for interim finance or working capital—are very difficult to access for small and many established production companies
- it is difficult for production companies to retain the IP rights of the films that they produce (assets) because these rights are typically licensed or mortgaged in order to finance the film
- film production—along with film banking and film sales—are primarily project- and fee-based businesses rather than company-based businesses
- many financial institutions have suggested that most European film producers do not fully understand the film business, specifically the sales and distribution side of the business and how that intersects with the banking industry

### THE MARKET FOR FILM BANKING

- there are “big ticket” corporate banks as well as boutique banks and specialized lending institutions (subsidiaries of banks, guarantee funds, etc.) all involved in film banking
- this sector is classed as “high risk” by most financial institutions
- additionally, the market size for film banking services is limited by production output and budget levels
- the back-office cost of film lending does not justify the return for many of the players
- productions budgeted at €1.2m start to become interesting for some financial institutions, but not the majority of them

- therefore, film industry expertise within financial institutions is rare making film banking a niche business

#### THE CURRENT STATE OF FILM BANKING SERVICES

- banks and subsidiaries of banks provide loans not equity capital; they take “no risk,” charge interest as well as a fee for their services, and expect full repayment within a specific period of time
- additionally, liquidity in the current economic climate is low with many financial institutions still present in the market but not actively lending
- in terms of interim financing loans, the current economic crisis has made valuing sales agent and distributor contracts very risky
- tax-based lending—while the most common film banking service—is complicated by gearing schemes and the “interpretability” of each country’s ever-changing tax laws
- gap financing is currently only on offer from a handful of banks mostly in Germany
- working capital loans for small and most established production companies are not available unless those companies have assets
- a few French and German financial institutions do provide development loans to small and established production companies, but the loan amounts are low
- while interest rates have been lowered, financial institutions are primarily seeking to leverage that to increase their own profit margins rather than to lend to producers at a lower rate

#### THE POTENTIAL FOR SYNDICATION

- cross-border collaboration between financial institutions (i.e. syndication) is usually not profitable for the institutions when lending to small and most established production companies
- many banks would rather not lend, then lend in syndication and split their fees with another institution
- additionally, financial institutions in one country typically do not lend to production companies based in another country primarily because of the lack of a cross-border legal framework for institutions to access and evaluate the financial track records of foreign production companies
- the European Investment Bank (EIB) is essentially a corporate bank—it can only issue direct loans for €25m or more; however, it has a mandate to support SMEs, which means it requires syndication partners in order to offer film banking services
- furthermore, in the past, the potential for the European Investment Bank to syndicate with a national bank to lend to SMEs has been hindered as most of the potential partners did not want to split their fees and would rather have turned down a loan application than share the transaction with EIB. However, in the current climate, this syndication opportunity with EIB might be more attractive to specialized lending institutions.
- however, cross-border lending to European production companies has occurred using the IFCIC loan guarantee

## THE POTENTIAL IN LEVERAGING LOAN GUARANTEES

- while syndication may not offer a solution to the lack of bank credit for production companies, loan guarantees might
- this study analyzed three 3<sup>rd</sup>-party guarantee mechanisms in Europe: Audiovisual SGR in Spain, the Landesbürgschaften in Germany, and IFCIC in France
- in operation for three years, Audiovisual SGR has provided guarantees for a range of film projects but their guarantees are presently capped at €600K and they are currently focused on the Spanish production sector
- while there are benefits to using the Landesbürgschaft guarantee in Germany, many cited this mechanism as being overly bureaucratic and unwieldy
- the French guarantor IFCIC has the longest track record in terms of providing guarantees and—since 2006—they have guaranteed loans for non-French, European co-productions through French financial institutions such as Coficiné, Cofiloisirs, and Fortis Mediacom Finance
- additionally, IFCIC has the potential to guarantee loans provided by non-French financial institutions
- one objection raised by non-French banks about the IFCIC guarantee is that it splits any losses pari passu with the lending bank: it is a risk-sharing mechanism rather than a 100% guarantee
- however, 3<sup>rd</sup>-party guarantees such as those provided by Audiovisual SGR, the Landesbürgschaften, and IFCIC do increase the access to loans on a project-by-project basis for production companies

## **2 Recommendations**

### **2.1 Introduction**

The following recommendations are aimed at addressing some of the major challenges that small and established film production companies in Europe are faced with in terms of accessing bank credit.

Bank credit is instrumental for independent producers since most pieces of the financing of a film (pre-sales, minimum guarantees, subsidies, tax incentives, private equity, etc.) are paid out in installments over the course of the production. This leaves producers with no other alternative than to cashflow these financing agreements through a financial institution in order to pay the production costs.

### **2.2 Three Recommendations**

Based on the models assessed and on the bank credit needs identified in this study, three recommendations can be formulated to guide the actions of the MEDIA Programme:

- 1) Develop a business training initiative for producers seeking to utilize film banking services

- 2) Contribute to the expansion of 3<sup>rd</sup>-party guarantee funds that guarantee film-related loans
- 3) Create a cross-border network of financial institutions to provide film banking services and/or a network of experts to evaluate film banking applications

## **2.3 Recommendation 1: Develop a Business Training Initiative**

During the interviews with financial institutions conducted for this study and the Roundtable discussions with these institutions in London, the issue was raised that most film producers do not fully understand the film business nor how it intersects with the banking sector. Creatively there is an understanding, but in terms of the sales and distribution side financial institutions have noted a lack of knowledge on the part of potential producer clients.

In order to address this lack, the MEDIA Programme could develop a business training initiative aimed at small production companies in Europe seeking to grow their businesses and take the next step toward financing higher-budget projects. Higher budgets (€1.2m and above) will require at least some involvement from a bank and this training initiative will work to make producers aware of what the financial institutions will be looking for in a project, their requirements, how these institutions operate, how to negotiate with them, and who the most suitable players to approach would be with respect to the producers' needs.

Further education is the key factor here. Creative producers who want to make the transition to producing higher-budget, commercial films with international appeal will have to redefine many of their ways of working and a training initiative designed to introduce them to the ins and outs of film banking will also assist them in addressing the commercial value of their projects: target market, sales potential, possible distributors, etc. In this way, the initiative will both inform producers how to develop a working relationship with a financial institution as well as support their search for sales and distribution partners for their project.

The business training initiative could be comprised of experts from banks, subsidiaries of banks, guarantee funds, law firms, accounting firms, completion bond companies, etc. The MEDIA Programme would select this panel of experts as well as issue a call for applications from emerging producers. The application should be project-based—either single projects or slates—and the producers would need to have a track record and be able to provide at least 2-3 years of company financials (balance sheets, turnover, etc.).

## **2.4 Recommendation 2: Contribute to Expansion of 3<sup>rd</sup>-Party Guarantee Funds**

The examples of IFCIC in France, of Audiovisual SGR in Spain, and of the Landesbürgschaften in Germany show that guarantees provided to financial institutions that offer film loans are a very effective mechanism in that they increase access to bank credit for production companies.

Indeed, such guarantees decrease the risk of the lending institution and therefore create a number of benefits:

- 1) The guarantee represents an incentive for the financial institution to be active in film banking since the guarantee lowers the institutions' risk
- 2) The presence of the guarantee causes the interest rate that the film company will have to pay for the loan to be lower since the loan will be rated as less risky by the lending institution
- 3) If this guarantee is provided by a fund with expertise in the film industry (such as IFCIC or Audiovisual SGR), it provides a very valuable second judgement on each project application. In some cases, this might protect the lending institution from negative experiences and keep it active in film banking over the long term
- 4) A fourth and very significant benefit of these guarantees is the gearing ratio they use in terms of the level of actual cash required on hand compared to the level of loan capital that they are able to guarantee. This base of cash is used as a lever to guarantee much higher loan amounts granted to the film industry. For instance, IFCIC uses a 5% failure ratio for its guarantee fund, which makes it possible for them to guarantee loan amounts up to 20 times the value of their actual cash on hand. Since they cover 50% of the loans granted by financial institutions for film production, it means that each euro invested in the guarantee fund of IFCIC generates 40 euros of bank credit for production companies.

However, the current situation in Europe is that only three countries have these guarantee funds: France with IFCIC, Spain with Audiovisual SGR, and Germany with several Landesbürgschaften focussing on the film industry (namely in North-Rhine Westphalia, Saxony-Anhalt, and Berlin-Brandenburg).

The German Landesbürgschaften do not seem to be widely used for the time being. The two main reasons mentioned by the German bankers interviewed are the paperwork involved in accessing these guarantees and the level of fees, which limits the profitability of such credits for banks already operating within a niche market.

In Spain, Audiovisual SGR—in spite of its relatively recent formation (created in 2006)—has already had a significant impact on the Spanish film banking landscape.

Finally, IFCIC has had a considerable impact on the development of film banking in France over the last 25 years. Furthermore, since 2006 it has negotiated with the CNC the possibility to allocate part of its fund to guarantee loans to non-French, European co-productions (see section 6.2.7). The success of this initiative proves that such a cross-border system is viable. Nevertheless, it should be noted that IFCIC aggregates the risk for its "non-French" guarantees with its main activities on French productions, making it possible to keep a high gearing ratio in order to guarantee loan amounts up to 20 times their actual cash on hand.

The underlying logic behind the set-up of such guarantee funds is that financial institutions pull their resources in order to mutualize their risks on loans. In the case of guarantee funds focussing on film, the government often contributes in part to these funds as a means of supporting its national film industry.

As described earlier, in most European countries there is a lack of involvement of financial institutions in film banking. One way of improving this situation would be for the MEDIA Programme to contribute to the expansion of one of these guarantee funds.

As a first step, MEDIA could elect to work with IFCIC or Audiovisual SGR by contributing a level of funding that either of these institutions would then leverage via their gearing ratio to increase the number and/or size of the guarantees that they can provide to production companies.

With regard to IFCIC, such a contribution by MEDIA would dovetail nicely with the CNC-supported initiative to stimulate lending by French financial institutions to non-French, European co-productions. To reinforce that activity and the cross-border impact that it has had on the European production sector would certainly be in line with MEDIA's objective to increase the access to bank credit for small and established production companies.

## **2.5 Recommendation 3: Create a Cross-Border Network of Financial Institutions and Experts**

In order to facilitate the access to loans for producers in countries with a less-developed film industry—and therefore a less-developed film banking sector—the MEDIA Programme could cultivate a network of financial institutions to provide film banking services and/or a network of experts to evaluate film banking applications on behalf of a “parent” bank.

While the most obvious form that this network could take would be a syndicate of banks from countries where there is a developed market for film banking, because of the competitive nature of the banking business such a syndicate of banks willing to collaborate and split their fees seems unlikely.

Add to that the difficulty in accessing company information across borders and the fact that many banks cannot “fish” for clients in countries where they have branch offices only further complicates this possibility. From the roundtable discussions it became clear that, in general, branch offices pursue their own in-house policy and there is little communication between say a British or German bank and its Spanish branch.

Based on this, a network of financial institutions would probably not include the “big ticket” corporate banks. However, boutique banks and specialized institutions could be interested in such a network.

Additionally, the MEDIA Programme could launch a call to setup a training program aimed at creating a network of film banking experts from countries with a less-developed film industry. This training would primarily target individuals in countries where no financial institution is offering banking services for film. Such a training program should include lecturers and/or mentors drawn from financial institutions that are active in film banking.

Individuals who go through this training would receive a certification enabling them to assess project-based applications from production companies seeking bank loans. The aim would be to develop a pool of experts and perhaps even to establish a “film bank” at the European level. This entity would not be a bank proper, but a specialized institution similar to Coficiné or Cofiloisirs—a “European Film Bank” that could potentially be utilized by production companies from any of the MEDIA countries.

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## APPENDICES

### Appendix 1: Country Codes

| <b>Country codes</b> | <b>Country</b>  |
|----------------------|-----------------|
| AT                   | Austria         |
| BE                   | Belgium         |
| BG                   | Bulgaria        |
| CH                   | Switzerland     |
| CY                   | Cyprus          |
| CZ                   | Czech Republic  |
| DE                   | Germany         |
| DK                   | Denmark         |
| EE                   | Estonia         |
| ES                   | Spain           |
| FI                   | Finland         |
| FR                   | France          |
| GB (or UK)           | United Kingdom  |
| GR (or EL)           | Greece          |
| HR                   | Croatia         |
| HU                   | Hungary         |
| IE                   | Ireland         |
| IS                   | Iceland         |
| IT                   | Italy           |
| LI                   | Liechtenstein   |
| LT                   | Lithuania       |
| LU                   | Luxemburg       |
| LV                   | Latvia          |
| MT                   | Malta           |
| NL                   | The Netherlands |
| NO                   | Norway          |
| PL                   | Poland          |
| PT                   | Portugal        |
| RO                   | Romania         |
| SE                   | Sweden          |
| SI                   | Slovenia        |
| SK                   | Slovakia        |

## Appendix 2: Country Overviews

### 1 Austria

#### 1.1 Production Landscape

##### 1.1.1 Feature film production

**Table 3: Key film industry indicators for Austria**

| <b>Production</b>                                   |                    |      |      |
|---|--------------------|------|------|
| 2007 average production budget (source: Cineuropa)  | €3,100,000         |      |      |
| Number of film production companies (source: Kemps) | 244                |      |      |
| Feature film production                             | 2007               | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 14                 | 33   | 30   |
| 100% national productions                           | 5                  | 21   | 17   |
| Maj. Co-productions                                 | 3                  | 12   | 7    |
| Min. Co-productions                                 | 6                  | 0    | 6    |
| <b>Distribution and cinema audience in 2007</b>     |                    |      |      |
| Number of films released                            | 302                |      |      |
| - including national films                          | 33                 |      |      |
| Market share national films                         | 1.80%              |      |      |
| Market share US films                               | 78.70%             |      |      |
| Market share European films                         | 21.30%             |      |      |
| Most successful national film                       | The Counterfeiters |      |      |
| Most successful international film                  | Ice Age            |      |      |
| Total admissions                                    | 15,700,000         |      |      |
| Average admission per inhabitant                    | 1.9                |      |      |
| Number of screens                                   | 579                |      |      |
| Average ticket price                                | €6.08              |      |      |
| Gross box office                                    | €105.00            |      |      |

Sources: Cineuropa, European Audiovisual Observatory, The Austrian Film Institute

32 Austrian feature film productions were released in 2007, of which 20 national productions, 5 majority co-production and 7 minority co-productions. The average production budget in 2007 was €3.1M<sup>2</sup>, ranging from films such as *Funny Games* (\$15M<sup>3</sup>) to films like *Days of the Devils* (€400,000<sup>4</sup>).

2007 marked a decrease both in terms of the level of production and of admissions compared to 2006. According to the Austrian Film Institute, the annual production value dropped to reach an estimated €135M (€149M in 2006). The admissions also declined with a minus of 11% to reach 15.7 million admissions (16.7 million in 2006).

The main national success was *The Counterfeiters* (original title *Die Fälscher*) produced by the Austrian company Joseph Aichholzer Filmproduktion and co-produced with Germany for an estimated budget of €4.2M<sup>5</sup>.

<sup>2</sup> Cineuropa

<sup>3</sup> imdb

<sup>4</sup> imdb

<sup>5</sup> www.imbd.com

### 1.1.2 Film production companies

It is difficult to estimate the exact number of film production companies in Austria. The Austrian Film Institute's website provides a database of 81 production companies but speaks in its "Film industry report" for 2007<sup>6</sup> about 2,026 production companies (including service companies). We used the estimation of the database Kemps<sup>7</sup> that lists 244 production companies.

7 companies produced at least one film per year between 2005 and 2007 (including documentaries): Lotus Film, Dor Film, Allegro Film, Coop 99, Wega Film and Amour Fou Filmproduktion.

**Table 4: Selective filmography of production companies in Austria which produced at least one film per year between 2005 and 2007**

| TITLE                                  | GENRE | RELEASED | COUNTRIES       | BUDGET     |
|--|-------|----------|-----------------|------------|
| <b>Amour Fou Filmproduktion</b>        |       |          |                 |            |
| Loos Ornamental                        | Doc.  | 2008     | AT              |            |
| Weisse Lilien                          | Feat. | 2007     | AT/DE/LU/HU     |            |
| Faceless                               | Feat. | 2007     | UK/AT           |            |
| Schindlers Häuser                      | Doc.  | 2007     | DE/AT           |            |
| Ezra                                   | Feat. | 2007     | FR/NG/USA/UK/AT | €1,600,000 |
| Jede siebte Mensch                     | Doc.  | 2006     |                 |            |
| It happende just before                | Feat. | 2006     | AT              | €200,000   |
| Perl oder Pica                         | Feat. | 2006     | LU              | €2,000,000 |
| Taxidermia                             | Feat. | 2006     | HU/AT/FR        | €1,750,000 |
| <b>Allegro Film</b>                    |       |          |                 |            |
| Dead in 3 Days 2                       | Feat. | 2008     | AT              | €2,000,000 |
| Let's make Money                       | Doc.  | 2008     | AT              |            |
| Turtle: The incredible Journey         | Doc.  | 2008     | UK/AT           |            |
| The reason why                         | Feat. | 2008     | AT              |            |
| Nuits d'Arabie                         | Feat. | 2007     | LU              |            |
| Dead in 3 Days                         | Feat. | 2006     | AT              | €2,000,000 |
| We feed the world                      | Doc.  | 2005     | AT              |            |
| <b>Coop 99</b>                         |       |          |                 |            |
| Mozart in China                        | Feat. | 2008     | AT/DE/CN        |            |
| Free Rainer                            | Feat. | 2007     | AT/DE           | €2,000,000 |
| Immer nie am Meer                      | Feat. | 2007     | AT              |            |
| Grbavica: The land of my Dreams        | Feat. | 2006     | AT/BA/DE/HR     |            |
| Falling                                | Feat. | 2006     | DE/AT           | €2,000,000 |
| Slumming                               | Feat. | 2006     | AT/CH/DE        |            |
| You bet your life                      | Feat. | 2005     | AT/CH           |            |
| <b>Dor Filmproduktionsgesellschaft</b> |       |          |                 |            |
| Love comes lately                      | Feat. | 2007     | DE/AT/USA       |            |
| The early years: Erik Nietzsche Part 1 | Feat. | 2007     | DK/IT/SE/AT/FR  |            |
| 42plus                                 | Feat. | 2007     | AT              |            |
| Freundschaft                           | Feat. | 2006     | AT              |            |
| Nitro                                  | Feat. | 2006     | AT/HU           |            |
| Lapislazuli - Im Auge des Bären        | Feat. | 2006     | AT/DE/LU        |            |
| Die Viertelliterklasse                 | Feat. | 2005     | AT              |            |

<sup>6</sup> Film Institut Österreich, 2008

<sup>7</sup> www.kftv.com

| <b>Joseph Aichholzer Filmproduktion</b>        |       |      |             |            |
|--|-------|------|-------------|------------|
| Heart of fire                                  | Feat. | 2008 | DE/IT/AT/FR |            |
| The Counterfeiters                             | Feat. | 2007 | AT/DE       | €4,200,000 |
| Guca!  | Feat. | 2006 | RS/BG/AT/DE |            |
| Rule of law: Justiz im Kosovo                  | Doc.  | 2006 | AT/RS       |            |
| Küss mich, Prinzessin!                         | Feat. | 2005 | AT          |            |
| <b>Lotus Film</b>                              |       |      |             |            |
| Malibrán Rediscovered: The romantic Revolution | Doc.  | 2008 | AT          |            |
| Übermorgen Nirgendwo                           | Feat. | 2008 | DE/HR/AT    |            |
| Free to leave                                  | Feat. | 2007 | AT/LU       |            |
| Über Wasser: Menschen und gelbe Kanister       | Doc.  | 2007 | AT/LU       | €2,000,000 |
| To the limit                                   | Doc.  | 2007 | DE/AT       |            |
| Kotsch   | Feat. | 2006 | AT          | €1,000,000 |
| Slumming                                       | Feat. | 2006 | AT/CH/DE    |            |
| <b>Wega Film</b>                               |       |      |             |            |
| For a moment, Freedom                          | Feat. | 2008 | AT/FR/TK    |            |
| Meine liebe Republik                           | Doc.  | 2007 | AT          | €500,000   |
| Deepfrozen                                     | Feat. | 2006 | LU/CH/AT    |            |
| Winter Journey                                 | Feat. | 2006 | DE          |            |
| Hidden   | Feat. | 2005 | FR/AT/DE/IT | €8,000,000 |

Sources: The Austrian Film Institute, Imdb

### 1.1.3 Public funding for film production

**Table 5: List of public funding institutions in Austria**

| <b>National institutions and funding bodies</b>        | <b>Budget (in €M)</b> |
|--|-----------------------|
| The Austrian Film Institut                             | 9.60                  |
| Federal Chancellery film and media department          | 1.29                  |
| Austrian Television Fund                               | 7.50                  |
| ORF Film/Fernseh-Abkommen                              | 5.96                  |
| <b>Regional institutions and public funding bodies</b> | <b>Budget (in €M)</b> |
| Filmfonds Wien   | 8.00                  |
| Niederösterreich                                       | 2.88                  |
| Oberösterreich   | 0.18                  |
| Cinstyria  | 1.50                  |
| Cine Tirol   | 0.90                  |
| Salzburg   | 0.65                  |
| <b>TOTAL</b>   | <b>38.46</b>          |

Sources: Korda, The Austrian Film Institute

The part of public funding in the budget of Austrian films is quite high, reaching an average of 75% of the film's budget in 2001. Today, the public funding represents two third of a film's budget (approximately 66%), which means a decrease of the proportion since the beginning of the 2000's<sup>8</sup>.

According to the Austrian Film Institute<sup>9</sup>, there was €52M available for film funding in 2007. The public funding comes from three main sources: the Austrian Film Institute, the Fernsehfonds Austria and the Federal Ministry for Education, Arts and Culture. State

<sup>8</sup> Film Institut Österreich, 2008. Filmwirtschaftsbericht 2008 – Facts and Figures 07. Austria

<sup>9</sup> Film Institut Österreich, 2008

funding is complemented by financial support from the Austrian public broadcaster (ORF) (€5,96M in 2007). There are also nine regional funds distributing funding based on economic and cultural criteria, the biggest being the Vienna Film Fund with €8M.

But besides this strong public support, there is no other source of financing or financial services in Austria available for film production companies. According to the Austrian Film Institute, "the difficulty for production companies to work continuously in the area of cinema film in a small market such as Austria, where no structures in support of film exist besides public grants, is illustrated by the number of companies that had at least one film new in cinemas in 2007. 18 production companies released one new film in cinemas. 6 companies released two or three films"<sup>10</sup>.

## 1.2 Banking Landscape

### 1.2.1 Overview of the banking landscape

**Table 6: Banking Landscape in Austria in 2005**

| <b>General data</b>                  |                |
|--------------------------------------|----------------|
| Inhabitants                          | 8 334 325      |
| Gross domestic product (in €M)       | 270 836        |
| Eurozone since                       | 1999           |
| <b>Bank profitability statistics</b> |                |
| Number of institutions               | 865            |
| Number of branches                   | 4266           |
| <b>Balance sheet</b>                 |                |
| <b>Assets (in €M)</b>                |                |
| Cash and balance with Central bank   | 5 967          |
| Interbanks deposits                  | 182 500        |
| Loans                                | 306 406        |
| Securities                           | 134 182        |
| Other assets                         | 20 619         |
| <b>Liabilities (in €M)</b>           |                |
| Capital and reserves                 | 36 670         |
| Borrowing from central bank          | 13 606         |
| Interbank deposits                   | 203 508        |
| Customer deposits                    | 252 519        |
| Bonds                                | 164 653        |
| Other liabilities                    | 47 191         |
| <b>End-year total</b>                | <b>718 147</b> |

Sources: Eurostat, European Commission, OECD Statistics

According to the OECD's statistics portal, there are 865 bank institutions in Austria and 4 266 branches. The previous sheet, based on OECD statistics, gives us an estimation of the Austrian banks profitability statistics (assets and liabilities) in 2005.

Most international banks are present in Austria.

<sup>10</sup> Film Institut Österreich, 2008

### **1.2.2 National banks with a wide European network and/or specialising on SMEs**

The Hypo Tirol Bank is one of the banks specialized in providing services to SMEs. In 2007, the European Investment Bank lent 20 million Euros to Hypo Tirol Bank to support projects carried out by SMEs. The EIB decided to cooperate with this financial institution because of its local market expertise to increase the access of SMEs to long-term financing.

The Raiffeisen Zentralbank is a co-operative bank based in Austria and operating in Central and Eastern Europe (Albania, Belarus, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Slovakia, Slovenia...). The Hungarian branch of Raiffeisen Bank was interviewed in the frame of this study (Kiss Agnes).

### **1.2.3 Film banking**

We contacted several Austrian institutions to obtain information on the topic:

- Media Desk (Gerlinde Seitner)
- Österreichisches Filminstitut (Roland Teichmann)
- Fachverband der Film- und Musikindustrie (Werner Müller)

According to the contacted persons, there is no bank involved in film financing in Austria. Currently, there are some talks with the Austria Wirtschaftsservice (AWS) to open a possibility for interim finance. The AWS is a public institution involved in SMEs financing focussing on five areas: creative industries, entrepreneurship, growth, internationalisation, and environment.

## 2 Belgium

### 2.1 Production Landscape

#### 2.1.1 Feature film production

**Table 7: Key film industry indicators for Belgium**

| <b>Production</b>                                   |                            |      |      |
|---|----------------------------|------|------|
| Number of film production companies (source: Kemps) | 220                        |      |      |
| Feature film production                             | 2007                       | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 33                         | 57   | 37   |
| 100% national productions                           | 10                         | 11   | 9    |
| Maj. Co-productions                                 | 7                          | 18   | 11   |
| Min. Co-productions                                 | 16                         | 28   | 17   |
| <b>Distribution and audience in 2007</b>            |                            |      |      |
| Number of films released                            | 463                        |      |      |
| - including national films                          | 9                          |      |      |
| Market share national films                         | 7.50%                      |      |      |
| Market share US films                               | 70.00%                     |      |      |
| Market share European films                         |                            |      |      |
| Most successful national film                       | Ben X                      |      |      |
| Most successful international film                  | Pirates of The Caribbean 3 |      |      |
| Total admissions                                    | 22,300,000                 |      |      |
| Average admission per inhabitant                    | 2.1                        |      |      |
| Number of screens                                   | 507                        |      |      |
| Average ticket price                                | €6.50                      |      |      |
| Gross box office                                    | €145M                      |      |      |

Sources: Cineuropa, European Audiovisual Observatory, Media Desk

58 Belgian films were released in 2007, of which 17 national films, 20 majority co-productions and 21 minority co-productions. The average budget was €886,568.

The admissions reached 22,300,000 in 2007 for a gross box office of €145M.

The main national success in 2007 was *Ben X*, a co-production between Belgium and the Netherlands produced by the Belgian company MMG Film & TV Production for a total budget of €1.5M.

In 2006, 19 feature films were qualified as Belgian films for a global production budget of €56.4M. The average budget in 2006 was €3M<sup>11</sup>.

<sup>11</sup> Media Desk

## 2.1.2 Film production companies

Among the 200 Belgian film production companies, 7 companies produced at least one film per year between 2005 and 2007: Artémis Productions, Banana Films, Entre Chien et Loup, MMG Film & TV production, Studio 100, Tarantula and Versus Production.

Apart from Studio 100 that uses to produce mainly national production, all these production companies regularly works with foreign countries in the frame of international co-productions, involving Luxembourg, France, Italy, Germany, the United Kingdom or the Netherlands.

**Table 8: Selective filmography of production companies in Belgium which produced at least one film per year between 2005 and 2007**

| TITLE                                    | GENRE | RELEASED | COUNTRIES            | BUDGET       |
|--|-------|----------|----------------------|--------------|
| <b>Artémis Productions</b>               |       |          |                      |              |
| Le Premier venu                          | Feat. | 2008     | FR/BE                |              |
| Nuits d'Arabie                           | Feat. | 2007     | LU                   |              |
| A Perfect Match                          | Feat. | 2007     | BE                   |              |
| Gone for a dance                         | Feat. | 2007     | BE/LU                |              |
| Have a Mercy on us all                   | Feat. | 2007     | FR                   |              |
| Vatänen's Hare                           | Feat. | 2006     | BE/BG/FR             |              |
| The Valet                                | Feat. | 2006     | FR/IT/BE             |              |
| Bunker Paradise                          | Feat. | 2005     | BE/FR                |              |
| Merry Christmas                          | Feat. | 2005     | FR/DE/UK/BE/RO       | \$22,000,000 |
| <b>Banana Films</b>                      |       |          |                      |              |
| Je l'aimais                              | Feat. | 2009     | FR                   |              |
| House of Boys                            | Feat. | 2009     | LU/DE/BE             |              |
| La Différence c'est que c'est pas pareil | Feat. | 2009     | FR                   | €2,820,000   |
| Red Ants                                 | Feat. | 2007     | BE/FR/LU             | €2,000,000   |
| Goodbye Bafana                           | Feat. | 2007     | DE/FR/BE/SA/IT/UK/LU | \$30,000,000 |
| Bye Bye Harry!                           | Feat. | 2006     | BE/DE/SK/UK          | \$6,000,000  |
| <b>Entre Chien et loup</b>               |       |          |                      |              |
| I Am from Titov Veles                    | Feat. | 2007     | SI/BE/FR             |              |
| Gomez & Tavarès, la suite                | Feat. | 2007     | BE/FR                |              |
| La Marea                                 | Feat. | 2007     | AR/BE                |              |
| Irina Palm                               | Feat. | 2007     | BE/LU/UK/DE/FR       | \$4,500,000  |
| Fair Play                                | Feat. | 2006     | FR                   |              |
| Daratt                                   | Feat. | 2006     | TD/FR/BE/AT          |              |
| Mr. Average                              | Feat. | 2006     | BE/FR/LU/CA/DE       |              |
| La raison du plus faible                 | Feat. | 2006     | BE/FR                |              |
| Comme t'y es belle                       | Feat. | 2006     | UK/LU/FR/BE          |              |
| Clejani                                  | Doc.  | 2005     | BE/FR/RO             |              |
| Miss Montigny                            | Doc.  | 2005     | BE/FR/UK/LU          |              |
| <b>MMG Film &amp; TV Production</b>      |       |          |                      |              |
| Cut Loose                                | Feat. | 2008     | BE                   |              |
| Ben X                                    | Feat. | 2007     | BE/NL                | €1,500,000   |
| Blind                                    | Feat. | 2007     | NL/BE/BG             | €3,000,000   |
| Stormforce                               | Feat. | 2006     | BE                   |              |
| Winky's Horse                            | Feat. | 2005     | BE/NL                | €1,692,193   |
| <b>Studio 100</b>                        |       |          |                      |              |
| Anubis: Het pad der 7 zonden             | Feat. | 2008     | BE/NL                |              |

|                                    |       |      |             |             |
|------------------------------------|-------|------|-------------|-------------|
| Hotel op Stelten                   | Feat. | 2008 | BE          |             |
| K3 en de kattenprins               | Feat. | 2007 | BE          |             |
| Plop en de pinguin                 | Feat. | 2007 | BE          |             |
| Piet Piraat en het vliegende schip | Feat. | 2006 | BE          |             |
| K3 en het ijsprinsesje             | Feat. | 2006 | BE          |             |
| <b>Tarantula</b>                   |       |      |             |             |
| Nowhere Man                        | Feat. | 2008 | BE          |             |
| L'amour caché                      | Feat. | 2007 | IT/LU/BE    | €4,500,000  |
| Private property                   | Feat. | 2006 | LU/BE/FR    |             |
| In a dark place                    | Feat. | 2006 | LU/UK       | \$5,000,000 |
| Congorama                          | Feat. | 2006 | CA/BE/FR    | \$5,000,000 |
| Battle in Heaven                   | Feat. | 2005 | MX/BE/FR/DE | €1,601,792  |
| <b>Versus Production</b>           |       |      |             |             |
| The Unspoken                       | Feat. | 2008 | BE          |             |
| Free Student                       | Feat. | 2008 | BE/FR       |             |
| Eldorado                           | Feat. | 2008 | BE/FR       |             |
| In the arms of my ennemy           | Feat. | 2007 | FR/BE/CA    |             |
| Cages                              | Feat. | 2006 | BE/FR       |             |
| Demented                           | Feat. | 2006 | FR          |             |
| Days of glory                      | Feat. | 2006 | AL/FR/MA/BE | €14,500,000 |

Sources: Imdb, Centre du Cinéma et de l'audiovisuel

### 2.1.3 Public funding for film production

**Table 9: List of public funding institutions in Belgium**

|   |                |
|---|----------------|
| National institutions and funding bodies        | Budget (in €M) |
| Vlaams Audiovisueel Fonds                       | 12.50          |
| Centre du Cinéma et de l'Audiovisuel            | 20.00          |
| Regional institutions and public funding bodies | Budget (in €M) |
| Wallimage                                       | 2.50           |
| Flanders Image                                  |                |
| Wallonie Bruxelles Images                       |                |
| <b>TOTAL</b>                                    | <b>35.00</b>   |

Source: Korda

Wallimage is the first source of public funding for film productions in the French Speaking Belgian community. Between 2001 and 2007, 50 films were supported by Wallimage, of which 27 were majority and 23 were minority Belgian co-productions. The total budget invested in the film production support over 6 years was €13,929,301. Wallimage supports film productions as well as studios and production companies. Until now, 8 companies were financed by Wallimage, including post production companies, studios and one intermediary company (Fast Forward). Fast Forward was created in 2003 as an intermediary for the Belgian Tax Shelter. Wallimage invested €60,000 in this company, that is to say 33% of the company's capital.

The Flanders Audiovisual Fund is the main source of public funding for film productions in Flanders. The FAV receives a €12.5M grant of the Flanders government, of which 78% is invested in production support.

## 2.1.4 Tax incentives

The Belgian Tax Shelter was created in 2002. It is a tax incentive meant to encourage the production of audiovisual works and films. This tax regime allows Belgian companies or Belgian subsidiaries of international companies wishing to invest by providing financial backing for audiovisual productions, to benefit from exemption of any retained taxable profits worth up to 150% of the sums actually paid with a maximum of 50% of their reserved taxable profits. The maximum investment allowed is €500K per year and per fiscal entity. The tax break can be spread over more than one year if insufficient profits are generated.

The project must involve a Belgian production company and the producer has to spend at least 150% of the investment in Belgium in the 18 following months. European films, animation, documentaries and TV projects are eligible.

The Belgian Tax Shelter system has led to the creation of numerous intermediary societies that play the role of intermediary between production companies and investors: Casa Kafka Pictures, Fast Forward, Fortis Film Fund, ING Tax Shelter Invest, Motion Investment Group, Scope Invest and Dexia. It is clear that the tax system influenced the financial landscape that exists today in Belgium and that will be described in the second part of this section.

## 2.2 Banking Landscape

### 2.2.1 Overview of the banking landscape

**Table 10: Banking landscape in Belgium in 2005**

|                                       |               |
|---------------------------------------|---------------|
| <b>General data</b>                   |               |
| Inhabitants                           | 10,584,534    |
| Gross domestic product (in € million) | 334,917       |
| Eurozone since                        | 1999          |
| <b>Bank profitability statistics</b>  |               |
| Number of institutions                | 54            |
| Number of branches                    | 9,207         |
| <b>Balance sheet</b>                  |               |
| <b>Assets (in € M)</b>                |               |
| Cash and balance with Central bank    | 7,896.005     |
| Interbanks deposits                   | 273,702.62    |
| Loans                                 | 385,478.106   |
| Securities                            | 297,550.197   |
| Other assets                          | 109,194.993   |
| <b>Liabilities (in € M)</b>           |               |
| Capital and reserves                  | 31,299.871    |
| Borrowing from central bank           | 485,523       |
| Interbank deposits                    | 390,785.551   |
| Customer deposits                     | 445,249.711   |
| Bonds                                 | 72,832.742    |
| Other liabilities                     | 133,168.506   |
| End-year total                        | 1,073,821.921 |

Sources: Eurostat, European Commission, OECD Statistics

According to OECD's statistics, there are 54 banks in Belgium and 9,207 branches.

The five major banks in 2006 were Fortis Bank, KBC Bank, Dexia Banque Belgique, ING Belgique and Argenta Spaarbank<sup>12</sup>.

## 2.2.2 Film banking

We contacted the following institutions to collect information on the topic and to conduct interviews:

- Media Desk French-speaking Community
- Media Desk Flemish Community
- Dexia (Thomas Verdcourt)

The market is dominated by "intermediary companies" that collect funds in the framework of the Tax Shelter in Belgium: Casa Kafka Pictures, Fast Forward, Le Pôle Image de Liège, Motion Investment Group, Scope Invest.

Three large banks, ING, Fortis and Dexia, have also started to be active on this market. According to Peter Bouckaert, Head of film production at Eyeworks Film & TV Drama and president of the Flemish Film Producers Union, "the fact that big banks are doing this will mean that investors will have more confidence"<sup>13</sup>. ING and Fortis products are based on a double investment scheme: a 40% loan and a 60% purchase of rights in the film.

But according to Thierry Leclercq from the Media Desk Belgique, because of the collapse of the international financial system, it is quite uncertain that there will be a real follow up on these activities from the banks.

### a. Fortis Film Fund

Fortis was active in banking, insurance and investment in the Benelux countries until 2007. It was one of the 20<sup>th</sup> largest businesses in the world by revenue in 2007 but most of the parts of the company were sold in 2007. In Belgium, Fortis's parts were sold to BNP Paribas.

Fortis launched a special product for film financing through the Fortis Film Fund and created a special sector with specialists of film financing to offer to investors an expertise of the market. It signed an agreement with Scope Invest, one of the leading intermediary companies.

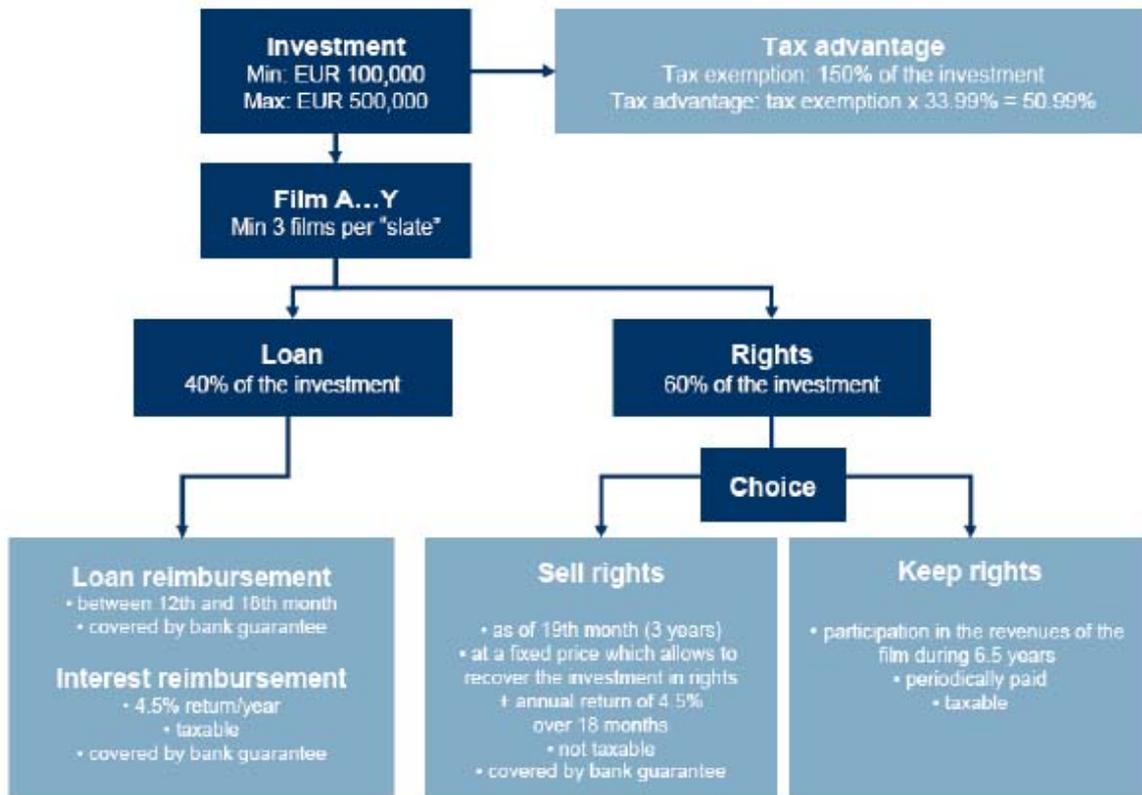
Fortis Film Fund is an investment structure dedicated to Belgian companies interested in investing in audiovisual projects to benefit of the tax advantage allowed by the Tax Shelter system. A few times a year, the fund invests collected amounts in a "slate" of films, selected by their potential to realise an attractive return for the investor. The slate allows to spread the investment over different projects to maximise the return. The investment consists of a 40% loan and a 60% purchase of rights in the films. Fortis Film Fund offers a guarantee of a minimum return.

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<sup>12</sup> Febelfin, Fédération belge du secteur financier. "Les banques en 2006. Données individuelles". Belgium.

<sup>13</sup> Mundell, Ian, May 2008. "Big banks build on Belgian tax shelter". USA: Variety (<http://www.variety.com/index.asp?layout=festivals&jump=features&id=3059&articleid=VR1117985781>)

**Figure 18: Scheme of Fortis Film Fund**



Source: Fortis<sup>14</sup>

The selected projects have to be Belgian or European co-productions with an important Belgian contribution, to have a minimum budget of €2.5M and to have 75% of the financing in place.

The following films were selected in the "Winter Slate 2007":

- *Mister Nobody* (CA/BE/FR), currently in production and to be released in 2009, for a total budget of \$47M.
- *Cineman*, a French co-production to be released in 2009
- *Les Enfants de Timpelbach*, a French co-production released in 2008 for a total budget of €13M.

## **b. ING Tax Shelter Invest**

ING was the first bank to launch its own product in the framework of the Tax Shelter. Like Fortis, the investment consists of a 40% loan and a 60% purchase of rights in the films. For the loan, the investor can choose a 6, 12 or 18 months period and will receive a 6,847% interest rate for a one year period. For the rights, he can receive the film's revenue for the five upcoming years from the release date. Box office doesn't affect ING'S return.

In December 2007, ING offered \$19.6M to 23 projects, from the Dardenne Brothers' *Lorna's Silence* (BE/FR/IT/DE) to the Jean-Claude Van Damme film *Codename: JCDV* (BE/LU/FR, budget: €10M).

<sup>14</sup> www.fortisbusiness.com

### **c. Dexia**

In May 2008, Dexia Bank signed an agreement with Casa Kafka Pictures to launch "Movie Tax Shelter". Dexia will manage the fund raising, the research of investors and the follow-up of the investments and Casa Kafka Pictures will manage the catalogue and the selection of projects.

### **d. Casa Kafka Pictures**

Casa Kafka Pictures is an intermediary company for Tax Shelter managed by RTBF (Radio et Television Belge Francophone). The RTBF management allows Casa Kafka Pictures to offer to investors a good expertise of the audiovisual sector by proposing only productions co-produced by the Belgian Television.

In May 2008, Casa Kafka Pictures signed an agreement with Dexia to launch a new product in collaboration: the "Movie Tax Shelter"

Casa Kafka Pictures financed the following productions among others:

- *Comme t'y es belle* (UK/LU/FR/BE) released in 2006 and produced by the Belgian company Entre chien et loup
- *Odette Toulemonde* (FR/BE), released in 2006 and produced by the Belgian company Antigone Cinéma
- *J'aurais voulu être un danseur* (BE/LU) released in 2007 and produced by the Belgian company Artémis Productions
- *Septième Ciel Belgique*, a TV serie released in 2005 and produced by the RTBF for a total budget of €8M

### **e. Fast Forward**

Fast Forward is a company created in 2003 to make the intermediary between producers and companies that want to invest in film productions to benefit from tax advantages. The public fund for film productions Wallimage invested €60,000 in the company at its creation.

### **f. Le Pôle Image de Liège**

The Liege Pôle Image is a competence network of Liege service providers in the audiovisual field. The Pôle Image created a Tax Shelter Department. "For each euro spent with one of our members, one euro is then provided by the Tax Shelter"<sup>15</sup>.

### **g. Motion Investemnt Group**

Motion Investment Group has developed a financial product based on the Belgian Tax Shelter law in order to raise funds from companies and invest them in audiovisual projects. Since October 2004, it has raised €65M and invested in 46 films worth over €450M<sup>16</sup>.

About 270 corporate entities have invested in Motion Investment Group, such as Ethias, CinéTélé Revue or Lunch Garden. Like the other intermediary companies, MIG provides a

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<sup>15</sup> [www.lepole.be](http://www.lepole.be)

<sup>16</sup> [www.migroup.be](http://www.migroup.be)

tax break of 150% of the funds invested, with an investment ceiling of €500,000 per year. It combines this tax break with bank guarantees to provide a safe minimum return to investors.

Motion Investment Group selects the projects are selected on their "strong potential return" and based its strategy on diversification with a "large basket of films"<sup>17</sup>.

Among the films MIG invested in:

- *Asterix at the Olympic Games* (2008), co-produced by France, Germany, Spain, Italy and Belgium for a total budget of €78M
- *Black Book* (2006) co-produced by the Netherlands, Germany and Belgium for a total budget of €17.80M
- *Fly me to the moon 3D* (2008), produced by the Belgian company nWave Pictures
- *Vinyan* (2008), co-produced by France, Belgium and the UK for a total budget of €4M

## **h. Scope Invest**

Scope invest is an intermediary company for Tax Shelter focused on SMEs. Since its creation in 2003, it has raised funds from 90 investors, investing an average of €100,000 per film<sup>18</sup> in more than 30 films. In 2007, Scope Invest's turnover was €1.034M.

Among the films Scope Invest invested in:

- *Mister Nobody* (CA/BE/FR), currently in production and to be released in 2009, for a total budget of \$47M.
- *Cowboy*, produced by the Belgian production company K2 SA for a total budget of €7.8M
- *Days of Glory*, a co-production between Algeria, France, Morocco and Belgium for a total budget of €14.5M

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<sup>17</sup> [www.migroup.be](http://www.migroup.be)

<sup>18</sup> Van Overstraeten, Mathieu, September 2005. "Les entreprises belges investissent dans le cinéma". La Libre Belgique ([http://www.lalibre.be/index.php?view=article&art\\_id=238790](http://www.lalibre.be/index.php?view=article&art_id=238790))

## 3 Bulgaria

### 3.1 Production Landscape

#### 3.1.1 Feature film production

**Table 11: Key film industry indicators for Bulgaria**

| <b>Production</b>                                   |                            |      |      |
|---|----------------------------|------|------|
| 2007 average production budget (source: Cineuropa)  | €700,000                   |      |      |
| Number of film production companies (source: Kemps) | 28                         |      |      |
| Feature film production                             | 2007                       | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 7                          | 10   | 7    |
| 100% national productions                           | 3                          | 3    | 4    |
| Maj. Co-productions                                 | 1                          | 2    | 2    |
| Min. Co-productions                                 | 3                          | 5    | 1    |
| <b>Distribution and cinema audience in 2007</b>     |                            |      |      |
| Number of films released                            | 171                        |      |      |
| - including national films                          | 5                          |      |      |
| Market share national films                         | 1.20%                      |      |      |
| Market share US films                               | 70.80%                     |      |      |
| Market share European films                         | 28.00%                     |      |      |
| Most successful national film                       | Time for Women             |      |      |
| Most successful international film                  | Pirates of The Caribbean 3 |      |      |
| Total admissions                                    | 2,500,000                  |      |      |
| Average admission per inhabitant                    | 0.3                        |      |      |
| Number of screens                                   | 113                        |      |      |
| Average ticket price                                | €2.70                      |      |      |
| Gross box office                                    | € 0.75 M                   |      |      |

Sources: Cineuropa, European Audiovisual Observatory

19 Bulgarian feature films were released in 2007, of which 10 national productions, 3 majority co-productions and 6 minority co-productions. The average budget in 2007 was €700,000.

The national productions released in 2007 reached a total amount of €3.5M (€3.86M in 2006). The main national success was *Time for women*, produced by Korund-X / Nikel-I. The Bulgarian co-productions reached a total budget of €11.95M in 2007, with a Bulgarian participation of €1.33M.

The admissions reached 2,500,000 in 2007 for a gross box office of €6.75M.

There were 17 non-national films produced or shot in Bulgaria in 2007.

#### 3.1.2 Film production companies

The database Kemps lists 28 Bulgarian film production companies. 5 companies produced at least one film per year between 2005 and 2007, including documentaries: Art Fest, Camera, Klas Film, Profilm and Nu Boyana Film Studio. This studio/production company is one of the leading stakeholders of the Bulgarian film industry. It produces many low-budget films as well as bigger productions such as the

co-production *Until Death* for a total budget of €15M. In 2005, Boyana Film Studios has been acquired by the Los Angeles-based production company Nu Image, which previously produced more than 60 feature films in Bulgaria. Before this acquisition, Boyana Film Studio was owned by the Bulgarian state, which sold it for \$7.4M to Nu Image<sup>19</sup>. The plan was to convert the studio as a major production center. Indeed, Boyana Film Studio is one of the few European film studios able to handle a full film production cycle, from pre-production to post-production.

**Table 12: Selective filmography of production companies in Bulgaria which produced at least one film per year between 2005 and 2007**

| TITLE   | GENRE | RELEASED | COUNTRIES    | BUDGET       |
|---|-------|----------|--------------|--------------|
| <b>Art Fest</b>                               |       |          |              |              |
| Which Way Today                               | Feat. | 2007     | BG           |              |
| Guca!   | Feat. | 2006     | SR/BG/AT/DE  |              |
| Lost and Found                                | Feat. | 2005     | BA/CS/BG     |              |
| <b>Camera</b>                                 |       |          |              |              |
| Captive                                       | Feat. | 2008     | BG/RU        |              |
| Nightmare City 2035                           | Feat. | 2007     | USA/BG       |              |
| Warden of the Dead                            | Feat. | 2006     | BG           |              |
| Hindemith                                     | Feat. | 2006     | BG           |              |
| Nosht i den                                   | Feat. | 2006     | BG           |              |
| The Ships are Full                            | Doc.  | 2005     | BG           |              |
| <b>Klas Film</b>                              |       |          |              |              |
| Blind   | Feat. | 2007     | NL/BE/BG     |              |
| Investigation                                 | Feat. | 2006     | BG/DE/NL     |              |
| Christmas Tree Upside Down                    | Feat. | 2006     | BG           |              |
| <b>Profilm</b>                                |       |          |              |              |
| A Farewell to Hemingway                       | Feat. | 2008     | BG           |              |
| The Hour of Our Unity                         | Doc.  | 2005     | BG           |              |
| About the Possibility of a life               | Doc.  | 2005     | BG           |              |
| Park za tantzuvashki mechki                   | Doc.  | 2005     | BG           |              |
| Recovery Rehearsal                            | Doc.  | 2005     | BG           |              |
| <b>Nu Boyana Film Studio / Nu Image Films</b> |       |          |              |              |
| Forecast                                      | Feat. | 2008     | BG           | €1,000,000   |
| Until Death                                   | Feat. | 2007     | UK/BG/DE/USA | €15,000,000  |
| Finding Rin Tin Tin                           | Feat. | 2007     | BG/USA       | \$9,000,000  |
| The final inquiry                             | Feat. | 2006     | IT/SP/USA/BG | €8,000,000   |
| Children of Wax                               | Feat. | 2005     | BG           | \$30,000,000 |

Sources: Imdb, Bulgarian Film Center

BNT is not an independent production company and hence was not included in the count, although it produced at least one film per year between 2005 and 2007. (see table below)

|   |       |      |             |  |
|---|-------|------|-------------|--|
| <b>BNT</b>  |       |      |             |  |
| The World is Big and salvation<br>Lurks around the corner | Feat. | 2008 | BG/DE/SI/HU |  |
| War Correspondent   | Feat. | 2008 | BG          |  |
| Seamstresses  | Feat. | 2007 | BG/USA      |  |
| My Wee Nothing  | Feat. | 2007 | BG          |  |
| The Northern Face of Sunflower                            | Doc.  | 2006 | BG          |  |
| The Prince and the Pauper                                 | Feat. | 2005 | BG          |  |
| Six women   | Feat. | 2005 | BG          |  |
| Park za tantzuvashki mechki                               | Doc.  | 2005 | BG          |  |
| Recovery Rehearsal  | Doc.  | 2005 | BG          |  |

<sup>19</sup> Ewin, Jack, 2006. "Bulgaria goes Hollywood". Germany: BusinessWeek

### 3.1.3 Public funding for film production

**Table 13: List of public funding institutions in Bulgaria**

| National institutions and funding bodies | Budget (in €M) |
|--|----------------|
| Bulgarian Film Center                    | 3.38           |
| Bulgarian National Television            | 3.11           |
| <b>TOTAL</b>                             | <b>6.49</b>    |

Source: Korda, Bulgarian Film Center

According to the Bulgarian Film Center<sup>20</sup>, there was €6.49M available for film funding in 2007 (€6.20M in 2006), coming from the Bulgarian Film Center and the Bulgarian National Television.

4 co-productions released in 2007 were supported by Euroimages: *Fly by Rossinant*, *Blind*, *Gucha! Distant Trumpet* and *The Belgrade Phantom*.

## 3.2 Banking Landscape

### 3.2.1 Overview of the banking landscape

According to the Bulgarian National Bank<sup>21</sup>, there are 24 licensed banks in the Republic of Bulgaria. The largest five banks are UniCredit Bulbank, DSK Bank, United Bulgarian Bank, Raiffeisenbank Bulgaria and Eurobank EFG Bulgaria.

The 6 branches of foreign banks in Bulgaria are Alpha Bank, BNP Paribas, ING Bank, City Bank, T.C. Ziraat Bankasi and Bank Leumi Romania.

By 31 December 2007 banking system total assets accounted for BNG 59.1 billion (€30 billion).

### 3.2.2 National banks with a wide European network and/or specialising on SMEs

A strong effort is made by the national banks and international branches since a few years to support the development of SMEs.

The Raiffeisenbank Bulgaria is one of the leading banks in financing small and mid-size enterprises in Bulgaria. In 2006, the bank opened 12 centres specialized in servicing SMEs and freelancers across Bulgaria. As against the end of 2006 loans in this segment grew by 95.24% to reach BNG 1,508M (€770M). Raiffeisenbank' Bulgaria has a marketshare of 10.53% in the country.

Bulgarian Development Bank, the successor of Encouragement Bank, was established in 2008 after the adoption of a special law by the Parliament of Bulgaria in April 2008. Its mission is to promote and to support the development of micro, small and medium-size enterprises. Bulgarian Development Bank's main activities are direct and indirect financing of Bulgarian SMEs, guarantees through establishment of a National Guarantee Fund, long term investment financing and risk capital financing.

<sup>20</sup> Bulgarian Film Center, 2008. Bulgarian Film Situation, 2008. Bulgaria

<sup>21</sup> www.bnb.bg

In 2006, the EBRD (European Bank for Reconstruction and Development) has lent €5M to the commercial bank Allianz Bulgaria to support the development of SMEs. The European Commission complemented this loan by a €1M grant for technical assistance and financial incentives. The aim of this programme was to facilitate SMEs' access to finance.

### **3.2.3 Film banking**

We contacted several Bulgarian institutions to obtain information about the topic:

- Media Desk (Kamen Baltanski)
- The Union of Bulgarian Filmmakers

It appeared that there is no bank specialized in film financing in Bulgaria. The main sources of film financing are the public ones. If a producer applies for a loan to finance a film's project, he has to apply personally on the basis of a private loan.

## 4 Croatia

### 4.1 Production Landscape

#### 4.1.1 Feature film production

**Table 14: Key film industry indicators for Croatia**

| <b>Production</b>                                   |           |      |      |
|---|-----------|------|------|
| 2007 average production budget (source: Cineuropa)  | €700,000  |      |      |
| Number of film production companies (source: Kemps) | 128       |      |      |
| Feature film production                             | 2007      | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 2         | 3    | 2    |
| 100% national productions                           | 0         | 0    | 1    |
| Maj. Co-productions                                 | 1         | 1    | 0    |
| Min. Co-productions                                 | 1         | 2    | 1    |
| <b>Distribution and audience in 2007</b>            |           |      |      |
| Market share national films                         | 9.10%     |      |      |
| Most successful international film                  | Twilight  |      |      |
| Total admissions                                    | 2,700,000 |      |      |
| Average admission per inhabitant                    | 0.6       |      |      |
| Number of screens                                   | 103       |      |      |
| Average ticket price                                | €3.92     |      |      |
| Gross box office                                    | €10.58    |      |      |

Sources: Cineuropa, European Audiovisual Observatory

9 films were produced in Croatia in 2007, including 4 national productions, 1 majority co-production and 4 minority co-productions.

According to Cineuropa's estimations, the average budget of a Croatian production was €700,000, ranging from low-budget documentaries like *Ulica Grafita* (€10,000) to American co-productions like *The Hunting Party* (\$25M).

The main recent national success was *What a Man without a Moustache* (2005), placed second on the annual box office.

#### 4.1.2 Film production companies

There are about 128 production companies in Croatia, of which 4 have sufficient financial assets to produce at least one film per year between 2005 and 2007: Inter Film, Jadran Film, Porta Produkcija and Propeler Film.

Most production companies focus on foreign co-productions. For instance, Jadran film co-produced with various countries such as the USA, Slovenia, Germany, Austria and Poland.

**Table 15: Selective filmography of production companies in Croatia which produced at least one film per year between 2005 and 2007**

| TITLE                           | GENRE | RELEASED | COUNTRIES            | BUDGET       |
|---------------------------------|-------|----------|----------------------|--------------|
| <b>Inter Film</b>               |       |          |                      |              |
| Will Not end Here               | Feat. | 2008     | HR/SB                |              |
| Behind the glass                | Feat. | 2008     | HR                   |              |
| Play my love song               | Feat. | 2007     | HR                   |              |
| The Recollection Thief          | Feat. | 2007     | HR                   |              |
| Crveno I crno                   | Feat. | 2006     | HR                   |              |
| Dva igraca s klupe              | Feat. | 2005     | HR                   |              |
| <b>Jadran Film</b>              |       |          |                      |              |
| Tractor, Love & Rock'n Roll     | Feat. | 2008     | SI/BA/HR             |              |
| Übermorgen Nirgendwo            | Feat. | 2008     | DE/HR/AT             |              |
| The Hunting Party               | Feat. | 2007     | USA/HR/BA            | \$25,000,000 |
| Rooster's Breakfast             | Feat. | 2007     | SI/HR                |              |
| Teah                            | Feat. | 2007     | BA/HR/PL/SI          | €1,500,000   |
| Grbavica: The Land of my dreams | Feat. | 2006     | AT/BA/DE/HR          |              |
| <b>Porta Produkcija</b>         |       |          |                      |              |
| Kino Lika                       | Feat. | 2008     | HR                   |              |
| The living and the Dead         | Feat. | 2007     | HR/BA                |              |
| Ulica grafita                   | Doc.  | 2007     | HR                   | €10,000      |
| All for free                    | Feat. | 2006     | BA/HR                |              |
| <b>Propeler Film</b>            |       |          |                      |              |
| The Border Post                 | Feat. | 2006     | UK/BA/HR/SI/HU/AT/MK | €1,200,000   |
| Buick Riviera                   | Feat. | 2008     | HR                   | €1,000,000   |
| All for free                    | Feat. | 2006     | BA/HR                |              |
| Odgrobadogroba                  | Feat. | 2005     | HR/SI                |              |
| Ulica grafita                   | Doc.  | 2007     | HR                   | €10,000      |

Source: Croatian Audiovisual Centre, Imdb

Hrvatska Radiotelevizija is not an independent production company and hence was not included in the count, although it produced at least one film per year between 2005 and 2007(see table below).

| <b>Hrvatska Radiotelevizija</b>        |       |      |          |  |
|--|-------|------|----------|--|
| Kino Lika                              | Feat. | 2008 | HR       |  |
| No One's Son                           | Feat. | 2008 | HR/SI    |  |
| Gdje pingvini lete                     | Feat. | 2008 | HR       |  |
| Three Stories About Sleeplessness      | Feat. | 2008 | HR       |  |
| Armin                                  | Feat. | 2007 | HR/BA/DE |  |
| Play my love song                      | Feat. | 2007 | HR       |  |
| True Miracle                           | Feat. | 2007 | HR       |  |
| I Have to Sleep, My Angel              | Feat. | 2007 | HR       |  |
| The Recollection Thief                 | Feat. | 2007 | HR       |  |
| Dobro jutro                            | Doc.  | 2007 | HR       |  |
| Moja susjeda Tanja                     | Doc.  | 2007 | HR       |  |
| The Melon Route                        | Feat. | 2006 | HR       |  |
| Dva igraca s klupe                     | Feat. | 2005 | HR       |  |
| Sto je muskarac bez brkova?            | Feat. | 2005 | HR       |  |
| Sto je Iva snimila 21. listopada 2003. | Feat. | 2005 | HR       |  |

### 4.1.3 Public funding for film production

**Table 16: List of public funding institutions in Croatia**

|   |                |
|---|----------------|
| National institutions and funding bodies        | Budget (in €M) |
| Croatian Audiovisual Centre                     | 3.75           |
| Croatia Film Office                             | n/a            |
| Ministry of Culture                             | 4.05           |
| Regional institutions and public funding bodies | Budget (in €M) |
| City of Zagreb                                  | 1.61           |
| TOTAL   | 9.41           |

Source: Korda

The Croatian Audiovisual Centre was created in January 2008 as a result of the new Act on Audiovisual Industries passed by the Croatian Parliament in July 2007. The new institution is in charge of supporting the growth of Croatia's audiovisual industry, including supporting productions, professional training and management of the system of public subsidies.

Since its creation, the Croatian Audiovisual Centre supported feature films production with a total amount of HRK 27,850,000 (€3.75M). Altogether, The Croatian Audiovisual Centre, The Ministry of Culture and the City of Zagreb granted around €9.41M per year.

## 4.2 Banking Landscape

### 4.2.1 Overview of the banking landscape

In 2007, there were 15 private domestic banks, 16 foreign owned banks and 2 State owned banks (owning 90.4% of total assets) in Croatia. The total assets of Croatian banks reached HRK345.1 billion in 2007 (€47,694M).

There are 33 licensed banks in Croatia. In 2000, the Top-5 Croatian banks were: Zagrebacka Banka, Privredna Banka Zagreb, Splitska Banka, Rijecka Banka and RaiffensenBank Austria.

Household loans represent the most important part of the structure of extended loans, with 50.4%, followed by corporate loans with 38.7%.

### 4.2.2 National banks with a wide European network and/or specialising on SMEs

The following foreign banks have main branche offices in Croatia: RaiffeisenBank, Bank für Kärnten und Steiermark, Commerbank Aktiengesellschaft, Deutsche Bank, Komercijalna Banks AD Beograd, LHB Internationale Handelsbank and Union des Banques Arabes et Francaises.

The main bank dedicated to SMEs financing is the Croatian Bank for Reconstruction and Development. It provides favourable terms and conditions of finance for the growth and development of SMEs pursuant to the Act on the Promotion of Small Enterprises. 31 Croatian banks co-operates on the Loan Programme for the Development of Private Small and Medium Businesses, including the Raiffeisenbank Austria in Zagreb.

### **4.2.3 Film banking**

We contacted the following Croatian institutions and figures to obtain information about the topic:

- Croatian Audiovisual Center
- Croatian Cinematographers Society
- Croatian Society of producers
- Igor Nola (producer)
- Damir Teresak (producer)

We obtained answers from Ankica Tilic (Croatian Society of producers) and from the producer Damir Teresak. Both answered that there is no bank involved in film financing in Croatia and that the practice to use banks for closing financing is not common in Croatia.

## 5 Cyprus

### 5.1 Production Landscape

#### 5.1.1 Feature film production

**Table 17: Key indicators for Cyprus**

| Production  |      |      |      |
|---|------|------|------|
| Number of film production companies (source: Kemps) | 25   |      |      |
| Feature film production                             | 2007 | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 4    | 1    | 3    |
| 100% national productions                           | 2    |      |      |
| Maj. Co-productions                                 | 1    | 1    | 2    |
| Min. Co-productions                                 | 1    | 0    | 1    |

Sources: Cineuropa, Media Desk Cyprus

In 2007, 4 films were produced in Cyprus, including 2 national films, 1 majority co-production (Khalass, co-produced with Morocco, Belgium, France and Lebanon) and 1 minority co-production.

The average budget was around €800,000 in 2007.

#### 5.1.2 Film production companies

According to the Cypriot Media Desk, there are about 25 production companies in Cyprus, the majority dealing with commercials and TV productions. The most active film production companies are Tetraktys Film Productions, Roads and Oranges Film Productions, Lychnari Productions LTD, Lumiere Services and Art Images. No production company fulfills the criteria of having produced at least one film per year between 2005 and 2007.

Only the Cyprus Broadcasting Corporation released 3 productions over the last 2 years (2 in 2008 and 1 in 2007).

**Table 18: Selective filmography of production companies in Cyprus which produced at least one film per year between 2005 and 2007**

| TITLE  | GENRE | RELEASED | COUNTRIES |
|--|-------|----------|-----------|
| <b>Cyprus Broadcasting Corporation</b>           |       |          |           |
| The Night Fernando Pessoa Met Constantine Cavafy | Doc.  | 2008     | GR/PT/CY  |
| The last Homecoming                              | Feat. | 2008     | CY        |
| Giorgos Seferis, the Poet in the Land of Eclipse | Doc.  | 2007     | CY/GR     |

Source: Imdb

#### 5.1.3 Public funding for film production

**Table 19: List of public funding institutions in Cyprus**

| National institutions and funding bodies | Budget (in €M) |
|--|----------------|
| Cinema Advisory Committee                | 0.88           |
| <b>TOTAL</b>                             | <b>0.88</b>    |

Source: Korda

## **5.2 Banking Landscape**

### **5.2.1 Overview of the banking landscape**

There are around 16 banks in Cyprus. The 4 leading banks are Bank of Cyprus, Central Bank of Cyprus, Marfin Laiki Bank and Hellenic Bank.

### **5.2.2 National banks with a wide European network and/or specialising on SMEs**

Some foreign banks are present in Cyprus, including BNP Paribas, Societe Generale Cyprus or more particularly the Greek institutions Hellenic Bank and Alpha Bank – the latter operates through a network of 700 branches. Alpha Bank is for example present in Romania, Serbia, Albania, Bulgaria and Macedonia.

The Cyprus Development Bank is the main bank specialising on SMEs services. The bank is involved in European Union Programmes since the 1990s in order to implement SMEs' access to financing. In 2005, the Cyprus Development Bank signed an agreement with Kfw Bankengruppe for a 10-year loan of €15M to implement a credit programme for SMEs. The financing is granted in the form of long-term loans varying from 5 to 15 years. The Cyprus Development Bank also created a "Centre for SMEs"<sup>22</sup> dedicated to supporting SMEs. This centre provides medium and long-term loans, venture loans, current accounts, revolving facilities and trade finance.

### **5.2.3 Film banking**

Our information about the involvement of banks in the film industry were provided to us by the Media Desk of Cyprus. According to the Media Desk and to our desk research, there are no banks involved in film financing in Cyprus.

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<sup>22</sup> [www.cdb.com.cy](http://www.cdb.com.cy)

## 6 Czech Republic

### 6.1 Production Landscape

#### 6.1.1 Feature film production

**Table 20: Key film industry indicators for Czech Republic**

| <b>Production</b>                                   |                |      |      |
|---|----------------|------|------|
| 2007 average production budget (source: Cineuropa)  | €100,000       |      |      |
| Number of film production companies (source: Kemps) | 152            |      |      |
| Feature film production                             | 2007           | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 21             | 33   | 30   |
| 100% national productions                           | 13             | 25   | 16   |
| Maj. Co-productions                                 | 4              | 1    | 4    |
| Min. Co-productions                                 | 4              | 7    | 10   |
| <b>Distribution and audience in 2007</b>            |                |      |      |
| Number of films released                            | 217            |      |      |
| - including national films                          | 28             |      |      |
| Market share national films                         | 35.20%         |      |      |
| Market share US films                               | 65.00%         |      |      |
| Market share European films                         | 8.00%          |      |      |
| Most successful national film                       | Holiday Makers |      |      |
| Most successful international film                  | Ice Age 2      |      |      |
| Total admissions                                    | 12,800,000     |      |      |
| Average admission per inhabitant                    | 1.12           |      |      |
| Number of screens                                   | 113            |      |      |
| Average ticket price                                | €3.23          |      |      |
| Gross box office                                    | €41.34         |      |      |

Sources: Cineuropa, European Audiovisual Observatory

There were 23 films produced in Czech Republic in 2007, of which 18 national productions and 5 majority co-productions. The average budget, according to Cineuropa's estimations, was €100,000.

The main national success was *Holiday Makers*, produced by In Film Praha and Infinity Prague. The two national feature films *I served the King of England* and *Empties* were also very successful in Czech Republic, attracting respectively 850,000 and 1.2 million viewers<sup>23</sup>.

#### 6.1.2 Film production companies

Among the 152 Czech film production companies, 5 produced at least one film per year between 2005 and 2007: Axman Production, FAMU, Negativ, První veřejnoprávní, Total Helpart T.H.A..

<sup>23</sup> Czech Film Center, 2007. Catalogue 2007. Czech Republic

**Table 21: Selective filmography of production companies in Czech Republic which produced at least one film per year between 2005 and 2007**

| TITLE                                 | GENRE | RELEASED | COUNTRIES | BUDGET     |
|---------------------------------------|-------|----------|-----------|------------|
| <b>Axman Production</b>               |       |          |           |            |
| East Side Story                       | Doc.  | 2008     | CZ        | €146,000   |
| Nikdy nebylo lip                      | Doc.  | 2006     | BA/CZ     |            |
| Restart                               | Feat. | 2005     | CZ/FI     |            |
| Bionaut Films                         |       |          |           |            |
| Kdopak by se vlka bál                 | Feat. | 2008     | CZ        |            |
| The Life of Andrew Larver             | Feat. | 2007     | CZ        |            |
| The Source                            | Doc.  | 2005     | CZ        |            |
| Pátrání po Ester                      | Doc.  | 2005     | CZ        |            |
| <b>Negativ</b>                        |       |          |           |            |
| Ivetka a hora                         | Doc.  | 2008     | CZ        |            |
| Deti noci                             | Feat. | 2008     | CZ        |            |
| René                                  | Doc.  | 2008     | CZ        |            |
| Venkovský ucitel                      | Feat. | 2008     | CZ/FR/DE  |            |
| Citizen Havel                         | Doc.  | 2008     | CZ        |            |
| Marcela                               | Doc.  | 2007     | CZ        |            |
| Kupredu levá, kupredu pravá           | Doc.  | 2006     | CZ        |            |
| <b>První veřejnoprávní</b>            |       |          |           |            |
| The Karamazov Brothers                | Feat. | 2008     | CZ/PL     | €1,000,000 |
| East Side Story                       | Doc.  | 2008     | CZ        | €146,000   |
| It's Gonna Get Worse                  | Feat. | 2007     | CZ        |            |
| Hrubes a Mares jsou kamarádi do deste | Feat. | 2005     | CZ        |            |
| <b>Total Helpart T.H.A.</b>           |       |          |           |            |
| U me dobrý                            | Feat. | 2008     | CZ        |            |
| Medvídek                              | Feat. | 2007     | CZ        | €910,000   |
| Beauty in Trouble                     | Feat. | 2006     | CZ        |            |
| Afonka uz nechce pást soby            | Doc.  | 2005     | CZ        |            |

Sources: Imdb, Czech Film Center

Ceska televize is not an independent production company and hence was not included in the count, although it produced at least one film per year between 2005 and 2007. (see table below)

| <b>Ceska televize</b>  |       |      |          |            |
|------------------------|-------|------|----------|------------|
| Kdopak by se vlka bál  | Feat. | 2008 | CZ       |            |
| Guard No. 47           | Feat. | 2008 | CZ       |            |
| Ivetka a hora          | Doc.  | 2008 | CZ       |            |
| Sister                 | Feat. | 2008 | CZ       |            |
| Cinka Panna            | Feat. | 2008 | SI/HU/CZ |            |
| Male oslavy            | Feat. | 2008 | SK/CZ/IT | €800,000   |
| Goat Story             | Feat. | 2008 | CZ       |            |
| Bye Bye Shanghai       | Doc.  | 2008 | CZ/AR    |            |
| Deti noci              | Feat. | 2008 | CZ       |            |
| René                   | Doc.  | 2008 | CZ       |            |
| The Karamazov Brothers | Feat. | 2008 | CZ/PL    | €1,000,000 |
| Venkovský ucitel       | Feat. | 2008 | CZ/FR/DE |            |
| Citizen Havel          | Doc.  | 2008 | CZ       |            |
| East Side Story        | Doc.  | 2008 | CZ       | €146,000   |
| Václav                 | Feat. | 2007 |          |            |
| Chytte doktora         | Feat. | 2007 | CZ       |            |
| Mír s tuleni           | Doc.  | 2007 | CZ/IT    |            |

|  |       |      |       |          |
|--|-------|------|-------|----------|
| Dejiny Jaroslava Sabaty                          | Doc.  | 2007 | CZ    |          |
| Gyml   | Feat. | 2007 | CZ    |          |
| Maharal - tajemstvi talismanu                    | Feat. | 2007 | CZ    |          |
| Rules of Lies                                    | Feat. | 2006 | CZ    |          |
| Pleasant Moments                                 | Feat. | 2006 | CZ    | €600,000 |
| Ztracená dovolená                                | Doc.  | 2006 | CZ    |          |
| Grandhotel                                       | Feat. | 2006 | CZ    |          |
| Beauty in Trouble                                | Feat. | 2006 | CZ    |          |
| Indián a sestricka                               | Feat. | 2006 | CZ    |          |
| Fimfárum 2                                       | Feat. | 2006 | CZ/DE |          |
| Experti  | Feat. | 2006 | CZ    |          |
| Jeste ziju s vesákem, cepicí a pláčkou           | Feat. | 2006 | CZ    |          |
| <b>FAMU</b>                                      |       |      |       |          |
| Nase jediná jistota je, ze vsechno dobre dopadne | Doc.  | 2008 | CZ    |          |
| Palác Akropolis -> Akrác                         | Doc.  | 2008 | CZ    |          |
| Mír s tuleni                                     | Doc.  | 2007 | CZ/IT |          |
| The Life of Andrew Larver                        | Feat. | 2007 | CZ    |          |
| Kupredu levá, kupredu pravá                      | Doc.  | 2006 | CZ    |          |
| I've Got to Tell You                             | Doc.  | 2006 | CZ    |          |
| Ztracená dovolená                                | Doc.  | 2006 | CZ    |          |
| Marta  | Feat. | 2006 | CZ    |          |
| 18 shorts in 2008                                | Feat. | 2006 |       |          |
| 7 shorts in 2007                                 | Feat. | 2006 |       |          |
| 41 shorts in 2006                                | Feat. | 2006 |       |          |
| IN Film Praha                                    | Feat. | 2006 |       |          |
| Nestyda  | Feat. | 2008 | CZ    |          |
| At Your Own Risk                                 | Feat. | 2008 | CZ    | €950,000 |
| Úcastníci zájezdu                                | Feat. | 2006 | CZ    |          |

### 6.1.3 Public funding for film production

**Table 22: List of public funding institutions in Czech Republic**

| National institutions and funding bodies                           | Budget (in €M) |
|--|----------------|
| State Fund for the Support and Development of Czech Cinematography | 11             |
| <b>TOTAL</b>   | <b>11</b>      |

Source: Czech Film Center

The Czech State Fund for the Support and Development of Czech Cinema doubled its contribution to Czech Films in 2007.

## 6.2 Banking Landscape

### 6.2.1 Overview of the banking landscape

**Table 23: Banking landscape in Czech Republic in 2005**

| <b>General data</b>                   |               |
|---------------------------------------|---------------|
| Inhabitants                           | 10 259 017    |
| Gross domestic product (in € million) | 127 100       |
| Eurozone since                        |               |
| <b>Bank profitability statistics</b>  |               |
| Number of institutions                | 36            |
| Number of branches                    | 1 931         |
| <b>Balance sheet</b>                  |               |
| <b>Assets (in CZK M)</b>              |               |
| Cash and balance with Central bank    | 428 668.24    |
| Interbanks deposits                   | 419 178.628   |
| Loans                                 | 1 178 670.336 |
| Securities                            | 668 212.415   |
| Other assets                          | 212 629.24    |
| <b>Liabilities (in CZK M)</b>         |               |
| Capital and reserves                  | 302 795.209   |
| Borrowing from central bank           | 29 046.537    |
| Interbank deposits                    | 316 287.57    |
| Customer deposits                     | 1 850 339.2   |
| Bonds                                 | 245 252.016   |
| Other liabilities                     | 163 638.325   |
| End-year total                        | 2 907 358.859 |

Sources: Eurostat, European Commission, OECD Statistics

According to the OECD'S statistic portal, there are 36 bank institutions and 1,931 branches in Czech Republic.

The top 5 banks are:

- Ceskoslovenska Obchodni banka, owned by KBC Belgium (25.3% market share)
- Ceska Sporitelna, owned by Erste Group, Austria (22.4%)
- Komerční banka, owned by Société Générale, France (17.7%)
- HVB Bank Czech Republic, owned by Unicredito, Italy (6.6%)
- Commerzbank, owned by Commerzbank Germany (3.6%)<sup>24</sup>

### 6.2.2 National banks with a wide European network and/or specialising on SMEs

The Czech Republic has no independent national bank with a wide European network.

### 6.2.3 Film banking

We contacted the following institutions:

- Media Desk

<sup>24</sup> Banking System, The Czech Republic. 2006. 15th BACEE Central and East European Bank. Budapest.

- Audiovisual Producer's Association
- The Czech Film Chamber
- Barrandov Studios
- Negativ film studio
- Ministry of Culture
- Film CenterFilm Commission

There is no bank involved in film financing in Czech Republic, in spite of the importance of the country's film industry relative to its size.

## 7 Denmark

### 7.1 Production Landscape

#### 7.1.1 Feature film production

**Table 24: Key film industry indicators for Denmark**

| <b>Production</b>                                   |   |      |      |
|---|---|------|------|
| 2007 average production budget (source: Cineuropa)  | €2,600,000                                |      |      |
| Number of film production companies (source: Kemps) | 96  |      |      |
| Feature film production                             | 2007                                      | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 39  | 54   | 52   |
| 100% national productions                           | 26  | 29   | 23   |
| Maj. Co-productions                                 | 5   | 11   | 15   |
| Min. Co-productions                                 | 8   | 14   | 14   |
| <b>Distribution and audience in 2007</b>            |   |      |      |
| Number of films released                            | 676                                       |      |      |
| - including national films                          | 27  |      |      |
| Market share national films                         | 27%                                       |      |      |
| Market share US films                               | 58%                                       |      |      |
| Market share European films                         | 14%                                       |      |      |
| Most successful national film                       | Anja & Viktor: Flaming love               |      |      |
| Most successful international film                  | Harry Potter and the Order of the Phoenix |      |      |
| Total admissions                                    | 12,100,000                                |      |      |
| Average admission per inhabitant                    | 2.20                                      |      |      |
| Number of screens                                   | 394                                       |      |      |
| Average ticket price                                | €7.30                                     |      |      |
| Gross box office                                    | €88.33M                                   |      |      |

Cineuropa, European Audiovisual Observatory, The Austrian Film Institute

Since 2001, the national market share has increased up to 25% with more than 3 million admissions for Danish Films every year<sup>25</sup>. In 2007, 29 Danish films were released, of which 21 national productions, 5 majority co-productions and 3 minority co-productions. The average production budget for a Danish feature film is €2.6M.

The film *Anja & Viktor: Flaming love*, produced by the company Regner Grasten Film and released in 2007, established a new record of 300,000 tickets sold for a Danish film.

There were more than 12 million admissions in 2007, for a gross box office of €88.33M.

#### 7.1.2 Film production companies

Among the 96 production companies listed by the database Kemps, 7 production companies produced at least one film per year between 2005 and 2007: Cosmo Film, Final Cut Productions, M&M Productions, Nimbus Film Productions, Nordisk Film, Thura Film and Zentropa Entertainment.

<sup>25</sup> Danish Film Institute, 2008. Facts and Figures 2008. Denmark

Nordisk Film is the largest producer and distributor of electronic entertainment in the Nordic Region and is among the 100 leading independent film production companies in the European Union, with €449M revenue in 2007<sup>26</sup>.

Zentropa Entertainment is one of the largest Danish and Scandinavian film production companies, with an annual turnover that has reached \$30M<sup>27</sup>. Founded in 1992, it is owned at 25% by the two founders, Lars von Trier and Peter Aalbaek Jensen, at 25% by the employees and the last 50% were bought by Nordisk Film in February 2008. Zentropa has produced more than 70 international and Scandinavian films (features, co-productions as well as low-budget films). Zentropa expanded in Scandinavia and in Europe, establishing several production units and co-works with European companies.

**Table 25: Selective filmography of production companies in Denmark which produced at least one film per year between 2005 and 2007**

| TITLE  | GENRE | RELEASED | COUNTRIES      | BUDGET     |
|--|-------|----------|----------------|------------|
| <b>Cosmo Film</b>  |       |          |                |            |
| Shadow of the Holy Book  | Doc.  | 2007     | FI/DK/CH/DE    | €390,240   |
| The Golden Horns   | Feat. | 2007     | DK             |            |
| Smiling in a War Zone  | Doc.  | 2006     | DK             |            |
| Gasolin'   | Doc.  | 2006     | DK             |            |
| Oskar & Josefine   | Feat. | 2005     | DK             |            |
| <b>Final Cut Productions</b>   |       |          |                |            |
| Terribly Happy   | Feat. | 2008     | DK             |            |
| Everlasting Moments  | Feat. | 2008     | DK/FI/NO/SE/DE | €4,773,906 |
| Dolls: A Woman from Damascus   | Doc.  | 2007     | SY/DK          |            |
| Kunsten at græde i kor   | Feat. | 2006     | DK             |            |
| Fine & Mellow Productions  |       |          |                |            |
| Easy Skanking  | Feat. | 2006     | DK             |            |
| Rene hjerter   | Feat. | 2006     | DK             |            |
| Murk   | Feat. | 2005     | DK/UK          | €3,000,000 |
| <b>M &amp; M Productions</b>   |       |          |                |            |
| The Lost Treasure of the Knights<br>Templar III: The Mystery of the Snake<br>Crown | Feat. | 2008     | DK             |            |
| The Lost Treasure of the Knights<br>Templar II                                     | Feat. | 2007     | DK             |            |
| The Lost Treasure of the Knights<br>Templar  | Feat. | 2006     | DK             |            |
| True Spirit  | Feat. | 2005     | DK             |            |
| <b>Nimbus Film Productions</b>   |       |          |                |            |
| Flame & Citron   | Feat. | 2008     | DK/CZ/DE       | €6,000,000 |
| What No One Knows  | Feat. | 2008     | DK/SE          |            |
| Fighter  | Feat. | 2007     | DK             | \$300,000  |
| White Night  | Feat. | 2007     | DK             |            |
| When a Man Comes Home  | Feat. | 2007     | DK/SE          | \$400,000  |
| Cecilie  | Feat. | 2007     | DK             |            |
| Blodsband  | Feat. | 2007     | NO/DK          |            |
| Island of Lost Souls   | Feat. | 2007     | DK/SE/DE       | €5,200,000 |
| Afghan Muscles   | Doc.  | 2006     | DK             |            |
| Istedgade  | Feat. | 2006     | DK             |            |
| Prague   | Feat. | 2006     | DK             |            |

<sup>26</sup> www.nordiskfilm.com

<sup>27</sup> www.zentropa.dk

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|   |       |      |                |             |
|---|-------|------|----------------|-------------|
| The Prize of the Pole                             | Doc.  | 2006 | DK             | €645,000    |
| En Soap   | Feat. | 2006 | SE/DK          |             |
| <b>Nordisk Film</b>                               |       |      |                |             |
| Kærestesorger                                     | Feat. | 2008 | DK             |             |
| Kurt Turns Evil                                   | Feat. | 2008 | NO/DK          | \$3,400,000 |
| Comeback  | Feat. | 2008 | DK             |             |
| Worlds Apart                                      | Feat. | 2008 | DK             |             |
| Karla's World                                     | Feat. | 2007 | DK             | €2,200,000  |
| With Your Permission                              | Feat. | 2007 | DK/SE          |             |
| Room 205  | Feat. | 2007 | DK             | €800,000    |
| The Black Madonna                                 | Feat. | 2007 | DK             |             |
| Shrooms   | Feat. | 2007 | IE/DK/UK       |             |
| Miracle   | Feat. | 2006 | NO             | €1,700,000  |
| Nice to Meet You                                  | Doc.  | 2006 | DK             | €670,000    |
| Jar City  | Feat. | 2006 | IS/DE/DK       | \$2,900,000 |
| Ghosts of Cité Soleil                             | Doc.  | 2006 | DK/USA         |             |
| Clash of Egos                                     | Feat. | 2006 | DK             |             |
| Triple Dare                                       | Feat. | 2006 | DK             |             |
| Lotto   | Feat. | 2006 | DK             |             |
| Kill Your Darlings                                | Feat. | 2006 | SE/USA         |             |
| Tusenbrøder - Återkomsten                         | Feat. | 2006 | SE             |             |
| After the Wedding                                 | Feat. | 2006 | DK/SE          |             |
| Johnny Was  | Feat. | 2006 | UK             | \$4,300,000 |
| <b>Thura Film</b>                                 |       |      |                |             |
| Just Another Love Story                           | Feat. | 2007 | DK             | €3.209.000  |
| Outside Love                                      | Feat. | 2007 | DK             |             |
| Vikaren   | Feat. | 2007 | DK             |             |
| Forestillingen om et ukompliceret liv med en mand | Feat. | 2006 | DK             |             |
| The Sun King                                      | Feat. | 2005 | DK             | €2,340,000  |
| Too Fat Too Furious                               | Feat. | 2005 | NL/BE/UK       | €3,700,000  |
| <b>Zentropa Entertainment</b>                     |       |      |                |             |
| Allt flyter                                       | Feat. | 2008 | SE             | €2,320,000  |
| Through a Glass, Darkly                           | Feat. | 2008 | NO/DK          | €2,380,000  |
| Oneway-Ticket to Korsør                           | Feat. | 2008 | DK             |             |
| Fear Me Not                                       | Feat. | 2008 | DK             |             |
| Dancers   | Feat. | 2008 | DK/SE          |             |
| Go with Peace Jamil (2008)                        | Feat. | 2008 | DK             | €1,340,000  |
| Daisy Diamond                                     | Feat. | 2007 | DK             | €1.476.000  |
| Echo  | Feat. | 2007 | DK             |             |
| The Early Years: Erik Nietzsche Part 1            | Feat. | 2007 | DK/IT/SE/AT/FR | €4.066.000  |
| Just Like Home                                    | Feat. | 2007 | DK             | €2.280.000  |
| Hotel Tivoli                                      | Feat. | 2007 | ES/AR/DK/PT    |             |
| Island of Lost Souls                              | Feat. | 2007 | DK/SE/DE       | €5,230,000  |
| AFR   | Doc.  | 2007 | DK             |             |
| Hvordan vi slipper af med de andre                | Feat. | 2007 | DK             |             |
| Snuppet   | Feat. | 2006 | DK             |             |
| One to Another                                    | Feat. | 2006 | FR/DK          | €1,400,000  |
| Rezglibas II                                      | Feat. | 2006 | LV             |             |
| Life Hits   | Feat. | 2006 | DK             | €546,000    |
| When Children Play in the Sky                     |       | 2006 | IT/DK/IS/UK/IE |             |
| Red Road  | Feat. | 2006 | UK/DK          |             |

|                   |       |      |       |            |
|-------------------|-------|------|-------|------------|
| Princess          | Feat. | 2006 | DK/DE | €1,150,000 |
| Liv               | Feat. | 2006 | DK    |            |
| After the Wedding | Feat. | 2006 | DK/SE |            |
| En Soap           | Feat. | 2006 | SE/DK |            |
| We Shall Overcome | Feat. | 2006 | DK    |            |
| 1:1               | Feat. | 2006 | DK    |            |

Sources: Imdb, Danske NovelleFilm

### 7.1.3 Public funding for film production

**Table 26: List of public funding institutions in Denmark**

|   |                |
|---|----------------|
| National institutions and funding bodies        | Budget (in €M) |
| Dansk NovelleFilm                               | 3.00           |
| Regional institutions and public funding bodies | Budget (in €M) |
| Det Danske Filminstitute                        | 35.00          |
| Den Vestdanske Filmpulje                        | 1.85           |
| FilmFyn   |                |
| <b>TOTAL</b>                                    | <b>39.85</b>   |

Source: Korda

The Danish Film Institute is the main source of public funding in Denmark. It has supported 17 Danish films in 2007. The average Danish Film Institute's subsidy to a Danish Feature film is 31%<sup>28</sup>.

## 7.2 Banking Landscape

### 7.2.1 Overview of the banking landscape

**Table 27: Banking landscape in Denmark in 2005**

|                                       |               |
|---------------------------------------|---------------|
| <b>General data</b>                   |               |
| Inhabitants                           | 5,500,000     |
| Gross domestic product (in € million) | 226,500       |
| Eurozone since                        |               |
| <b>Bank profitability statistics</b>  |               |
| Number of institutions                | 104           |
| Number of branches                    | 1,975         |
| <b>Balance sheet</b>                  |               |
| <b>Assets (in DKK M)</b>              |               |
| Cash and balance with Central bank    | 204,543.297   |
| Interbanks deposits                   | 451,680.949   |
| Loans                                 | 1,341,831.461 |
| Securities                            | 611,036.026   |
| Other assets                          | 233,258.433   |
| <b>Liabilities (in DKK M)</b>         |               |
| Capital and reserves                  | 172,105.914   |
| Borrowing from central bank           |               |
| Interbank deposits                    |               |
| Customer deposits                     | 1,179,064.817 |
| Bonds                                 | 318,542.674   |

<sup>28</sup> Danish Film Institute, 2008. Facts and Figures 2008. Denmark

|                   |               |
|-------------------|---------------|
| Other liabilities | 449,273.422   |
| End-year total    | 3,002,934.947 |

Sources: Eurostat, European Commission, OECD Statistics

According to the OECD's statistics, there are 104 bank institutions and 1,975 branches in Denmark.

### **7.2.2 National banks with a wide European network and/or specialising on SMEs**

No Danish bank has a wide European network.

### **7.2.3 Film banking**

We contacted the following institutions:

- Media Desk
- Zeitgeist (Soren Juul Petersen)
- Danish Producer's Association
- Film Commission

There is one bank involved in film financing in Denmark: the Forstaedernes Bank, an independent bank based in Copenhagen. The Forstaedernes Bank is a medium-sized full-service commercial bank that developed a strong position within SMEs, residential and commercial real estate financing, asset consultancy services, structured products and investment credits. The Forstaedernes Bank is the 10<sup>th</sup> largest bank in Denmark on market cap and 6<sup>th</sup> on total assets<sup>29</sup>.

According to Forstaedernes Bank, the bank has 2% of its portfolio in "Entertainment Services". It does not have a special media department though. The bank appears as "banking services" in the credit of two Lars von Trier's films: *Manderlay* (2005) and *Dogville* (2003).

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<sup>29</sup> [www.forbank.dk](http://www.forbank.dk)

## 8 Estonia

### 8.1 Production Landscape

#### 8.1.1 Feature film production

**Table 28: Key film industry indicators for Estonia**

| <b>Production</b>                                   |                            |      |      |
|---|----------------------------|------|------|
| Number of film production companies (source: Kemps) | 53                         |      |      |
| Feature film production                             | 2007                       | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 10                         | 12   | 12   |
| 100% national productions                           | 8                          | 5    | 10   |
| Maj. Co-productions                                 | 2                          | 4    | 0    |
| Min. Co-productions                                 | 0                          | 3    | 2    |
| <b>Distribution and audience in 2007</b>            |                            |      |      |
| Number of films released                            | 145                        |      |      |
| - including national films                          | 12                         |      |      |
| Market share national films                         | 14.30%                     |      |      |
| Market share US films                               | 66%                        |      |      |
| Market share European films                         | 16.10%                     |      |      |
| Most successful national film                       | 186 kilometres             |      |      |
| Most successful international film                  | Pirates of The Caribbean 3 |      |      |
| Total admissions                                    | 1,627,257                  |      |      |
| Average admission per inhabitant                    | 1.21                       |      |      |
| Number of screens                                   | 67                         |      |      |
| Average ticket price                                | €4.46                      |      |      |
| Gross box office                                    | €7.14                      |      |      |

Sources: Cineuropa, European Audiovisual Observatory

28 Estonian film productions, including documentaries, were released between 2005 and 2007.

In 2007, there were a total of 1,627,257 admissions, of which 232,478 for domestic films and 1,394,779 for foreign films. The gross box office increased significantly between 2005 and 2007, to reach €7.14M in 2007, compared to €4.82M in 2005.

The main national success was *186 kilometres*, third position in the top ten 2007, after *Pirates of the Caribbean 3* and *Shrek the Third*. *186 Kilometres* was produced by the production company Kuukulgur Film and reached a gross box office of €333,304 for 73,336 admissions. Two other Estonian films were among the top ten 2007: *Georg*, co-produced by Estonia, Finland and Russia for a total budget of €2.09M (gross box office €206,345) and *Autumn Ball*, produced by three Estonian production companies (Homeless Bob Production, Kuukulgur Film and Tugev Tull Films)<sup>30</sup>.

#### 8.1.2 Film production companies

Among the 53 Estonian film production companies listed by the Kemps database, 4 companies produced at least one film per year between 2005 and 2007, or two films a year over two years: Allfilm, Exitfilm, Kuukulgur Film and Ruut Pictures.

<sup>30</sup> Estonian Film Foundation, 2007. Baltic Films Facts and Figures 2007. Estonia

**Table 29: Selective filmography of production companies in Estonia which produced at least one film per year between 2005 and 2007**

| TITLE                        | GENRE | RELEASED | COUNTRIES      | BUDGET      |
|------------------------------|-------|----------|----------------|-------------|
| <b>Allfilm</b>               |       |          |                |             |
| Georg                        | Feat. | 2007     | EE/FI/RU       | €2,091,778  |
| Nuga                         | Feat. | 2007     | EE             |             |
| The Singing Revolution       | Doc.  | 2006     | EE/USA         |             |
| Ruudi                        | Feat. | 2006     | EE/DE/FI       | €890,000    |
| <b>Exitfilm</b>              |       |          |                |             |
| The Visitor                  | Feat. | 2008     | FI/EE/DE/UK    | €1,200,000  |
| Taarka                       | Feat. | 2008     | EE             |             |
| Where Souls Go               | Feat. | 2007     | EE             |             |
| Vana daami visiit            | Feat. | 2006     | EE             |             |
| Men at Arms                  | Feat. | 2005     | EE             |             |
| <b>Kuukulgur Film</b>        |       |          |                |             |
| Vallankumous, jota ei tullut | Doc.  | 2008     | EE/FI          |             |
| Nazis and Blondes            | Doc.  | 2008     | EE/LV          |             |
| Sügisball                    | Feat. | 2007     | EE             |             |
| 186 Kilometers               | Feat. | 2007     | EE             |             |
| The Art of Selling           | Doc.  | 2006     | DK/EE/FI/LT/NL |             |
| <b>Ruut Pictures</b>         |       |          |                |             |
| Defenders of Riga            | Feat. | 2007     | LV             | \$3,500,000 |
| Vastutuulesaal               | Doc.  | 2007     | EE             |             |
| Sinimäed                     | Doc.  | 2006     | EE             |             |
| Hundi agoonia                | Feat. | 2006     | EE             | €130,000    |
| Fed Up!                      | Feat. | 2005     | EE             |             |

Sources: Imdb, Estonian Film Foundation

Eesti Televisioon is not an independent production company and hence was not included in the count, although it produced at least one film per year between 2005 and 2007. (see table below)

| <b>Eesti Televisioon</b> |       |      |       |          |
|--------------------------|-------|------|-------|----------|
| Mina olin siin           | Feat. | 2008 | EE/FI | €600,000 |
| Please vote for me       | Doc.  | 2007 | ZA/DK |          |
| Vana daami visiit        | Feat. | 2006 | EE    |          |
| Men at Arms              | Feat. | 2005 | EE    |          |

### 8.1.3 Public funding for film production

**Table 30: List of public funding institutions in Estonia**

| National institutions and funding bodies | Budget (in €M) |
|--|----------------|
| Estonian Film Foundation                 | 3.80           |
| Estonian Cultural Endowment              | 1.39           |
| Ministry of culture                      | 0.83           |
| <b>TOTAL</b>                             | <b>6.02</b>    |

Source: Korda, Estonian Film Foundation

The total public funding for film production in 2007 reached €6.02M, according to the Estonian Film Foundation's annual report<sup>31</sup>. The main source of public funding for film production is the Estonian Film Foundation, created in 1997 by the Government of

<sup>31</sup> Estonian Film Foundation, 2007. Baltic Films Facts and Figures 2007. Estonia

Estonian as a private legal institution. The Estonian Film Foundation is financed from state budget and for a total budget of €3.802M in 2007.

## **8.2 Banking Landscape**

### **8.2.1 Overview of the banking landscape**

There are 15 commercial banks operating in Estonia, with a total value of loans and leases approaching €18 billion in 2007. According to the Bank of Estonia (Eesti Pank)<sup>32</sup>, the total volume of bank's loan and leasing portfolio grew by 7.3% in 2008 and the banks operating in Estonia earned a net profit of EEK4 billion (€264M).

7 companies are licensed as credit institutions. In 2007, Hansapank had the most important market share of loans and housing loans, with 49 and 47%. Hansapank also had the biggest market share of consumer credit (67%) and deposits (54%).

### **8.2.2 National banks with a wide European network and/or specialising on SMEs**

Among the 15 commercial banks operating in Estonia, 8 are branches of international banks: DnB NORD Banka Estonia, Nordea Bank Estonia, Parex Banka Estonia, Scania Finans, Siemens Financial services, Svenska Handelsbanken AB Estonia and UniCredit Bank Estonia (merging of Bayerische Hypo- und Vereinsbank AG Tallin Branch).

The asset of credit institutions controlled by foreign banks accounted for nearly 100% of the total assets of banks operating in Estonia in 2007<sup>33</sup>.

Regarding the financing services to SMEs, AS Hansapank (Swedbank Group) participate to the European Investment Bank Programme "SME Finance Facility", dedicated to the support and the development of a strong and competitive SME sector in the new Member countries. EIB financed this programme through a global loan of €25M to local financial institutions.

### **8.2.3 Film banking**

We contacted the following institutions:

- Media Desk
- Estonian Film Foundation
- Estonian Film Producers Association
- Estonian Filmmaker's Union
- Exit Film

According to our desk researches and to the Managing Director of the Estonian Film Foundation, Marge Liiske, there no bank involved in film financing in Estonia on any level.

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<sup>32</sup> [www.eestipanl.info/frontpage/en/](http://www.eestipanl.info/frontpage/en/)

<sup>33</sup> Eesti Pangaliit, 2007. Estonian Economy and financial sector. Estonia

## 9 Finland

### 9.1 Production Landscape

#### 9.1.1 Feature film production

**Table 31: Key film industry indicators for Finland**

| <b>Production</b>                                   |                    |      |      |
|---|--------------------|------|------|
| 2007 average production budget (source: Cineuropa)  | €1,400,000         |      |      |
| Number of film production companies (source: Kemps) | 132                |      |      |
| Feature film production                             | 2007               | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 24                 | 26   | 31   |
| 100% national productions                           | 11                 | 13   | 12   |
| Maj. Co-productions                                 | 3                  | 4    | 3    |
| Min. Co-productions                                 | 10                 | 9    | 16   |
| <b>Distribution and audience in 2007</b>            |                    |      |      |
| Number of films released                            | 165                |      |      |
| - including national films                          | 14                 |      |      |
| Market share national films                         | 19.50%             |      |      |
| Market share US films                               | 55.30%             |      |      |
| Market share European films                         | 23.80%             |      |      |
| Most successful national film                       | Christmas Story    |      |      |
| Most successful international film                  | The Simpsons Movie |      |      |
| Total admissions                                    | 6,600,000          |      |      |
| Average admission per inhabitant                    | 1.3                |      |      |
| Number of screens                                   | 330                |      |      |
| Average ticket price                                | €7.80              |      |      |
| Gross box office                                    | €51.48M            |      |      |

Sources: Cineuropa, European Audiovisual Observatory

There were 16 Finnish films released in 2007, of which 10 national films, 4 majority co-productions and 2 minority co-productions. The average budget of a Finnish film production was €1.4M.

The total admissions in 2007 reached 6,600,000 for a gross box office of €51.48M.

The main national success was Christmas Story, produced by the Finnish production company Schnapper Films Oy for a total budget of €2.5M and a gross box office of €1.72M.

#### 9.1.2 Film production companies

It is difficult to estimate the number of production companies in Finland. Kemps's estimation lists 132 companies while the Journal of Statistics Finland<sup>34</sup> mentions over 600 production companies and about 1,700 full-time equivalent employees.

In 2006, there were 32 companies dealing with feature-length film for an annual turnover of €17M, 117 dealing with TV and documentaries, for a turnover of €34.5M, the

<sup>34</sup> Alanen, Aku, 2008. "The structure of Finnish Film production at enterprise level". Journal of Statistics Finland.

rest dealing with advertising, video and post-production, which are not taken into account in our estimations.

Among the 132 Finnish film production companies, 4 companies produced at least one film per year between 2005 and 2007: Blind Spot, Helsinki-filmi Oy, Kinoproduction Oy and MRP Matilda Röhr Productions Oy.

Most of the co-productions involving Finnish productions companies are Scandinavian co-productions with Norway or Sweden. The listed companies also regularly work with Estonian and Russian production companies.

**Table 32: Selective filmography of production companies in Finland which produced at least one film per year between 2005 and 2007**

| TITLE                                  | GENRE | RELEASED | COUNTRIES      | BUDGET     |
|--|-------|----------|----------------|------------|
| <b>Blind Spot</b>                      |       |          |                |            |
| Falling Angels                         | Feat. | 2008     | FI             | €1,184,000 |
| Maria Larsson's Everlasting Moment     | Feat. | 2008     | DK/FI/NO/SE/DE | €4,773,906 |
| Jungle of Dreams                       | Feat. | 2008     | FI             | €382,952   |
| The Rainbowmaker                       | Feat. | 2008     | FI/IT/RU/DE/NL | €2,618,000 |
| A Man's Job                            | Feat. | 2007     | FI             | €1,350,000 |
| Jade Warrior                           | Feat. | 2006     | FI/NL/CN/EE    | €2,700,000 |
| <b>Helsinki -filmi Oy</b>              |       |          |                |            |
| Tears of April                         | Feat. | 2008     | FI/DE/GR       | €1,500,000 |
| Mr. Governor                           | Doc.  | 2008     | SE/FI          |            |
| The Visitor                            | Feat. | 2008     | FI/EE/DE/UK    | €1,200,000 |
| Mina olin siin                         | Feat. | 2008     | EE/FI/TW       | €600,000   |
| Solstorm                               | Feat. | 2007     | SE/FI          |            |
| Ganes                                  | Feat. | 2007     | FI             | €1,420,571 |
| The Emperor's Secret                   | Feat. | 2006     | FI             | €825,000   |
| The Prince of Soap                     | Feat. | 2006     | FI             | €1,300,000 |
| <b>Kinoproduction Oy</b>               |       |          |                |            |
| Colorado Avenue                        | Feat. | 2007     | FI/SE          | €2,800,000 |
| The New Man                            | Feat. | 2007     | FI/SE          | €2,287,772 |
| Mystery of the Wolf                    | Feat. | 2006     | FI/SE/UK       | €1,900,000 |
| Winners and Losers                     | Feat. | 2006     |                | €2,600,000 |
| Onnen varjot                           | Feat. | 2005     | FI             | €1,150,000 |
| <b>MRP Matilda Röhr Productions Oy</b> |       |          |                |            |
| The Novelist                           | Feat. | 2008     | FI             | €1,200,000 |
| Georg                                  | Feat. | 2007     | EE/FI/RU       | €2,091,778 |
| Playing Solo                           | Feat. | 2007     |                | €1,200,000 |
| Quest For A Heart                      | Feat. | 2007     | UK/DE/RU/FI    | €6,000,000 |
| The Year of the Wolf                   | Feat. | 2007     | FI             | €1,500,000 |
| Ruudi                                  | Feat. | 2006     | EE/DE/FI       | €890,000   |

Source: Imdb, Finnish Film Foundation

### 9.1.3 Public funding for film production

**Table 33: List of public funding institutions in Finland**

|  |                |
|--|----------------|
| National institutions and funding bodies                   | Budget (in €M) |
| Finnish Film Foundation                                    | 11.87          |
| Centre for the Promotion of Audiovisual Culture in Finland | 1.57           |
| Regional institutions and public funding bodies            | Budget (in €M) |

|                                       |              |
|---------------------------------------|--------------|
| Northern Film und Media Centre (POEM) | 0.45         |
| <b>TOTAL</b>                          | <b>13.89</b> |

Source: Korda, Finnish Film Foundation  
The main source of public funding in Finland is the Finnish Film Foundation, with an annual budget of €11.87M dedicated film productions (from scriptwriting to distribution and marketing). In 2007, the Finnish Film Foundation distributed 14 subsidies for feature films, 3 for co-productions, 1 for a documentary, 20 for short documentaries, 9 for short films, 3 for TV series, 4 for animation shorts...

In 2000, the Finnish Film Foundation support for feature films represented on the average over 40% of the budget of each film. In 2006, it made up 22% and 33% in 2007<sup>35</sup>.

## 9.2 Banking Landscape

### 9.2.1 Overview of the banking landscape

**Table 34: Banking landscape in Finland in 2005**

| <b>General data</b>                   |                    |
|---------------------------------------|--------------------|
| Inhabitants                           | 5,200,000          |
| Gross domestic product (in € million) | 179,734            |
| Eurozone since                        | 1999               |
| <b>Bank profitability statistics</b>  |                    |
| Number of institutions                | 342                |
| Number of branches                    | 1,225              |
| <b>Balance sheet</b>                  |                    |
| <b>Assets (in € M)</b>                |                    |
| Cash and balance with Central bank    | 4,049.584          |
| Interbanks deposits                   | 53,386.198         |
| Loans                                 | 114,545.507        |
| Securities                            | 18,680.363         |
| Other assets                          | 36,341.366         |
| <b>Liabilities (in € M)</b>           |                    |
| Capital and reserves                  | 21,074.083         |
| Borrowing from central bank           | 3,261.909          |
| Interbank deposits                    | 32,430.295         |
| Customer deposits                     | 79,509.225         |
| Bonds                                 | 21,007.044         |
| Other liabilities                     | 69,720.461         |
| <b>End-year total</b>                 | <b>227,003.017</b> |

Sources: Eurostat, European Commission, OECD Statistics

There are 342 bank institutions and 1,225 branches in Finland. The specificity of the Finnish banking landscape is the large number of co-operative banks (more than 230) operating in a local region.

<sup>35</sup> Alanen, Aku, 2008. "The structure of Finnish Film production at enterprise level". Journal of Statistics Finland.

## **9.2.2 National banks with a wide European network and/or specialising on SMEs**

10 foreign banks have branches operating in Finland: Danske Bank, Skandinaviska Enskilda Banken, Handelsbanken, DnB NOR, Swedbank, Carnegie Investment Bank, Citybank, Deutsche Bank, Calyon and Forex Bank.

The local partner of the European Investment Bank in Finland for SME financing is Aktia Savings Bank. In 2005, EIB lent €25M to Aktia to support investments made by small and medium size enterprises. This agreement complemented existing relationships of EIB with other Finnish banks in support of SMEs, such as OKO Bank and Finnvera.

## **9.2.3 Film banking**

We contacted the following institutions:

- Media Desk
- The Finnish Chamber of Films
- The Finnish Film Foundation
- MRP Matila Röhr Productions Oy

There seems to be no banks specialised in film banking in Finland.

## 10 France

### 10.1 Production Landscape

#### 10.1.1 Feature film production

**Table 35: Key film industry indicators for France**

| <b>Production</b>                                   |             |      |      |
|---|-------------|------|------|
| Average production budget in 2006 (source: OBS)     | €5,270,000  |      |      |
| Number of film production companies (source: Kemps) | 657         |      |      |
| Feature film production                             | 2007        | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 196         | 200  | 200  |
| 100% national productions                           | 124         | 100  | 101  |
| Maj. Co-productions                                 | 29          | 59   | 50   |
| Min. Co-productions                                 | 43          | 41   | 49   |
| <b>Distribution and audience in 2007</b>            |             |      |      |
| Number of films released                            | 565         |      |      |
| - including national films                          | 222         |      |      |
| Market share national films                         | 36.50%      |      |      |
| Market share US films                               | 49.90%      |      |      |
| Market share European films                         |             |      |      |
| Most successful national film                       | La Môme     |      |      |
| Most successful international film                  | Ratatouille |      |      |
| Total admissions                                    | 178,140,000 |      |      |
| Average admission per inhabitant                    | 2.74        |      |      |
| Number of screens                                   | 5 398       |      |      |
| Average ticket price                                | €5.94       |      |      |
| Gross box office                                    | € 1 056,5   |      |      |

Sources: Cineuropa, European Audiovisual Observatory, CNC

In 2007, 228 movies were produced in France, which turned out to be an improvement compared to the year before, when the production of movies slowed down. Out of these 228 movies, 133 were 100% national productions, 52 were major coproductions and 43 were minor coproductions..

In 2007, the main national success was *La Vie en Rose (La Môme)* directed by Olivier Dahan, featuring Marion Cotillard, produced by Légende Entreprises. The box office reached € 29M with 5,22 millions admissions and a budget of € 20,7M.

#### 10.1.2 Film production companies

For France, we decided not to select production companies based on producing at least 1 movie per year between 2005 and 2007, as this number would be too large for this study. We thus resorted to another methodology: We selected 39 French companies from a list of the 100 most dynamic European independent companies by operating revenues. The quotes are from the European Audiovisual Observatory Yearbook 2007.

**Table 36: French companies among the 100 leading independent film production companies in the EU**

| TITLE                                 | GENRE | RELEASED | COUNTRIES      | BUDGET  |
|---------------------------------------|-------|----------|----------------|---|
| <b>2. EuropaCorp</b>                  |       |          |                | <b>Operating revenu 2006 (in €M): 166,763</b> |
| Transporter 3                         | Feat. | 2008     | FR             | €30,000,000                                   |
| Go Fast                               | Feat. | 2008     | FR             |   |
| Hauts murs, Les                       | Feat. | 2008     | FR             |   |
| Taken                                 | Feat. | 2008     | FR             | €30,000,000                                   |
| Hitman                                | Feat. | 2007     | FR/USA         | \$24,000,000                                  |
| Masked Mobsters                       | Feat. | 2007     | FR             |   |
| Un château en Espagne                 | Feat. | 2007     | FR             | €5,000,000                                    |
| The Secret                            | Feat. | 2007     | FR             |   |
| Invité, L'                            | Feat. | 2007     | FR             |   |
| Frontier(s)                           | Feat. | 2007     | FR/CH          | \$3,000,000                                   |
| Taxi 4                                | Feat. | 2007     | FR             |   |
| Michou d'Auber                        | Feat. | 2007     | FR             |   |
| Arthur and the Invisibles             | Feat. | 2006     | FR             | €65,000,000                                   |
| GAL                                   | Feat. | 2006     | ES             |   |
| Tell No One                           | Feat. | 2006     | FR             | €11,700,000                                   |
| Love and Other Disasters              | Feat. | 2006     | FR/UK          |   |
| Dikkenek                              | Feat. | 2006     | FR/BE          |   |
| Quand j'étais chanteur                | Feat. | 2006     | FR             |   |
| The Chinese Botanist's Daughters      | Feat. | 2006     | FR/CA          | €5,300,000                                    |
| Bandidas                              | Feat. | 2006     | FR/MX/USA      | €32,000,000                                   |
| <b>3. Pathé Renn Production</b>       |       |          |                | <b>Operating revenu 2006 (in €M): 145,292</b> |
| The Duchess                           | Feat. | 2008     | UK/IT/FR       | €15,000,000                                   |
| Welcome to the Sticks                 | Feat. | 2008     | FR             | €11,000,000                                   |
| Asterix at the Olympic Games          | Feat. | 2008     | FR/DE/ES/IT/BE | €78,000,000                                   |
| The Secret of the Grain               | Feat. | 2007     | FR             |   |
| The Diving Bell and the Butterfly     | Feat. | 2007     | FR/USA         |   |
| Counter Investigation                 | Feat. | 2007     | FR             | €7,600,000                                    |
| Ensemble, c'est tout                  | Feat. | 2007     | FR             |   |
| Jacquou le croquant                   | Feat. | 2007     | FR             |   |
| Odette Toulemonde                     | Feat. | 2006     | FR/BE          |   |
| The Queen                             | Feat. | 2006     | UK/FR/IT       | €11,000,000                                   |
| Maison du bonheur, La                 | Feat. | 2006     | FR             |   |
| Doogal                                | Feat. | 2006     | FR/UK/USA      |   |
| <b>4. Gaumont</b>                     |       |          |                | <b>Operating revenu 2006 (in €M): 131,100</b> |
| Maurice Pialat, l'amour existe...     | Doc.  | 2007     | FR             |   |
| Vatänen's Hare                        | Feat. | 2006     | BE/BG/FR       |   |
| A Ticket to Space                     | Feat. | 2006     | FR             |   |
| Je vous trouve très beau              | Feat. | 2005     | FR             |   |
| Once Upon a Time in the Oued          | Feat. | 2005     | AL/FR          |   |
| Virgil                                | Feat. | 2005     | FR             |   |
| Amour aux trousses, L'                | Feat. | 2005     | FR             |   |
| Papa                                  | Feat. | 2005     | FR             |   |
| The Empire of Wolves                  | Feat. | 2005     | FR             | €24,000,000                                   |
| <b>7. Les Films Christian Fechner</b> |       |          |                | <b>Operating revenu 2005 (in €M): 83,803</b>  |
| Auberge rouge, L'                     | Feat. | 2007     | FR             |   |
| Entente cordiale, L'                  | Feat. | 2006     | FR             |   |
| Bronzés 3: amis pour la vie, Les      | Feat. | 2006     | FR             | €35,000,000                                   |
| Antidote, L'                          | Feat. | 2005     | FR             |   |
| <b>18. R.P. Productions</b>           |       |          |                | <b>Operating revenu 2005 (in €M): 35,140</b>  |
| Oliver Twist                          | Feat. | 2005     | UK/CZ/FR/IT    | €50,000,000                                   |

|  |                                       |      |                |               |
|--|---------------------------------------|------|----------------|---------------|
| The Pianist  | Feat.                                 | 2002 | FR/DE/UK/PL    | \$35,000,000  |
| <b>23. Fidélité Productions</b>                          | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>31,938</b> |
| Dorothy Mills  | Feat.                                 | 2008 | IE/FR          | \$500,000     |
| I Always Wanted to Be a Gangster                         | Feat.                                 | 2007 | FR             | €2,800,000    |
| Promise Me This  | Feat.                                 | 2007 | SB/FR          |               |
| Actrices   | Feat.                                 | 2007 | FR             |               |
| Angel  | Feat.                                 | 2007 | UK/BE/FR       | \$15,000,000  |
| Molière  | Feat.                                 | 2007 | FR             | €16,000,000   |
| The Snake  | Feat.                                 | 2006 | FR             |               |
| My Best Friend   | Feat.                                 | 2006 | FR             |               |
| Jungle, La   | Feat.                                 | 2006 | LU/FR          |               |
| Jean-Philippe  | Feat.                                 | 2006 | FR             |               |
| Quatre étoiles   | Feat.                                 | 2006 | FR             |               |
| How Much Do You Love Me?                                 | Feat.                                 | 2005 | IT/FR          | €10,000,000   |
| Avion, L'  | Feat.                                 | 2005 | FR/DE/ES/IT/BE | €10,000,000   |
| Time to Leave  | Feat.                                 | 2005 | FR             |               |
| Anthony Zimmer   | Feat.                                 | 2005 | FR             |               |
| <b>25. MK2 Productions</b>                               | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>30,530</b> |
| Rumba  | Feat.                                 | 2008 | FR/BE          |               |
| Summer Hours   | Feat.                                 | 2008 | FR             | €4,400,000    |
| With Gilbert & George                                    | Doc.                                  | 2008 | UK             |               |
| 24 mesures   | Feat.                                 | 2007 | FR/CA          |               |
| Paranoid Park  | Feat.                                 | 2007 | FR/USA         |               |
| Boarding Gate  | Feat.                                 | 2007 | FR/LU          |               |
| Un homme perdu   | Feat.                                 | 2007 | FR             |               |
| Daddy, Daddy USA   | Feat.                                 | 2005 | FR             |               |
| 13 Tzameti   | Feat.                                 | 2005 | FR             |               |
| Geuk jang jeon   | Feat.                                 | 2005 | FR/SK          |               |
| <b>28. Centre Européen Cinématographique Rhône-Alpes</b> | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>28,482</b> |
| Anna M.  | Feat.                                 | 2007 | FR             |               |
| A Parting Shot   | Feat.                                 | 2007 | FR             | €2,000,000    |
| Tête de maman, La  | Feat.                                 | 2007 | FR             |               |
| Ma mondialisation  | Doc.                                  | 2006 | FR             |               |
| Call Me Elisabeth  | Feat.                                 | 2006 | FR             |               |
| Stolen Holidays  | Feat.                                 | 2006 | FR             |               |
| The Man of My Life                                       | Feat.                                 | 2006 | FR/IT          |               |
| Allez, yallah!   | Doc.                                  | 2006 | FR             |               |
| Aiguilles rouges, Les                                    | Feat.                                 | 2006 | FR             |               |
| A Year in My Life  | Feat.                                 | 2006 | FR             |               |
| Vie est à nous!, La                                      | Feat.                                 | 2005 | FR             | €5,340,000    |
| To Paint or Make Love                                    | Feat.                                 | 2005 | FR             |               |
| Oeil de l'autre, L'                                      | Feat.                                 | 2005 | FR             |               |
| <b>30. UGC Images</b>                                    | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>26,687</b> |
| I've Loved You So Long                                   | Feat.                                 | 2008 | FR/DE          |               |
| Faut que ça danse!                                       | Feat.                                 | 2007 | FR/CH          |               |
| Tête de maman, La  | Feat.                                 | 2007 | FR             |               |
| Locked Out   | Feat.                                 | 2006 | FR             |               |
| <b>35. UGC YM</b>  | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>23,812</b> |
| Secrets of State   | Feat.                                 | 2008 | FR             |               |
| I've Loved You So Long                                   | Feat.                                 | 2008 | FR/DE          |               |
| Âge d'homme... maintenant ou jamais!, L'                 | Feat.                                 | 2007 | FR             |               |

|   |                                       |      |          |               |
|---|---------------------------------------|------|----------|---------------|
| A Secret                                    | Feat.                                 | 2007 | FR       |               |
| Mauvaise pente                              | Feat.                                 | 2007 | FR       |               |
| The Stone Council                           | Feat.                                 | 2006 | FR/IT/DE | €22,000,000   |
| <b>38. Chez Wam</b>                         | <b>Operating revenu 2006 (in €M):</b> |      |          | <b>20,694</b> |
| Un monde à nous                             | Feat.                                 | 2008 | FR       |               |
| Me Two                                      | Feat.                                 | 2008 | FR       |               |
| Baby(ies)                                   | Doc.                                  | 2008 | FR       |               |
| I Do  | Feat.                                 | 2006 | FR       |               |
| <b>40. Alicéleo</b>                         | <b>Operating revenu 2005 (in €M):</b> |      |          | <b>19,261</b> |
| Par suite d'un arrêt de travail...          | Feat.                                 | 2008 | FR       |               |
| The Girl Cut in Two                         | Feat.                                 | 2007 | DE/FR    |               |
| Camping                                     | Feat.                                 | 2006 | FR       |               |
| Ivresse du pouvoir, L'                      | Feat.                                 | 2006 | DE/FR    |               |
| <b>41. Pan Européenne Production</b>        | <b>Operating revenu 2005 (in €M):</b> |      |          | <b>19,089</b> |
| Largo Winch                                 | Feat.                                 | 2008 | FR       | €25,000,000   |
| Magique!                                    | Feat.                                 | 2008 | CH       | \$9,600,000   |
| Détrompez-vous                              | Feat.                                 | 2007 | FR       |               |
| Face cachée, La                             | Feat.                                 | 2007 | BE/FR    |               |
| The Price to Pay                            | Feat.                                 | 2007 | FR       |               |
| Dance with Him                              | Feat.                                 | 2007 | FR       |               |
| Bad Faith                                   | Feat.                                 | 2006 | BR/FR    |               |
| The Man of My Life                          | Feat.                                 | 2006 | FR/IT/DE |               |
| <b>47. Les Productions du 3ème Etage</b>    | <b>Operating revenu 2005 (in €M):</b> |      |          | <b>17,068</b> |
| Mean Spirit                                 | Feat.                                 | 2003 | FR/ES    |               |
| <b>48. Square Productions International</b> | <b>Operating revenu 2005 (in €M):</b> |      |          | <b>16,722</b> |
| Jacquou le croquant                         | Feat.                                 | 2007 | FR       |               |
| <b>53. Les Films Pelléas</b>                | <b>Operating revenu 2006 (in €M):</b> |      |          | <b>15,689</b> |
| Pelléas et Mélisande, le chant des aveugles | Feat.                                 | 2008 | FR       |               |
| Born in 68                                  | Feat.                                 | 2008 | FR       |               |
| Versailles                                  | Feat.                                 | 2008 | FR       | €2,000,000    |
| France, La                                  | Feat.                                 | 2007 | FR       | €1,800,000    |
| Tout est pardonné                           | Feat.                                 | 2007 | FR       |               |
| Priceless                                   | Feat.                                 | 2006 | FR       |               |
| Cages                                       | Feat.                                 | 2006 | BE/FR    |               |
| Mon frère se marie                          | Feat.                                 | 2006 | FR/CH    |               |
| How I Celebrated the End of the World       | Feat.                                 | 2006 | RO/FR    | €1,500,000    |
| Change of Address                           | Feat.                                 | 2006 | FR       |               |
| Cabaret Paradis                             | Feat.                                 | 2006 | FR       |               |
| <b>54. Ce Qui Me Meut Motion Pictures</b>   | <b>Operating revenu 2005 (in €M):</b> |      |          | <b>15,620</b> |
| Paris                                       | Feat.                                 | 2008 | FR       |               |
| Just About Love?                            | Feat.                                 | 2007 | FR       | €1,260,000    |
| Ma place au soleil                          | Feat.                                 | 2007 | FR       |               |
| Poupées russes, Les                         | Feat.                                 | 2005 | FR/UK    | \$12,500,000  |
| <b>56. Hirsch</b>                           | <b>Operating revenu 2006 (in €M):</b> |      |          | <b>15,257</b> |
| Welcome to the Sticks                       | Feat.                                 | 2008 | FR       | €11,000,000   |
| The Secret of the Grain                     | Feat.                                 | 2007 | FR       |               |
| Ensemble, c'est tout                        | Feat.                                 | 2007 | FR       |               |
| Maison du bonheur, La                       | Feat.                                 | 2006 | FR       |               |

|  |                                       |      |                |               |
|--|---------------------------------------|------|----------------|---------------|
| The Demon Stirs                                | Feat.                                 | 2005 | FR             |               |
| Enfants, Les                                   | Feat.                                 | 2005 | FR             |               |
| One Stays, the Other Leaves                    | Feat.                                 | 2005 | FR             |               |
| <b>57. SBS Films</b>                           | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>15,140</b> |
| Inju: The Beast in the Shadow                  | Feat.                                 | 2008 | FR             |               |
| Grand alibi, Le                                | Feat.                                 | 2008 | FR             |               |
| Tueur, Le                                      | Feat.                                 | 2007 | FR             |               |
| Black Sun                                      | Feat.                                 | 2007 | FR/IT          |               |
| The Witnesses                                  | Feat.                                 | 2007 | FR             |               |
| Family Hero                                    | Feat.                                 | 2006 | FR             |               |
| <b>58. Gémini Films</b>                        | <b>Operating revenu 2005 (in €M):</b> |      |                | <b>14,678</b> |
| The Inner Life of Martin Frost                 | Feat.                                 | 2007 | ES/PT/FR/USA   |               |
| Très bien, merci                               | Feat.                                 | 2007 | FR             |               |
| Death's Glamour                                | Feat.                                 | 2006 | FR             |               |
| A Few Days in September                        | Feat.                                 | 2006 | IT/FR/PT       | €10,000,000   |
| Suzanne  | Feat.                                 | 2006 | FR             |               |
| Étrangère, L'                                  | Feat.                                 | 2006 | FR/PT          |               |
| Call Me Agostino                               | Feat.                                 | 2006 | FR             |               |
| Inside Paris                                   | Feat.                                 | 2006 | FR/PT          | €1,500,000    |
| Trance   | Feat.                                 | 2006 | IT/RU/FR/PT    |               |
| Klimt  | Feat.                                 | 2006 | AT/FR/DE/UK    |               |
| Alex   | Feat.                                 | 2005 | FR             |               |
| The Fatalist                                   | Feat.                                 | 2005 | PT/FR          |               |
| C'est pas tout à fait la vie dont j'avais rêvé | Feat.                                 | 2005 | FR             |               |
| Orlando Vargas                                 | Feat.                                 | 2005 | FR/UR          |               |
| Seven Invisible Men                            | Feat.                                 | 2005 | PT/NL/LT/FR    |               |
| Akoibon  | Feat.                                 | 2005 | FR             |               |
| Private Life                                   | Feat.                                 | 2005 | FR/PT          |               |
| <b>61. Nord-Ouest Productions</b>              | <b>Operating revenu 2005 (in €M):</b> |      |                | <b>14,431</b> |
| Mes Stars et moi                               | Feat.                                 | 2008 | FR             |               |
| Comme les autres                               | Feat.                                 | 2008 | FR             | \$1,600,000   |
| Tête de maman, La                              | Feat.                                 | 2007 | FR             |               |
| Je vais bien, ne t'en fais pas                 | Feat.                                 | 2006 | FR             |               |
| Azur et Asmar                                  | Feat.                                 | 2006 | ES/IT/BE/FR    | €9,000,000    |
| Merry Christmas                                | Feat.                                 | 2005 | FR/DE/UK/BE/RO | \$22,000,000  |
| <b>62. Les Productions du Trésor</b>           | <b>Operating revenu 2005 (in €M):</b> |      |                | <b>14,287</b> |
| Seuls two                                      | Feat.                                 | 2008 | FR             |               |
| Pur week-end                                   | Feat.                                 | 2007 | FR             |               |
| Tell No One                                    | Feat.                                 | 2006 | FR             | €11,700,000   |
| Selon Charlie                                  | Feat.                                 | 2006 | FR             |               |
| <b>63. Miroir Magique!</b>                     | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>14,143</b> |
| Big City                                       | Feat.                                 | 2007 | FR             |               |
| Once Upon a Time in the Oued                   | Feat.                                 | 2005 | AL/FR          |               |
| <b>64. Bel Ombre Films</b>                     | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>13,907</b> |
| Odette Toulemonde                              | Feat.                                 | 2006 | FR/BE          |               |
| <b>65. Galatée Films</b>                       | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>13,545</b> |
| Paris 36                                       | Feat.                                 | 2008 | FR/DE/CZ       |               |
| Tabarly  | Doc.                                  | 2008 | FR             | €2,000,000    |
| Modern Love                                    | Feat.                                 | 2008 | FR             | €5,269,000    |
| Héros fragiles                                 | Doc.                                  | 2007 | FR             |               |
| <b>67. Why Not Productions</b>                 | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>13,316</b> |
| Christmas Tale                                 | Feat.                                 | 2008 | FR             |               |

|  |                                       |      |                |               |
|--|---------------------------------------|------|----------------|---------------|
| Venkovský ucitel                       | Feat.                                 | 2008 | CZ/FR/DE       |               |
| Bancs publics (Versailles rive droite) | Feat.                                 | 2008 | FR             |               |
| Faut que ça danse!                     | Feat.                                 | 2007 | FR/CH          |               |
| Aimée, L'                              | Doc.                                  | 2007 | FR             |               |
| That Day                               | Feat.                                 | 2007 | CH/FR          |               |
| Mon fils à moi                         | Feat.                                 | 2006 | BE/FR          |               |
| <b>69. Flach Film</b>                  | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>12,941</b> |
| Des poupées et des anges               | Feat.                                 | 2008 | FR             |               |
| Instants fragiles                      | Doc.                                  | 2008 | FR             |               |
| Capture, La                            | Feat.                                 | 2007 | FR/CA          |               |
| The Last Mistress                      | Feat.                                 | 2007 | FR/IT          |               |
| Love Songs                             | Feat.                                 | 2007 | FR             |               |
| The Lark Farm                          | Feat.                                 | 2007 | IT/FR/BG/ES/UK | €10,000,000   |
| Vie est à nous!, La                    | Feat.                                 | 2005 | FR             | €5,340,000    |
| <b>75. Reperage</b>                    | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>12,235</b> |
| His Majesty Minor                      | Feat.                                 | 2007 | FR/ES          | \$46,000,000  |
| Minor, un drôle de film                | Doc.                                  | 2007 | FR             | €100,000      |
| <b>79. Peninsula Films</b>             | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>11,906</b> |
| The Happening                          | Feat.                                 | 2008 | USA/IN         | \$60,000,000  |
| Rush Hour 3                            | Feat.                                 | 2007 | USA/DE         | \$140,000,000 |
| The Bourne Ultimatum                   | Feat.                                 | 2007 | USA/DE         | \$110,000,000 |
| The Devil Wears Prada                  | Feat.                                 | 2006 | USA            | \$35,000,000  |
| Munich                                 | Feat.                                 | 2005 | USA            | \$75,000,000  |
| <b>82. Hugo Films</b>                  | <b>Operating revenu 2005 (in €M):</b> |      |                | <b>10,888</b> |
| Piano, solo                            | Feat.                                 | 2007 | IT             |               |
| Gomez & Tavarès, la suite              | Feat.                                 | 2007 | BE/FR          |               |
| UV                                     | Feat.                                 | 2007 | FR             | €6,000,000    |
| Aristos, Les                           | Feat.                                 | 2006 | FR             |               |
| Arsène Lupin                           | Feat.                                 | 2004 | FR/IT/ES/UK    | €23,000,000   |
| <b>84. Outsider Productions</b>        | <b>Operating revenu 2005 (in €M):</b> |      |                | <b>10,690</b> |
| Sky Fighters                           | Feat.                                 | 2005 | FR             | €20,000,000   |
| Duplicity                              | Feat.                                 | 2005 | FR/BE          |               |
| <b>85. Mosca Films</b>                 | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>10,673</b> |
| Grand Meaulnes, Le                     | Feat.                                 | 2006 | FR             |               |
| Nouvelle chance                        | Feat.                                 | 2006 | FR             |               |
| Dans tes rêves                         | Feat.                                 | 2005 | FR             |               |
| <b>88. A.J.O.Z. Films</b>              | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>10,369</b> |
| Masked Mobsters                        | Feat.                                 | 2007 | FR             |               |
| 3 amis                                 | Feat.                                 | 2007 | FR             |               |
| Ivresse du pouvoir, L'                 | Feat.                                 | 2006 | DE/FR          |               |
| Bandidas                               | Feat.                                 | 2006 | FR/MX/USA      | €32,000,000   |
| <b>89. Elzévir Films</b>               | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>10,347</b> |
| Made in Italy                          | Feat.                                 | 2008 | FR             |               |
| Sans moi                               | Feat.                                 | 2007 | FR             |               |
| To Each His Cinema                     | Feat.                                 | 2007 | FR             |               |
| Valley of Flowers                      | Feat.                                 | 2006 | IN/FR/JP/DE    | \$6,000,000   |
| To Get to Heaven First You Have to Die | Feat.                                 | 2006 | RU/FR/DE/CH    |               |
| Domaine perdu, Le                      | Feat.                                 | 2005 | FR/IT/RO/ES    |               |
| Go, See, and Become                    | Feat.                                 | 2005 | FR/BE/IL/IT    |               |
| <b>90. Les Films Français</b>          | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>10,294</b> |
| Crime est notre affaire, Le            | Feat.                                 | 2008 | FR             |               |

|  |                                       |      |                |               |
|--|---------------------------------------|------|----------------|---------------|
| Heure zéro, L'                         | Feat.                                 | 2007 | FR             |               |
| Grand appartement, Le                  | Feat.                                 | 2006 | FR             |               |
| <b>92. Maïa Films</b>                  | <b>Operating revenu 2005 (in €M):</b> |      |                | <b>10,236</b> |
| Back to Normandy                       | Doc.                                  | 2007 | FR             |               |
| Lady Chatterley                        | Feat.                                 | 2006 | BE/FR/UK       |               |
| Ça brûle                               | Feat.                                 | 2006 | FR             |               |
| Des enfants qui s'aiment               | Feat.                                 | 2005 | FR             |               |
| I Saw Ben Barka Get Killed             | Feat.                                 | 2005 | MO/ES/FR       |               |
| Regular Lovers                         | Feat.                                 | 2005 | FR             |               |
| Bab el web                             | Feat.                                 | 2005 | AL/FR          |               |
| Gwladys                                | Feat.                                 | 2005 | FR             |               |
| <b>95. Les Films de la Suane</b>       | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>9,969</b>  |
| Crossfire                              | Feat.                                 | 2008 | FR             |               |
| The Key                                | Feat.                                 | 2007 | FR             |               |
| Du jour au lendemain                   | Feat.                                 | 2006 | FR             |               |
| Parrains, Les                          | Feat.                                 | 2005 | FR             |               |
| Papa                                   | Feat.                                 | 2005 | FR             |               |
| <b>98. Noé Productions</b>             | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>9,268</b>  |
| Kalach                                 | Feat.                                 | 2009 | FR             |               |
| 3 petites filles                       | Feat.                                 | 2004 | BE/FR          |               |
| Madame Edouard                         | Feat.                                 | 2004 | FR/BE/LU       |               |
| <b>99. Les Films du Losange</b>        | <b>Operating revenu 2006 (in €M):</b> |      |                | <b>9,010</b>  |
| For a Moment, Freedom                  | Feat.                                 | 2008 | AT/FR/TK       |               |
| The Feelings Factory                   | Feat.                                 | 2008 | FR             |               |
| The Early Years: Erik Nietzsche Part 1 | Feat.                                 | 2007 | DK/IT/SE/AT/FR |               |
| Back Home                              | Feat.                                 | 2006 | AL/FR          |               |
| Hidden                                 | Feat.                                 | 2005 | FR/AT/DE/IT    | €8,000,000    |
| Un fil à la patte                      | Feat.                                 | 2005 | FR             |               |

Sources: European Audiovisual Observatory (Yearbook 2007), Imdb

### 10.1.3 Public funding for film production

**Table 37: List of public funding institutions in France**

|   |                |
|---|----------------|
| National institutions and funding bodies                                      | Budget (in €M) |
| Centre national de la Cinématographie   | 176            |
| Agence pour le développement régional du cinéma                               | 3.97           |
| Regional institutions and public funding bodies                               | Budget (in €M) |
| Action régionale pour la création artistique et la diffusion en Ile-de-France | 0.82           |
| Agence culturelle d'Alsace  | 0.06           |
| Acquitaine Image Cinéma   | 1.48           |
| Atelier de Production Centre Val de Loire                                     | 1.08           |
| CRRAV   | 2.76           |
| Conseil Régional Corse  | 1.59           |
| Conseil Général Bouches-du-Rhône  | 0.90           |
| Conseil Régional d'Alsace   | 0.50           |
| Conseil Régional d'Acquitaine   |                |
| Conseil Régional d'Auvergne   | 0.15           |
| Conseil Régional Basse-Normandie  | 0.21           |
| Conseil Régional Franche-Comté  | 0.62           |
| Conseil Régional Bretagne   | 0.81           |
| Conseil Régional Picardie   | 0.75           |

|   |               |
|---|---------------|
| Conseil Régional Lorraine                   | 0.47          |
| Conseil Régional Poitou-Charentes           | 1.55          |
| Conseil Régional PACA                       | 2.32          |
| Conseil Régional Pays de la Loire           | 0.74          |
| Conseil Régional Ile-de-France              | 11.00         |
| Conseil Régional Limousin                   | 1.03          |
| Conseil Régional Midi-Pyrénées              | 0.82          |
| Conseil Régional Rhône-Alpes                | 3.46          |
| Office Régional Culturel Champagne-Ardennes | 0.11          |
| Pôle Image Haute-Normandie                  | 0.58          |
| Région Réunion                              | 2.32          |
| Rhône-Alpes Cinéma                          | 3.00          |
| <b>TOTAL</b>                                | <b>219.08</b> |

Source: Korda

### 10.1.4 Tax incentives

There are two tax credit systems in France. The first one, known under the name "SOFICAS" was created in 1985. It is a tax deduction scheme. It is based on individuals and companies that invest in Soficas to access tax deduction. Soficas select film and TV projects to invest in and negotiate the recoupment position. In 2006, the total amount raised by Soficas was 32.8 million Euros.

The Crédit d'impôt (tax credit) was created in 2004. In contrary to Soficas, which is based on content, the Crédit d'impôt is based on spends occurred in France. To be eligible, the film must be shot in France and be shot mainly in French. The tax credit amounts to 20% of eligible costs which cannot exceed 80% of the French part of the film's total budget. The tax rebate is capped at €1M. The production company receives a write-off of the amount of the tax credit on its corporate tax for the ongoing fiscal year. In 2006, 119 films have benefited from the tax credit.

## 10.2 Banking Landscape

### 10.2.1 Overview of the banking landscape

**Table 38: Banking landscape in France in 2005**

|                                       |               |
|---------------------------------------|---------------|
| <b>General data</b>                   |               |
| Inhabitants                           | 63 573 000    |
| Gross domestic product (in € million) | 1 892 241     |
| Eurozone since                        | 1999          |
| <b>Bank profitability statistics</b>  |               |
| Number of institutions                | 373           |
| Number of branches                    | 26 267        |
| <b>Balance sheet</b>                  |               |
| <b>Assets (in € M)</b>                |               |
| Cash and balance with Central bank    | 37 193.732    |
| Interbanks deposits                   | 1 315 053.784 |
| Loans                                 | 1 580 292.112 |
| Securities                            | 1 168 776.576 |
| Other assets                          | 589 186.485   |
| <b>Liabilities (in € M)</b>           |               |

|                             |               |
|-----------------------------|---------------|
| Capital and reserves        | 184 978.377   |
| Borrowing from central bank | 3 134.59      |
| Interbank deposits          | 1 376 125.37  |
| Customer deposits           | 1 462 787.998 |
| Bonds                       | 765 423.81    |
| Other liabilities           | 897 989.75    |
| End-year total              | 4 690 542.387 |

Sources: Eurostat, European Commission, OECD Statistics

There are 373 banks in France and 26267 branches. The most important banks are BNP Paribas, Crédit Lyonnais, Société Générale, Crédit Agricole.

With the current economic difficulties the French banking landscape is changing, as the crisis caused a loss of € 17M. All the banks have been strongly touched, mostly the Société Générale with the trader Jérôme Kerviel's scandal.

### 10.2.2 National banks with a wide European network and/or specialising on SMEs

The main French banks are BNP Paribas, Banque Populaire, CIC, Caisse Epargne, Crédit Agricole, Crédit Lyonnais, Crédit Mutuel and Société Générale.

Out of this list, the most widespread networks in Europe belong to to BNP Paribas, Crédit Agricole and Société Générale.

**Table 39: Foreign claims of French banks in 2007**

|                     | in USD<br>billion | in % of total<br>French<br>foreign<br>claims | French banks' claims as a share (%) of |                 |
|---------------------|-------------------|--|--|-----------------|
|                     |                   |  | total foreign claims                   | domestic credit |
| Developed countries | 2 516             | 85.2   | 10                                     |                 |
| United States       | 654               | 22.1   | 10                                     | 5               |
| United Kingdom      | 452               | 15.3   | 11                                     | 9               |
| Italy               | 337               | 11.4   | 26                                     | 13              |
| Emerging Europe     | 99                | 3.4  | 9                                      |                 |
| Czech Republic      | 26                | 0.9  | 20                                     | 25              |
| Romania             | 14                | 0.5  | 15                                     | 33              |
| Russia              | 9                 | 0.3  | 6                                      | 4               |
| Asia                | 75                | 2.5  | 7                                      |                 |
| South Korea         | 30                | 1  | 9                                      | 3               |
| Hong Kong SAZR      | 25                | 0.9  | 7                                      | 9               |
| Singapore           | 16                | 0.5  | 8                                      | 12              |
| Africa              | 52                | 1.8  | 23                                     |                 |
| Morocco             | 14                | 0.5  | 82                                     | 20              |
| Egypt               | 7                 | 0.2  | 27                                     | 6               |
| Tunisia             | 5                 | 0.2  | 67                                     | 19              |

How to read the table: Claims of French banks on the US (654 billion US dollars) represent 22 percent of their total foreign claims. This constitutes 10 percent of the total foreign claims of all foreign banks on the US, and this equals to 5 percent of the US domestic credit.

Source: BIS.

Source : "International Exposure of French banks" by Olena Havrylchyk and Emilia Jurzyk, December 2007<sup>36</sup>

The last striking operations were<sup>37</sup> :

- BNP Paribas acquiring BNL (Banca Nazionale del Lavoro, Italy) for € 9 billion in February 2006 and the majority of the Belgian and Luxemburger parts of ABN Amro in 2008
- Credit Agricole's various operations in 2006 (acquisition of Index Bank in Ukraine, strengthening of their power in Banco Espirito Santo in Portugal, takeover of Emporiki – the 4<sup>th</sup> Greek bank – for € 2.1 billion)
- Societe Generale's acquisition of Splitska Banka (the 5<sup>th</sup> Croatian Bank) ofr € 1 billion in April 2006, the acquisition of 20% of the capital of Rosbank (2<sup>nd</sup> Russian private bank), the takeover if Unicredit's business (Italy) for € 548 million.

In the end of 2006, French banks were present in 85 different countries through 963 offices, 53% of which in European countries (mostly UK, Germany, Italy and Spain).

### 10.2.3 Film banking

#### Contract discounting

The film banking sector in France is one of the most developed in Europe.

Regarding contract discounting services the market is divided between two long-standing banks fully specialised on this market:

- Cofiloisirs (part of Groupe ABN Amro Neufilize OBC)
- Natixis Coficiné (part of Groupe Natixis)

Since 2003, a third player entered the market with the creation by the Fortis of a specialised subsidiary: Fortis Mediacom Finance.

Further stabilising the French film banking market, the public institution IFCIC (Institut pour le Financement du Cinéma et des Industries Culturelles) provides guarantees specifically aimed at the creative industry including films. The model of IFCIC is detailed in section D6.2, page 59.

#### Tax credits

As mentioned earlier, France has two tax incentive schemes (SOFICA and the "Crédit d'impôt"). Most Soficas are managed by independent financial companies and commercialised by banks.

Other banks like BNP Paribas and OBC ABN AMRO are still involved in the sector but the consultant was unable to contact them on time for the study.

### 10.2.4 National situation with regards to the legal framework enabling contract discounting

France benefits from legal framework designed specifically for the film industry which facilitates significantly the activity of banks in the sector. Setup in 1944, the Cinematographic industry code ("Code de l'industrie cinématographique") was further developed especially since 1985. It regulates the film industry in France and prevails over common law. Especially regarding bankruptcy, it provides strong protection to guarantees taken on the projects by the company's creditors.

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<sup>36</sup> <http://www.cepii.fr/anglaisgraph/publications/lettre/pdf/2007/let273ang.pdf>

<sup>37</sup> Source : <http://archives.lesechos.fr/archives/2007/lesechos.fr/01/05/300128341.htm>

One of the main advantages of this code is that it sets out the rules for the RPCA ("Registre public du cinéma et de l'audiovisuel"), the Public register for cinema and audiovisual. The RPCA is instrumental for banks providing them with strong legal protection for guarantees taken against a loan. It works like a register of mortgages on film and audiovisual projects. Film producers can register a film project as soon as they have a contract with the film's "author" (scriptwriter or owner of the original idea, often a film director) surrendering them the copyright of the project.

Once a film project is registered, all contracts linked to this project have to be registered at the RPCA as well, hence providing absolute transparency over the whole development process since the register is public (accessible to anybody).

This provides a high protection for banks which take guarantees on the copyright of a project for which they discounted a contract, since the producer cannot surrender the rights to anyone else – even in cases of bankruptcy.

## 11 Germany

### 11.1 Production Landscape

#### 11.1.1 Feature film production

**Table 40: Key film industry indicators for Germany**

| <b>Production</b>                                   |   |      |      |
|---|---|------|------|
| Average production budget in 2006 (source: OBS)     | €4,400,000                                |      |      |
| Number of film production companies (source: Kemps) | 473                                       |      |      |
| Feature film production                             | 2007                                      | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 110                                       | 159  | 155  |
| 100% national productions                           | 52  | 64   | 58   |
| Maj. Co-productions                                 | 9   | 24   | 25   |
| Min. Co-productions                                 | 49  | 71   | 72   |
| <b>Distribution and audience in 2007</b>            |   |      |      |
| Number of films released                            | 484                                       |      |      |
| - including national films                          | 174                                       |      |      |
| Market share national films                         | 18.90%                                    |      |      |
| Market share US films                               |   |      |      |
| Market share European films                         |   |      |      |
| Most successful national film                       | Die wilden Kerle 4                        |      |      |
| Most successful international film                  | Harry Potter and the Order of the Phoenix |      |      |
| Total admissions                                    | 125,400,000                               |      |      |
| Average admission per inhabitant                    | 1.52                                      |      |      |
| Number of screens                                   | 4 832                                     |      |      |
| Average ticket price                                | €6.12                                     |      |      |
| Gross box office                                    | €767.90                                   |      |      |

Sources: Cineuropa, European Audiovisual Observatory

In 2007, 122 movies were produced in Germany : a stable figure compared with previous year, also stable compared with the proportion of 100% national productions (78). Out of the remaining 44 movies, 15 were major coproductions and 29 were minor coproductions.

In 2007, the main national success was The Wild Guys 4 (Die wilden Kerle 4) directed by Joachim Masannek, featuring Jimi Blue Ochseneknecht, produced by SamFilm Produktion. The box office reached € 16.4 M with 2,45 millions admissions and an estimated budget of € 700K (source: imdb).

#### 11.1.2 Film production companies

For Germany, we decided not to select production companies based on producing at least 1 movie per year between 2005 and 2007, as this number would be too large for this study. We thus resorted to another methodology: We selected 7 German companies from a list of the 100 most dynamic European independent companies by operating revenues. The quotes are from the European Audiovisual Observatory Yearbook 2007.

**Table 41: German companies among the 100 leading independent film production companies in the EU**

| TITLE   | GENRE | RELEASED | COUNTRIES            | BUDGET  |
|---|-------|----------|----------------------|---|
| <b>1. Constantin Film</b>   |       |          |                      | <b>Operating revenu 2006 (in €M): 270,206</b> |
| The Baader Meinhof Complex  | Feat. | 2008     | DE/FR/CZ             | €20,000,000                                   |
| Paris 36  | Feat. | 2008     | FR/DE/CZ             |   |
| The Wave  | Feat. | 2008     | DE                   | €5,000,000                                    |
| Pornorama   | Feat. | 2007     | DE                   |   |
| Resident Evil: Extinction   | Feat. | 2007     | FR/AU/DE/UK/USA      | \$45,000,000                                  |
| 4: Rise of the Silver Surfer                                      | Feat. | 2007     | USA/DE/UK/CA         | \$130,000,000                                 |
| DOA: Dead or Alive  | Feat. | 2006     | USA/DE/UK            | \$21,000,000                                  |
| Perfume: The Story of a Murderer                                  | Feat. | 2006     | DE/FR/ES/USA         | €50,000,000                                   |
| Hui Buh   | Feat. | 2006     | DE                   | €10,000,000                                   |
| Skinwalkers   | Feat. | 2006     | USA/DE               |   |
| The Robber Hotzenplotz  | Feat. | 2006     | DE                   |   |
| <b>13. Mediastream Vierte Film GmbH &amp; Co. Vermarktungs KG</b> |       |          |                      | <b>Operating revenu 2005 (in €M): 53,095</b>  |
| I, Robot  | Feat. | 2004     | USA/DE               | \$120,000,000                                 |
| Dodgeball: A True Underdog Story                                  | Feat. | 2004     | USA/DE               | \$20,000,000                                  |
| Welcome to Mooseport  | Feat. | 2004     | USA/DE               | \$26,000,000                                  |
| <b>19. Senator Film Produktion</b>                                |       |          |                      | <b>Operating revenu 2006 (in €M): 34,765</b>  |
| Nur ein Sommer  | Feat. | 2008     | DE/CH                |   |
| Vollidiot   | Feat. | 2007     | DE                   |   |
| Nichts als Gespenster   | Feat. | 2006     | DE                   | €2,600,000                                    |
| Wo ist Fred?  | Feat. | 2006     | DE                   |   |
| Das Kleine Arschloch und der alte Sack - Sterben ist Scheiße      | Feat. | 2006     | DE                   |   |
| Goldene Zeiten  | Feat. | 2006     | DE                   |   |
| Merry Christmas   | Feat. | 2005     | FR/DE/UK/BE/RO       | \$22,000,000                                  |
| <b>19. X-Filme Creative Pool</b>                                  |       |          |                      | <b>Operating revenu 2006 (in €M): 8,500</b>   |
| Märzmelodie   | Feat. | 2008     | DE                   |   |
| Ferrari 49  | Feat. | 2008     | DE                   |   |
| Das Herz ist ein dunkler Wald                                     | Feat. | 2007     | DE                   |   |
| Messy Christmas   | Feat. | 2007     | DE                   | €3,000,000                                    |
| Love Life   | Feat. | 2007     | IL/DE                |   |
| The Three Robbers   | Feat. | 2007     | DE                   |   |
| Max Minsky und ich  | Feat. | 2007     | DE                   |   |
| Mongol  | Feat. | 2007     | RU/MG/DE             | \$20,000,000                                  |
| Goodbye Bafana  | Feat. | 2007     | DE/FR/BE/ZA/IT/UK/LU | \$30,000,000                                  |
| My Fuhrer   | Feat. | 2007     | DE                   | €1,000,000                                    |
| Ein Freund von mir  | Feat. | 2006     | DE                   | €2,700,000                                    |
| Paris, je t'aime  | Feat. | 2006     | FR/LI/CH             | \$13,000,000                                  |
| The Red Cockatoo  | Feat. | 2006     | DE                   |   |
| <b>21. Odeon Film</b>   |       |          |                      | <b>Operating revenu 2006 (in €M): 33,371</b>  |
| Run for Your Life!  | Feat. | 2008     | DE                   |   |
| Fata Morgana  | Feat. | 2007     | DE                   |   |
| The Wild Chicks   | Feat. | 2006     | DE                   |   |

| <b>78. Boll Kino Beteiligungs GmbH &amp; Co. KG</b> | <b>Operating revenue 2006 (in €M):</b> |      |              | <b>12,000</b> |
|---|--|------|--------------|---------------|
| Postal  | Feat.                                  | 2007 | USA/CA/DE    | \$16,000,000  |
| Seed  | Feat.                                  | 2007 | CA           | \$10,000,000  |
| In the Name of the King: A Dungeon Siege Tale       | Feat.                                  | 2007 | DE/CA/USA    | \$60,000,000  |
| BloodRayne  | Feat.                                  | 2005 | USA/DE       | \$25,000,000  |
| Alone in the Dark                                   | Feat.                                  | 2005 | CA/DE/USA    | \$20,000,000  |
| <b>94. ApolloMedia</b>                              | <b>Operating revenue 2005 (in €M):</b> |      |              | <b>10,000</b> |
| Even Money  | Feat.                                  | 2006 | USA/DE       |               |
| A Sound of Thunder                                  | Feat.                                  | 2005 | UK/USA/DE/CZ | \$52,000,000  |
| Riding the Bullet                                   | Feat.                                  | 2004 | USA/DE/CA    | \$5,000,000   |

Sources: European Audiovisual Observatory (Yearbook 2007), Imdb

### 11.1.3 Public funding for film production

**Table 42: List of public funding institutions in Germany**

| National institutions and funding bodies               | Budget (in €M) |
|--|----------------|
| Beauftragter der Bundesregierung für Kultur und Medien | 24.00          |
| Filmförderungsanstalt                                  | 47.00          |
| Stiftung Kuratorium Junger Deutscher Film              | 0.89           |
| Regional institutions and public funding bodies        | Budget (in €M) |
| Bremer Innovationsagentur                              | 0.50           |
| FilmFerneshFonds Bayern                                | 30.00          |
| Filmförderung Hamburg                                  | 7.00           |
| Filmstiftung Nordrhein Westfalen                       | 30.00          |
| Hessische Filmförderung                                | 1.00           |
| Kulturelle Filmförderung Bremen                        | 0.15           |
| Kulturelle Filmförderung Sachsen-Anhalt                | 0.30           |
| Kulturelle Filmförderung Schleswig-Holstein            | 0.17           |
| Kulturelle Filmförderung Thüringen                     | 0.40           |
| Mecklenburg-Vorpommern-Film E.V                        | 0.20           |
| Medienboard Berlin-Brandenburg                         | 25.00          |
| Medien-und-Filmgesellschaft Baden-Württemberg          | 10.00          |
| <b>TOTAL</b>   | <b>176.60</b>  |

Source: Korda

### 11.1.4 Tax incentives

The new German spend system, Deutscher Filmförderfonds (DFFF), was created in 2007 and allocates a total annual amount of €60M based on production and post-production costs incurred in Germany. The film project has to be a German film or a European co-production that already has 75% of the financing costs in place. 25% of the budget has to be spent in Germany and the budget must be a minimum of €1M.

## 11.2 Banking Landscape

### 11.2.1 Overview of the banking landscape

**Table 43: Banking landscape in Germany in 2005**

|                                       |            |
|---------------------------------------|------------|
| <b>General data</b>                   |            |
| Inhabitants                           | 82 260 693 |
| Gross domestic product (in € million) | 2 422 900  |
| Eurozone since                        | 1999       |
| <b>Bank profitability statistics</b>  |            |
| Number of institutions                | 1 934      |
| Number of branches                    | 41 235     |
| <b>Balance sheet</b>                  |            |
| <b>Assets (in € M)</b>                |            |
| Cash and balance with Central bank    | 65 055     |
| Interbanks deposits                   | 1 378 443  |
| Loans                                 | 2 746 696  |
| Securities                            | 1 534 937  |
| Other assets                          | 180 413    |
| <b>Liabilities (in € M)</b>           |            |
| Capital and reserves                  | 244 791    |
| Borrowing from central bank           | 164 977    |
| Interbank deposits                    | 1 591 758  |
| Customer deposits                     | 2 639 131  |
| Bonds                                 | 934 518    |
| Other liabilities                     | 330 369    |
| End-year total                        | 5 905 544  |

Sources: Eurostat, European Commission, OECD Statistics

There are 1934 banks in Germany and 41235 branches. Germany's leading banks are Deutsche Bank, Commerzbank, HypoVereinsbank (HVB), Deutsche Postbank.

It has to be pointed out that HVB, Deutsche Bank, Dresdner Bank, Commerzbank and Deutsche Postbank belong to one same corporation : the Cash Group, founded in 1998.

Then come regional banks (Landesbanks – LB), most important of which are Landesbank Baden-Württemberg (LBBW), followed by BayernLB and WestLB.

### 11.2.2 National banks with a wide European network and/or specialising on SMEs

In overall it has to be noticed that German banks' activity is still mainly focused on the national market, with, in 2005, 78% of the assets and 80% of the liabilities directed to local customers.

However, commercial banks and Landesbanks do have a stronger European concern.

Germany's 4<sup>th</sup> bigger bank is HypoVereinsbank (HVB), formed by the merger between Bayerische Vereinsbank and Bayerische Hypotheken- und Wechselbank in 1998. After the merger with Italy's Unicredit Group in November 2005, the bank became one of the most

important in Europe and since then clearly puts the emphasis on European dimensions<sup>38</sup>. The other important German banks, such as Deutsche Bank and Commerzbank, do have a strong presence in the world and of course in Europe. Commerzbank insists on its presence in East Europe (Slovakia, Czech Rep.) and acquired in 2007 a majority interest in the Ukrainian Bank Forum. The Deutsche Bank owns 1949 branches in total (984 in Germany) and is present in 70 countries. Regarding Europe, Deutsche Bank particularly insists on central and eastern Europe. In the 90's it expanded a lot in Europe (representative offices in Prague, Budapest, Warsaw ; acquisition of Banco de Madrid S.A. and Banca Popolare di Lecco S.p.A in 1993 ; acquisition of Credit Lyonnais in Belgium in 1998). It kept on this path in the 2000's, still in Europe but also in the rest of the world (acquisition of the Swiss bank Rued Blass & Cie in 2003 ; opening of a branch office in Beijing – China in 2004 ; leadership of Bender Securities in Istanbul – Turkey in 2005 ; acquisition of the Russian investment bank United Financial Group in 2006).

### **11.2.3 Film banking**

Four main banks are active in contract discounting in Germany:

- Munich's subsidiary of the DZ Bank (Central bank of the Volksbanken Raiffeisenbanken)
- Munich's subsidiary of the Hypovereinsbank (Part of Unicredit Group)
- Hamburg and Berlin subsidiaries of the Commerzbank
- Sparkasse KölnBonn in Cologne (part of the Sparkasse Group)
- Investitionsbank des Landes Brandenburg – ILB in Potsdam (state bank of the state of Brandenburg)

All these banks offer also corporate finance services for bigger media companies in Germany. Deutsche Bank in Frankfurt has a media unit which limits its activity in Germany mainly to this field.

Two banks provide gap financing:

- Berlin's subsidiary of the Commerzbank
- The NRW Bank in Dusseldorf (state bank of the state of North Rhine-Westphalia)

The States of Berlin, of North Rhine-Westphalia and of Saxony-Anhalt all provide state guarantees specifically targeted at loans provided to the film industry. The federal State guarantee (Landesbürgschaft) system is detailed in D6.4, page 65.

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<sup>38</sup> Source : Association of German Banks.

## 12 Greece

### 12.1 Production Landscape

#### 12.1.1 Feature film production

**Table 44: Key film industry indicators for Greece**

| <b>Production</b>                                   |                                |      |      |
|---|--------------------------------|------|------|
| 2007 average production budget (source: Cineuropa)  | €400,000                       |      |      |
| Number of film production companies (source: Kemps) | 100                            |      |      |
| Feature film production                             | 2007                           | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 15                             | 22   | 24   |
| 100% national productions                           | 10                             | 18   | 21   |
| Maj. Co-productions                                 | 5                              | 2    | 2    |
| Min. Co-productions                                 | 0                              | 2    | 1    |
| <b>Distribution and audience in 2007</b>            |                                |      |      |
| Number of films released                            | 400                            |      |      |
| - including national films                          | 15                             |      |      |
| Market share national films                         | 15%                            |      |      |
| Market share US films                               | 75%                            |      |      |
| Market share European films                         | 10%                            |      |      |
| Most successful national film                       | To fili tis zois, Kiss of Life |      |      |
| Most successful international film                  | "300"                          |      |      |
| Total admissions                                    | 12,700,000                     |      |      |
| Average admission per inhabitant                    |                                |      |      |
| Number of screens                                   | 500                            |      |      |
| Average ticket price                                | €7.50                          |      |      |
| Gross box office                                    | €95.25                         |      |      |

Sources: Cineuropa, Greek Film Center

In 2007, 15 feature films and documentaries were produced in Greece, of which 10 national productions and 5 majority co-productions. The number of films produced in Greece strongly decreased between 2005 and 2007, from 24 to 15 films.

The total admissions reached 12,700,000 and the gross box office €95.25M.

The main national success in 2007 was *Kiss of Life*, produced by the Greek companies Black Orange and Village Roadshow Productions.

#### 12.1.2 Film production companies

There are about 100 film production companies in Greece, of which 5 produced at least one film per year between 2005 and 2007: Argonauts Productions, Cinegram, CL Productions, Graal and Inkas Film & TV Productions.

**Table 45: Selective filmography of production companies in Greece which produced at least one film per year between 2005 and 2007**

| TITLE                                      | GENRE | RELEASED | COUNTRIES           | BUDGET       |
|--|-------|----------|---------------------|--------------|
| <b>Argonauts Productions</b>               |       |          |                     |              |
| Bang-Bang Wedding!                         | Feat. | 2008     | GR                  | €1,400,000   |
| A Bee in August                            | Feat. | 2007     | GR                  |              |
| Straight Story                             | Feat. | 2006     | GR                  |              |
| Extended Play                              | Feat. | 2006     | GR                  |              |
| Soul Kicking                               | Feat. | 2006     | GR                  |              |
| <b>Cinegram</b>                            |       |          |                     |              |
| Athina - Konstadinoupoli                   | Feat. | 2008     | GR                  |              |
| A Poet's Estate                            | Doc.  | 2008     | GR                  |              |
| Qadir - An Afghan Ulysses                  | Doc.  | 2008     | GR                  |              |
| Valse sentimentale                         | Feat. | 2007     | GR                  |              |
| Fugitive Pieces                            | Feat. | 2007     | CA/GR               |              |
| Secrets and Lies                           | Doc.  | 2007     | GR                  | €1,000,000   |
| Foreigner                                  | Feat. | 2007     | AR/GR/PL            |              |
| Uranya                                     | Feat. | 2006     | IT/GR               | €1,750,000   |
| O Jerusalem                                | Feat. | 2006     | FR/UK/IT/G<br>R/USA | \$24,000,000 |
| <b>CL Productions</b>                      |       |          |                     |              |
| Ilias tou 16ou, O                          | Feat. | 2008     | GR                  |              |
| New Odessa: The Village of the Lake        | Doc.  | 2008     | GR                  |              |
| Loafing and Camouflage: I-4                | Feat. | 2008     | GR                  |              |
| Manos Hadjidakis: Reflection in the Mirror | Doc.  | 2008     | GR                  |              |
| Just Broke Up                              | Feat. | 2008     | GR                  |              |
| Raw Material                               | Doc.  | 2008     | GR                  |              |
| Cool                                       | Feat. | 2007     | GR                  |              |
| The Homecoming                             | Feat. | 2007     | GR                  |              |
| First Time Godfather                       | Feat. | 2007     | GR                  | €1,500,000   |
| Pals                                       | Feat. | 2007     | GR                  |              |
| Uranya                                     | Feat. | 2006     | GR                  | €1,750,000   |
| Eduart                                     | Feat. | 2006     | DE/GR               | €1,500,000   |
| The Guardian's Son                         | Feat. | 2006     | GR                  | €330,000     |
| <b>Graal</b>                               |       |          |                     |              |
| Athina - Konstadinoupoli                   | Feat. | 2008     | GR                  |              |
| Loafing and Camouflage: I-4                | Feat. | 2008     | GR                  |              |
| Just Broke Up                              | Feat. | 2008     | GR                  |              |
| Cool                                       | Feat. | 2007     | GR                  |              |
| Kleftes                                    | Feat. | 2007     | GR                  |              |
| El Greco                                   | Feat. | 2007     | GR/ES               |              |
| First Time Godfather                       | Feat. | 2007     | GR                  | €1,500,000   |
| False Alarm                                | Feat. | 2006     | GR                  |              |
| <b>Inkas Film &amp; TV Productions</b>     |       |          |                     |              |
| Carousel                                   | Feat. | 2008     | GR                  |              |
| Forever the Moment                         | Feat. | 2008     | KR                  |              |
| Egg  | Feat. | 2007     | TR/GR               |              |
| Kader                                      | Feat. | 2006     | TR/GR               |              |

Sources: Imdb, Greek Film Center

### 12.1.3 Public funding for film production

**Table 46: List of public funding institutions in Greece**

| National institutions and funding bodies | Budget (in €M) |
|--|----------------|
| Greek Film Center                        | 6.04           |
| TOTAL                                    | 6.04           |

Source: Korda

The Greek Film Center is the main source of public financing for film production in Greece. With a total budget of €6.04M, according to Korda's estimations, the Greek Film Center created seven funding programs to cover every fields of production: Horizons, Incentive, Short Cuts, Animation, New Perception, Documentary and Scriptwriting.

## 12.2 Banking Landscape

### 12.2.1 Overview of the banking landscape

There are 16 cooperative banks and 17 commercial banks in Greece. The larger commercial banks are Alpha Bank, EFG Eurobank, Commercial Bank of Greece, National Bank of Greece and Piraeus Bank.

### 12.2.2 National banks with a wide European network and/or specialising on SMEs

In October 2008, the European Investment Bank and Piraeus Bank joined forces to support the SMEs sector in Greece. EIB made available to Piraeus Bank €150M which Piraeus Bank will manage and on-lend in segmented portions to eligible SMEs' projects in the fields of tourism, industry, commerce and related services<sup>39</sup>.

### 12.2.3 Film banking

We contacted the following institutions:

- Media Desk
- Association of Greek Film Producers
- Greek Film Center
- Film Festival

According to these institutions, and particularly the Greek Media Desk, there is no bank involved in film financing in Greece. Film productions are financed by the Greek Film Center, the national television (EPT) and some distributing companies.

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<sup>39</sup> [www.piraeusbank.gr](http://www.piraeusbank.gr)

## 13 Hungary

### 13.1 Production Landscape

#### 13.1.1 Feature film production

**Table 47: Key film industry indicators for Hungary**

| <b>Production</b>                                   |                 |      |      |
|---|-----------------|------|------|
| 2007 average production budget (source: Cineuropa)  | €959,000        |      |      |
| Number of film production companies (source: Kemps) | 54              |      |      |
| Feature film production                             | 2007            | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 30              | 33   | 20   |
| 100% national productions                           | 20              | 24   | 14   |
| Maj. Co-productions                                 | 4               | 3    | 3    |
| Min. Co-productions                                 | 6               | 6    | 3    |
| <b>Distribution and audience in 2007</b>            |                 |      |      |
| Number of films released                            | 205             |      |      |
| - including national films                          | 28              |      |      |
| Market share national films                         | 12.90%          |      |      |
| Market share US films                               | 81%             |      |      |
| Market share European films                         |                 |      |      |
| Most successful national film                       | SOS Love!       |      |      |
| Most successful international film                  | Shrek the Third |      |      |
| Total admissions                                    | 10,100,000      |      |      |
| Average admission per inhabitant                    | 1               |      |      |
| Number of screens                                   | 274             |      |      |
| Average ticket price                                | €3.49           |      |      |
| Gross box office                                    | €35.25M         |      |      |

Sources: Cineuropa, European Audiovisual Observatory

In 2007, 28 Hungarian productions were released, of which 26 national productions and 2 majority co-productions.

The admissions in 2007 reached 10,100,000 for a gross box office of €35.25M.

The main national success was S.O.S. Love!, produced by the Hungarian production company Next Station Productions.

#### 13.1.2 Film production companies

Among the 54 Hungarian film production companies, 7 produced at least one film per year between 2005 and 2007: Eurofilm Studio, Filmpartners, Hunnia Filmstudio, Inforg Studio, Megafilm, Next Station Productions and Uj Budapest Filmstudio.

Eurofilm Studio, Hunnia Filmstudio, Inforg Studio and Uj Budapest Filmstudio uses to work in international co-production involving the UK, France, Germany, Austria or the USA. The other production companies, which are not film studio and doesn't provide any production services, uses to work on more national productions.

**Table 48: Selective filmography of production companies in Hungary which produced at least one film per year between 2005 and 2007**

| TITLE  | GENRE | RELEASED | COUNTRIES       | BUDGET       |
|--|-------|----------|-----------------|--------------|
| <b>Eurofilm Studio</b>                                 |       |          |                 |              |
| The Secret of Moonacre                                 | Feat. | 2008     | HU/UK/FR        | \$27,000,000 |
| Bathory  | Feat. |          | SK/CZ/UK/HU/USA |              |
| Prima Primavera  | Feat. |          | BG/HU/UK/NL     | \$2,000,000  |
| Weisse Lilien  | Feat. | 2007     | AT/DE/LU/HU     |              |
| Copying Beethoven                                      | Feat. | 2006     | USA/DE/HU       | \$11,000,000 |
| Taxidermia   | Feat. | 2006     | HU/AT/FR        | €1,677,000   |
| <b>Filmpartners</b>                                    |       |          |                 |              |
| Delta  | Feat. | 2008     | DE/HU           | €1,500,000   |
| Overnight  | Feat. | 2007     | HU/DE           | €1,377,000   |
| Töredék  | Feat. | 2007     | HU              |              |
| White Palms  | Feat. | 2006     | HU              |              |
| Üvegtigris 2   | Feat. | 2006     | HU              | €670,000     |
| <b>Hunnia Filmstudio</b>                               |       |          |                 |              |
| Lányok   | Feat. | 2007     | HU              |              |
| Hasutasok  | Feat. | 2007     | HU              | €437,000     |
| Noah's Ark   | Feat. | 2007     | CA/HU           |              |
| Ópium: Egy elmebeteg nő naplója                        | Feat. | 2007     | HU/DE/USA       |              |
| De kik azok a Lumnitzer nővérek?                       | Feat. | 2006     | HU              |              |
| Four Seasons in Space                                  | Feat. | 2005     | HU/CA/IT        |              |
| Le a fejjel!   | Feat. | 2005     | HU              |              |
| <b>Inforg Studio</b>                                   |       |          |                 |              |
| The World Is Big and Salvation Lurks around the Corner | Feat. | 2008     | BG/DE/SI/HU     |              |
| Bahrtalo!  | Feat. | 2008     | RO/HU/DE/AT     |              |
| Panic  | Feat. | 2008     | HU              |              |
| The Investigator                                       | Feat. | 2008     | HU/SE/IE        | €437,000     |
| Tejút  | Feat. | 2007     | HU              |              |
| Koreszmék és táborok                                   | Doc.  | 2007     | HU              |              |
| Herminamező - Szellemjárás                             | Feat. | 2006     | HU              |              |
| Madárszabadító, felhő, szél                            | Feat. | 2006     | HU              |              |
| Magyarfutball, a 91. perc                              | Feat. | 2006     | HU              |              |
| <b>Megafilm</b>  |       |          |                 |              |
| Kaméleon   | Feat. | 2008     | HU              | \$1,800,000  |
| Immigrants (L.A. Dolce Vita)                           | Feat. | 2008     | USA/HU          |              |
| Virtually a Virgin                                     | Feat. | 2008     | HU              |              |
| Nosedive   | Feat. | 2007     | HU              | €740,000     |
| Buhera mátrix  | Feat. | 2007     | HU              |              |
| Idegölő  | Feat. | 2006     | HU              | €1,500,000   |
| Tibor vagyok, de hódítani akarok                       | Feat. | 2006     | HU              |              |
| A Herceg haladéka                                      | Feat. | 2006     | HU              |              |
| <b>Next Station Productions</b>                        |       |          |                 |              |
| Made in Hungaria                                       | Feat. | 2009     | HU              | €2,000,000   |
| Jack Jack  | Doc.  | 2008     | HU              |              |
| 9 és ½ randi   | Feat. | 2008     | HU              | \$2,100,000  |
| S.O.S. Love!   | Feat. | 2007     | HU              | \$1,600,000  |
| <b>Új Budapest Filmstúdió</b>                          |       |          |                 |              |
| King Shot  | Feat. | 2009     | CA/FR/USA/HU    | €5,700,000   |
| Tabló  | Feat. | 2008     | HU              |              |

|                      |       |      |             |  |
|----------------------|-------|------|-------------|--|
| Gruber's Journey     | Feat. | 2008 | HU/RO       |  |
| The Beheaded Rooster | Feat. | 2007 | AT/DE/HU/RO |  |
| The Trap             | Feat. | 2007 | CS/DE/HU    |  |
| Liberté '56          | Feat. | 2007 | HU          |  |

Sources: Imdb, Foundation of the Hungarian Historical Motion Picture

### 13.1.3 Public funding for film production

**Table 49: List of public funding institutions in Hungary**

| National institutions and funding bodies              | Budget (in €M) |
|---|----------------|
| Foundation of the Hungarian Historical Motion Picture | 1.82           |
| Motion Picture Public Foundation of Hungary           | 0.02           |
| Ministry of Cultural Heritage                         |                |
| National Culture Fund of Hungary                      | 3.04           |
| National Radio and Television Commission              |                |
| <b>TOTAL</b>  | <b>4.88</b>    |

Source: Korda

The national Culture Fund of Hungary is the main source of public funding in Hungary with an annual budget of €3.04M, according to Korda's estimations.

### 13.1.4 Tax incentives

The tax allowance in Hungary was created in 2004. It is an automatic tax allowance scheme that is based on spends. The contribution takes the form of a cash contribution of up to 20% of the Hungarian spends of the budget. The eligible productions can be non-Hungarian but has to be shot in Hungary. In this case, the foreign producer has to find a local co-producer registered in the National Film Office. The NFO delivers a tax certificate and a local financier pay the value of the certificate and reduces its corporate tax. Since 2004, more than 200 projects were helped by this system.

## 13.2 Banking Landscape

### 13.2.1 Overview of the banking landscape

There are about 30 banks in Hungary. The major Hungarian banks are Budapest Bank, CIB Bank, Citibank, Commerzbank, Deutsche Bank, Dresdner Bank, Erste Bank, HVB, K&H, OTP, Raiffeisenbank, Volksbank and WestLB.

### 13.2.2 National banks with a wide European network and/or specialising on SMEs

There are a lot of German bank branches present in Hungaria and we can also notice the presence of the Austrian Raiffeisen Bank.

The local partner of the European Bank for Reconstruction and Development (EBRD) for SME financing facility in Hungary is SG Eszközfinanszírozás Magyarország Rt. In 2004, the EBRD lended €10M to this bank in the frame of the program SME Finance Facility. SG

Eszközfanaszirozás Magyarország Rt is the Hungarian branch of the Societe Generale and is primarily focuses on SMEs, especially in the high-tech and IT sectors.

### 13.2.3 Film banking

We contacted the following institutions:

- Media Desk
- Nkom gov
- Filmunio

Concorde Securities is the Hungarian's largest independent investment bank and Concorde Film Trust is the premiere tax rebate financing entity in Hungary that cash flows the tax credit rebate for producers. Concorde Film Trust already financed more than 150 productions, among those over 50 international productions. It is not just a financing service since it is closely linked to national services for producers. For example, Concorde Film Trust provides production services, including the assistance in finding the best available local service providers and in maximizing the amount of the tax credit. They finance several kinds of productions, ranging from feature films to TV series and animation. All films that pass the Hungarian cultural test and have production expenses in Hungary can qualify for the Hungarian tax rebate. The subsidy amounts to 20% of film production costs incurred in Hungary, including all items of the budget that were paid for services provided by Hungarian taxpaying entities during the pre-production, shooting and post-production work to the master print.

Basically, the financial products developed by Concorde Film Trust consist in providing cash-flow or even pre-financing, when the indirect state subsidy works as post-financing. The legal arrangements are made between the local co-production company and Concorde. In exchange for the cash-flow providing, Concorde requests a fixed fee ranging from 0,75 to 1,5% of the budget spent locally, but doesn't require any right to the future distribution revenue of the film.

Selection of films supported by Concorde Film Trust:

| Title                               | Year | Countries      | Hungarian companies involved  | Budget |
|-------------------------------------|------|----------------|---|--------|
| <i>Nine Miles Down</i>              | 2008 | UK/USA/HU/AT   | Silverback Film (Prod)<br>Filmefex Studio (Special effects)<br>Abacus Consult (Audit) | \$22M  |
| <i>The Moon and the stars</i>       | 2007 | HU/IT/UK       | Abacus Consult (Audit)  |        |
| <i>The Boy in a striped pajamas</i> | 2008 | UK/USA         | Abacus Consult (Audit)  |        |
| <i>Treasured Island</i>             | 2007 | FR/UK/HU       | Abacus Consult (Audit)  | €24M   |
| <i>Metamorphosis</i>                | 2007 | DE/HU/UK/AT/CA | FilmArt (prod,)<br>Abacus Consult (Audit)   | \$6M   |
| <i>Copying Bethoven</i>             | 2006 | USA/DE/HU      | Eurofilm Studio (prod)<br>Abacus Consult (Audit)                                      | \$11M  |
| <i>Joy Division</i>                 | 2006 | UK/DE/HU       | Hungarian Film Connection<br>(prod)<br>Abacus Consult (Audit)                         | €5M    |

## 14 Iceland

### 14.1 Production Landscape

#### 14.1.1 Feature film production

**Table 50: Key film industry indicators for Iceland**

| <b>Production</b>                                   |                             |      |      |
|---|-----------------------------|------|------|
| 2007 average production budget (source: Cineuropa)  | €1,500,000                  |      |      |
| Number of film production companies (source: Kemps) | 25                          |      |      |
| Feature film production                             | 2007                        | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 4                           | 8    | 8    |
| 100% national productions                           | 2                           | 2    | 1    |
| Maj. Co-productions                                 | 1                           | 2    | 3    |
| Min. Co-productions                                 | 1                           | 4    | 4    |
| <b>Distribution and audience in 2007</b>            |                             |      |      |
| Number of films released                            | 208                         |      |      |
| - including national films                          | 4                           |      |      |
| Market share national films                         | 9.00%                       |      |      |
| Market share US films                               |                             |      |      |
| Market share European films                         |                             |      |      |
| Most successful national film                       | Jar City                    |      |      |
| Most successful international film                  | Pirates of the Carribbean 2 |      |      |
| Total admissions                                    | 1,521,441                   |      |      |
| Average admission per inhabitant                    | 4.9                         |      |      |
| Number of screens                                   | 47                          |      |      |
| Average ticket price                                | €9.20                       |      |      |
| Gross box office                                    | € 13, 99                    |      |      |

Sources: Cineuropa, European Audiovisual Observatory, Icelandic Film Centre

In 2007, 4 Icelandic productions were released, of which 3 national production and one majority co-production (Dorks & Damsel). There are between 3 and 7 service productions a year in Iceland. The budgets of the Icelandic productions are ranging from €500,000 to €3M.

The main recent national success was *Jar City*, a co-production between Iceland, Germany and Denmark produced by Blueeyes Productions for a total budget of \$2.9M.

#### 14.1.2 Film production companies

Among the 25 Icelandic production companies, 5 companies produced at least one film per year between 2005 and 2007: Blueeyes Productions, Kisi Productions, Popolli Pictures, The Icelandic Filmcompany and Zik Zak kvikmyndir.

These production companies regularly work on international co-productions involving countries like Denmark, Finland, Norway, the UK or the USA.

**Table 51: Selective filmography of production companies in Iceland which produced at least one film per year between 2005 and 2007**

| TITLE                                 | GENRE | RELEASED | COUNTRIES               | BUDGET       |
|---------------------------------------|-------|----------|-------------------------|--------------|
| <b>Blueeyes Productions</b>           |       |          |                         |              |
| Reykjavik-Rotterdam                   | Feat. | 2008     | IS                      |              |
| Brúðguminn                            | Feat. | 2008     | IS                      |              |
| Jar City                              | Feat. | 2006     | IS/DE/DK                | \$290,000    |
| A Little Trip to Heaven               | Feat. | 2005     | IS/USA                  | \$12,000,000 |
| <b>Kisi Productions</b>               |       |          |                         |              |
| Dark Floors                           | Feat. | 2008     | FI/IS                   | €4,300,000   |
| Dorks & Damsels                       | Feat. | 2007     | IS/UK/FI                |              |
| Den Brysomme mannen                   | Feat. | 2006     | NO/IS                   | \$2,100,000  |
| Eleven Men Out                        | Feat. | 2005     | IS/FI/UK                | €1,500,000   |
| <b>Poppoli pictures</b>               |       |          |                         |              |
| The Higher Force                      | Feat. | 2008     | IS                      | \$900,000    |
| The Amazing Truth About Queen Raquela | Feat. | 2008     | IS/FR                   | \$400,000    |
| Act Normal                            | Doc.  | 2006     | IS                      | \$310,000    |
| Africa United                         | Feat. | 2005     | IS                      | \$320,000    |
| <b>The Icelandic Filmcompany</b>      |       |          |                         |              |
| Dark Floors                           | Feat. | 2008     | FI/IS                   | €4,300,000   |
| Dorks & Damsels                       | Feat. | 2007     | IS/UK/FI                |              |
| Den Brysomme mannen                   | Feat. | 2006     | NO/IS                   | \$2100000    |
| Eleven Men Out                        | Feat. | 2005     | IS/FI/UK                | €1,500,000   |
| <b>Zik Zak Kvikmyndir</b>             |       |          |                         |              |
| The Good Heart                        | Feat. | 2008     | DK/IS/USA               | \$3,800,000  |
| Electronica Reykjavik                 | Doc.  | 2008     | IS                      |              |
| Undercurrent                          | Feat. | 2008     | IS                      |              |
| The Boss of It All                    | Feat. | 2008     | DK/SE/IS/IT/FR/NO/FI/DE | €3,000,000   |
| The Last Winter                       | Feat. | 2006     | USA/IS                  | \$50,000     |
| Dark Horse                            | Feat. | 2005     | DK/IS                   | €1,850,000   |

Sources: Icelandic Film Center, Media Desk Iceland, Imdb

### 14.1.3 Public funding for film production

**Table 52: List of public funding institutions in Iceland**

| National institutions and funding bodies | Budget (in €M) |
|--|----------------|
| Icelandic Film Center                    | 3.20           |
| <b>TOTAL</b>                             | <b>3.20</b>    |

Source: Korda

The Icelandic Film Centre, established in 2003, is the main source of public funding for film production in Iceland, operating through the Icelandic Film Fund. The Icelandic fund provides grants to feature films, documentaries, television fiction and minority co-productions, which have to have connections with Icelandic culture. According to the European database of public funding Korda, the annual budget of the Icelandic Film Fund is €3.2M.

## 14.2 Banking Landscape

### 14.2.1 Overview of the banking landscape

There are 6 commercial banks and 16 saving banks in Iceland. At the beginning of October 2008, the Icelandic economy experienced a financial crash. Most Iceland's banks and financial firms were temporary halted. Some of them have resumed their activity with the help of government backing.

### 14.2.2 Film banking

We contacted the following institutions:

- Media Desk
- Icelandic Film Center
- Association of Icelandic Film Producers

There is no bank able to offer a sectorial approach towards the film industry in Iceland. However, at least before the national economic crash, a few banks used to lend money to film production companies, without a special section or person dedicated to audiovisual business.

Before their bankrupt in October 2008, three banks used to finance film production:

- **Islandsbanki (Landsbanki Islands)**

Landsbanki Island was involved in 3 film production in 2004:

*Blindsker: Saga Bubba Morthens*, a documentary released in 2004 propoduced by Poppoli Pictures and Skifan

*Pönkið og Fræbbblarnir*, a documentary released in 2004 and produced by Markell Productions

*Dís*, a feature film released in 2004 and produced by Blueeyes Productions for a total budget of ISK70M

- **Kaupthing Bank**

Kaupthing Bank participated to the financing of the feature film *A little trip to Heaven*, released in 2005, a co-production between Iceland and the USA produced by Blueeyes Productions for a total budget of \$12M<sup>40</sup>.

- **KB Banki**

KB Banki made the banking services for the documentary *Rockville* released in 2004 and produced by the Icelandic company Kvikmynd.

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<sup>40</sup> [www.imdb.com](http://www.imdb.com)

## 15 Ireland

### 15.1 Production Landscape

#### 15.1.1 Feature film production

**Table 53: Key film industry indicators for Ireland**

| <b>Production</b>                                   |                                 |      |      |
|---|---------------------------------|------|------|
| Average production budget                           | n/a                             |      |      |
| Number of film production companies (source: Kemps) | 77                              |      |      |
| Feature film production                             | 2007                            | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 10                              | 9    | 14   |
| 100% national productions                           | 3                               | 2    | 3    |
| Maj. Co-productions                                 | 3                               | 5    | 6    |
| Min. Co-productions                                 | 4                               | 2    | 5    |
| <b>Distribution and audience in 2007</b>            |                                 |      |      |
| Number of films released                            | 267                             |      |      |
| - including national films                          | 8                               |      |      |
| Market share national films                         | 4.38                            |      |      |
| Market share US films                               |                                 |      |      |
| Market share European films                         |                                 |      |      |
| Most successful national film                       | The Wind that shakes the Barley |      |      |
| Most successful international film                  | Pirates of The Caribbean 3      |      |      |
| Total admissions                                    | 18,400,000                      |      |      |
| Average admission per inhabitant                    | 4.33                            |      |      |
| Number of screens                                   | 90                              |      |      |
| Average ticket price                                | €5.76                           |      |      |
| Gross box office                                    | €105.98M                        |      |      |

Sources: Cineuropa, European Audiovisual Observatory, Irish Film Board

There were 24 Irish films released in 2007. The total admissions reached 18,400,000 for a gross box office of €105.98M. Feature films show a significant increase of 11 projects from 2006 to 2007. The number of television dramas, short films, animation, and documentaries also increased year on year between 2005 and 2007. The average budget for a feature film is €2,050,000 with a maximum budget of €8,500,000. The average budget for a documentary was €312,000 with a maximum budget of €2,500,000. 69% of the gross budget for all productions (€166.4M) was actually spent in Ireland in 2007. 52% of the gross budget for feature films is spent in Ireland.

Feature films represent 76% of the overall sector value in Ireland, that is to say €283.7M<sup>41</sup>.

#### 15.1.2 Film production companies

The Irish Film Board<sup>42</sup> estimates that a total of 567 companies in the independent audiovisual sector are involved in production in Ireland. This number includes content production companies, post-production companies and service providers. We can estimate that there are about 77 companies that produce feature films and

<sup>41</sup> Irish Film Board, 2009. Irish Audiovisual Content Production Review. Ireland

<sup>42</sup> Irish Film Board, 2009. Irish Audiovisual Content Production Review. Ireland

documentaries, of which 7 produced at least one film per year between 2005 and 2007: Fastnet Films, Bórd Scannán na hÉireann, Element Films, Parallel Film Productions, Samson Films, Green Park Films and Subotica Entertainment.

The majority of these production companies uses to work with foreign co-producer from countries like the UK, Canada, Germany, France or Spain.

The total income to production companies from productions across the genres (from feature films to commercials) was €27.3M in 2007.

The average production companies' turnover in 2007 was €947,333, with a maximum of €32,778,408.

Profit retained by the company and promoter capital are the two largest sources of company financing in Ireland, before third party investors and state funding.

**Table 54: Selective filmography of production companies in Ireland which produced at least one film per year between 2005 and 2007**

| TITLE                                 | GENRE | RELEASED | COUNTRIES          | BUDGET      |
|---------------------------------------|-------|----------|--------------------|-------------|
| <b>Fastnet Films</b>                  |       |          |                    |             |
| Princess                              | Feat. | 2009     | SE                 |             |
| Kisses                                | Feat. | 2008     | IE/SE              |             |
| The Investigator                      | Feat. | 2008     | HU/SE/IE           | €437,000    |
| Tonight Is Cancelled                  | Feat. | 2007     | IE                 |             |
| <b>Bórd Scannán na hÉireann</b>       |       |          |                    |             |
| Waveriders                            | Doc.  | 2008     | UK/IE              |             |
| When Did You Last See Your Father?    | Feat. | 2007     | UK/IE              | \$8,000,000 |
| Garage                                | Feat. | 2007     | IE                 |             |
| Shrooms                               | Feat. | 2007     | IE/DK/UK           |             |
| Once                                  | Feat. | 2006     | IE                 | €180,000    |
| The Wind That Shakes the Barley       | Feat. | 2006     | IE/UK/DE/IT/ES /FR |             |
| <b>Element Films</b>                  |       |          |                    |             |
| The Wind That Shakes the Barley       | Feat. | 2006     | IE/UK/DE/IT/ES /FR |             |
| Lassie                                | Feat. | 2005     |                    |             |
| Isolation                             | Feat. | 2005     | UK/IE              | €3,200,000  |
| <b>Parallel Film Productions</b>      |       |          |                    |             |
| A Film with Me in It                  | Feat. | 2008     | IE                 |             |
| The Escapist                          | Feat. | 2008     | UK/IE              |             |
| Joe Strummer: The Future Is Unwritten | Doc.  | 2007     | IE/UK              |             |
| Breakfast on Pluto                    | Feat. | 2005     | IE/UK              |             |
| <b>Samson Films</b>                   |       |          |                    |             |
| Eden                                  | Feat. | 2008     | IE                 |             |
| The Englishman                        | Feat. | 2007     | UK/IE              | €160,000    |
| Slipstream Dream                      | Feat. | 2007     | USA                |             |
| True North                            | Feat. | 2006     | DE/IE/UK           |             |
| Once                                  | Feat. | 2006     | IE                 | €180,000    |
| Asylum                                | Feat. | 2005     | UK/IE              |             |
| <b>Green Park Films</b>               |       |          |                    |             |
| Kings                                 | Feat. | 2007     | IE/UK              |             |
| Middletown                            | Feat. | 2006     | UK/IE              | €1,100,000  |
| The Mighty Celt                       | Feat. | 2005     | IE                 | €2,800,000  |

| <b>Subotica Entertainment</b> |       |      |       |            |
|-------------------------------|-------|------|-------|------------|
| Love & Savagery               | Feat. | 2009 | CA/IE |            |
| Juego del ahorcado, El        | Feat. | 2008 | ES/IE |            |
| The Daisy Chain               | Feat. | 2008 | IE/UK |            |
| Small Engine Repair           | Feat. | 2006 | IE    | €2,500,000 |

Sources: Irish Film Board, Imdb

Radio Telefís Éireann (RTÉ) is not an independent production company and hence was not included in the count, although it produced at least one film per year between 2005 and 2007(see table below).

| <b>Radio Telefís Éireann (RTÉ)</b> |       |      |    |          |
|------------------------------------|-------|------|----|----------|
| Alarm                              | Feat. | 2008 | IE |          |
| Get Collins                        | Doc.  | 2007 | IE |          |
| Garage                             | Feat. | 2007 | IE |          |
| Once                               | Feat. | 2006 | IE | €180,000 |

### 15.1.3 Public funding for film production

**Table 55: List of public funding institutions in Ireland**

| National institutions and funding bodies | Budget (in €M) |
|--|----------------|
| Irish Film Board                         | 11.40          |
| Ministry for Arts, Sport and Tourism     |                |
| <b>TOTAL</b>                             | <b>11.40</b>   |

Source: Korda

Irish Film Board is the most important source of production funding. The other significant sources include international pre-sales and Irish tax incentives. According to production companies interviewed by the Irish Film Board in the frame of its study about the Irish audiovisual industry<sup>43</sup>, the least important sources of production funding are telecommunication companies, venture capital and gap finance.

### 15.1.4 Tax incentives

The Irish tax credit system is an automatic tax allowance scheme. The film has no need to be Irish but a foreign producer must find an Irish co-producer. Projects can benefit up to 20% of their qualifying expenditure as a tax credit. The financial support is available from the first day of principal photography.

## 15.2 Banking Landscape

### 15.2.1 Overview of the banking landscape

**Table 56: Banking landscape in Ireland in 2005**

| <b>General data</b>                   |           |
|---------------------------------------|-----------|
| Inhabitants                           | 4 109 086 |
| Gross domestic product (in € million) | 190 602   |
| Eurozone since                        | 1999      |

<sup>43</sup> Irish Film Board, 2009. Irish Audiovisual Content Production Review. Ireland

| <b>Bank profitability statistics</b> |               |
|--------------------------------------|---------------|
| Number of institutions               | 42            |
| Number of branches                   | 910           |
| <b>Balance sheet</b>                 |               |
| <b>Assets (in € M)</b>               |               |
| Cash and balance with Central bank   | 7 263.986     |
| Interbanks deposits                  | 167 214.118   |
| Loans                                | 497 666.072   |
| Securities                           | 210 612.747   |
| Other assets                         | 201 660.808   |
| <b>Liabilities (in € M)</b>          |               |
| Capital and reserves                 | 43 131.178    |
| Borrowing from central bank          |               |
| Interbank deposits                   | 283 886.362   |
| Customer deposits                    | 261 917.213   |
| Bonds                                | 287 465.217   |
| Other liabilities                    | 208 017.762   |
| End-year total                       | 1 084 417.731 |

Sources: Eurostat, European Commission, OECD Statistics

According to OECD's statistics, there are and 42 banks and 910 branches in Ireland.

## 15.2.2 Film banking

We contacted the following institutions:

- Media Desk
- Element Pictures
- Irish Film Board

There are 3 banks involved (currently or in a recent past) in film financing in Ireland:

- **Anglo Irish Bank**

The Anglo Irish bank provided financing services to the following films on the last years:

| Title                | Year | Countries   | Budget |
|----------------------|------|-------------|--------|
| A shine of Rainbows  | 2008 | CA/IE       | €3.74M |
| Isolation            | 2005 | UK/IE       |        |
| Breakfast on Pluto   | 2005 | UK/IE       |        |
| Man About Dog        | 2004 | UK/IE       |        |
| Song for a Raggy Boy | 2003 | UK/IE/DK/SP |        |

- **Bank of Ireland**

The Bank of Ireland provided financing services to the following films on the last years:

| Title                     | Year | Countries | Budget   |
|---------------------------|------|-----------|----------|
| The Accidental Husband    | 2008 | UK/USA    |          |
| The Children of Huang Shi | 2008 | AU/CN/DE  | \$40M    |
| Sleepwalking              | 2008 | CA/USA    |          |
| Death Defying Acts        | 2007 | UK/AU     | \$20M    |
| Michael Clayton           | 2007 | USA       | \$25M    |
| Becoming Jane             | 2007 | UK        | \$16.5M  |
| Code Name: The Cleaner    | 2007 | USA       | \$20M    |
| The Painted Veil          | 2006 | CN/USA    | \$19.40M |
| Goya's Ghosts             | 2006 | USA/ES    |          |
| The Hoax                  | 2006 | USA       | \$25M    |
| Fast Food Nation          | 2006 | UK/USA    |          |

|                      |      |                       |        |
|----------------------|------|-----------------------|--------|
| Flyboys              | 2006 | UK/USA                | \$60M  |
| Minotaur             | 2006 | UK/LU/DE/FR/ES/IT/USA | \$7M   |
| These Foolish Things | 2006 | UK                    | €6,71M |

- **Allied Irish Bank**

The Allied Irish Bank provided financing services to the following films on the last years:

| Title                              | Year | Countries | Budget |
|------------------------------------|------|-----------|--------|
| Soul Code                          | 2009 | USA       |        |
| Before the Devil Knows You're Dead | 2007 | USA/UK    | \$18M  |
| Keeping Mum                        | 2005 | UK        |        |
| Pavee Lackeen: The Traveller Girl  | 2005 | IE        |        |

## 16 Italy

### 16.1 Production Landscape

#### 16.1.1 Feature film production

**Table 57: Key film industry indicators for Italy**

| <b>Production</b>                                   |                   |      |      |
|---|-------------------|------|------|
| Average production budget in 2006 (source: OBS)     | €2,059,793        |      |      |
| Number of film production companies (source: Kemps) | 226               |      |      |
| Feature film production                             | 2007              | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 92                | 105  | 93   |
| 100% national productions                           | 61                | 66   | 59   |
| Maj. Co-productions                                 | 14                | 14   | 14   |
| Min. Co-productions                                 | 17                | 25   | 20   |
| <b>Distribution and audience in 2007</b>            |                   |      |      |
| Number of films released                            | 370               |      |      |
| - including national films                          | 110               |      |      |
| Market share national films                         | 33.00%            |      |      |
| Market share US films                               | 55.40%            |      |      |
| Market share European films                         | 11.60%            |      |      |
| Most successful national film                       | Manuale d'amore 2 |      |      |
| Most successful international film                  | Shreck the Third  |      |      |
| Total admissions                                    | 115,000,000       |      |      |
| Average admission per inhabitant                    |                   |      |      |
| Number of screens                                   | 3 087             |      |      |
| Average ticket price                                | €5.93             |      |      |
| Gross box office                                    | €685.00           |      |      |

Sources: Cineuropa, European Audiovisual Observatory

In 2007, 123 movies were produced in Italy: since 2005 that was not a good year, it seems that the number of movies produced each year constantly increases. Out of these 123 movies, 93 were 100% national productions, 16 were major coproductions and 14 were minor coproductions. In fact, 2007 was a very good year for the Italian cinema, with one of the highest number of cinema goers since 20 years, and one of the best national cinema's market share since the end of the 90's. Since 2005 the State decided to put a real emphasis on cinema and to increase its subsidies : State's investment in film production has increased by 45% since 2005

In 2007, the main national success was Manual of Love 2 (Manuale d'amore 2), directed by Giovanni Veronesi, featuring Monica Bellucci, produced by Filmauro. The box office reached €19 M with 3,13 millions admissions.

#### 16.1.2 Film production companies

For Italy, we decided not to select production companies based on producing at least 1 movie per year between 2005 and 2007, as this number would be too large for this study. We thus resorted to another methodology: We selected 6 Italian companies from a list of the 100 most dynamic European independent companies by operating revenues. The quotes are from the European Audiovisual Observatory Yearbook 2007. This list includes 6 Italian companies.

**Table 58: Italian companies among the 100 leading independent film production companies in the EU**

| TITLE                                    | GENRE                                  | RELEASED | COUNTRIES      | BUDGET        |
|--|--|----------|----------------|---------------|
| <b>6. Filmauro</b>                       | <b>Operating revenue 2005 (in €M):</b> |          |                | <b>96,824</b> |
| Natale a Rio                             | Feat.                                  | 2008     | IT             |               |
| Grande, grosso e Verdone                 | Feat.                                  | 2008     | IT             |               |
| Natale in crociera                       | Feat.                                  | 2007     | IT             |               |
| Manuale d'amore 2 (Capitoli successivi)  | Feat.                                  | 2007     | IT             |               |
| Natale a New York                        | Feat.                                  | 2006     | IT             |               |
| Mio miglior nemico, Il                   | Feat.                                  | 2006     | IT             |               |
| Natale a Miami                           | Feat.                                  | 2005     | IT             |               |
| Manuale d'amore                          | Feat.                                  | 2005     |                |               |
| <b>17. Cattleya</b>                      | <b>Operating revenue 2006 (in €M):</b> |          |                | <b>35,556</b> |
| Solo un padre                            | Feat.                                  | 2008     | IT             |               |
| Amore, bugie e calcetto                  | Feat.                                  | 2008     | IT             | €4,000,000    |
| Colpo d'occhio                           | Feat.                                  | 2008     | IT             |               |
| Parlami d'amore                          | Feat.                                  | 2008     | IT             |               |
| Black and White                          | Feat.                                  | 2008     | IT             | €5,000,000    |
| Lezioni di cioccolato                    | Feat.                                  | 2007     | IT             |               |
| Nostro Rwanda, Il                        | Doc.                                   | 2007     | IT             |               |
| My Brother Is an Only Child              | Feat.                                  | 2007     | IT/FR          | €5,000,000    |
| Flying Lessons                           | Feat.                                  | 2007     | IT/FR/IN       |               |
| Ho voglia di te                          | Feat.                                  | 2007     | IT             | €4,300,000    |
| Commediasexi                             | Feat.                                  | 2006     | IT             |               |
| N (Io e Napoleone)                       | Feat.                                  | 2006     | IT/ES/FR       | €7,600,000    |
| The Missing Star                         | Feat.                                  | 2006     | IT/FR/CH/SG    |               |
| Estate del mio primo bacio, L'           | Feat.                                  | 2006     | IT             |               |
| The Dark Sea                             | Feat.                                  | 2006     | IT/FR          |               |
| Romanzo criminale                        | Feat.                                  | 2005     | IT/FR/UK       |               |
| The Method                               | Feat.                                  | 2005     | AR/ES/IT       | \$3,000,000   |
| Don't Tell                               | Feat.                                  | 2005     | IT/UK/FR/ES    | €6,000,000    |
| Quando sei nato non puoi più nasconderti | Feat.                                  | 2005     | IT/FR/UK       |               |
| Uomo perfetto, L'                        | Feat.                                  | 2005     | IT/UK          | €3,000,000    |
| Go, See, and Become                      | Feat.                                  | 2005     | FR/BE/IL/IT    |               |
| <b>24. Fandango</b>                      | <b>Operating revenue 2006 (in €M):</b> |          |                | <b>31,292</b> |
| The Past Is a Foreign Land               | Feat.                                  | 2008     | IT             |               |
| A Perfect Day                            | Feat.                                  | 2008     | IT             |               |
| Lesson 21                                | Feat.                                  | 2008     |                |               |
| Gomorrah                                 | Feat.                                  | 2008     | IT             |               |
| Quiet Chaos                              | Feat.                                  | 2008     | IT/UK          | €5,500,000    |
| Lascia perdere, Johnny!                  | Feat.                                  | 2007     | IT             |               |
| Parole sante                             | Doc.                                   | 2007     | IT             |               |
| Giusta distanza, La                      | Feat.                                  | 2007     | IT             |               |
| Silk                                     | Feat.                                  | 2007     | CA/FR/IT/UK/JP | \$20,000,000  |
| Ragioni dell'aragosta, Le                | Doc.                                   | 2007     | IT             |               |
| Drunken Sailor                           | Doc.                                   | 2007     | FR/UK/DE/IT/RU | \$2,000,000   |
| Drunken Sailor                           | Doc.                                   | 2007     | UK/USA         |               |
| Dr. Plonk                                | Feat.                                  | 2007     | AU             |               |
| Fascisti su Marte                        | Feat.                                  | 2006     | IT             | €1,000,000    |
| Amico di famiglia, L'                    | Feat.                                  | 2006     | IT/FR          |               |
| Ten Canoes                               | Feat.                                  | 2006     | AU             |               |

|  |  |      |              |               |
|--|--|------|--------------|---------------|
| Our Land   | Feat.                                  | 2006 | IT           | €8,000,000    |
| <b>26. Italian International Film</b>              | <b>Operating revenue 2006 (in €M):</b> |      |              | <b>29,258</b> |
| Questa notte è ancora nostra                       | Feat.                                  | 2008 | IT           |               |
| Concrete Romance                                   | Feat.                                  | 2007 | IT           |               |
| Notte prima degli esami - Oggi                     | Feat.                                  | 2007 | IT           |               |
| The Final Inquiry                                  | Feat.                                  | 2006 | IT/ES/USA/BG | €8,000,000    |
| The Night Before the Exams                         | Feat.                                  | 2006 | IT           |               |
| <b>46. Melampo Cinematografica</b>                 | <b>Operating revenue 2006 (in €M):</b> |      |              | <b>17,340</b> |
| Tigre e la neve, La                                | Feat.                                  | 2005 | IT           | \$35,000,000  |
| Pinocchio  | Feat.                                  | 2002 | IT/USA       | €40,000,000   |
| Astérix et Obélix contre César                     | Feat.                                  | 1999 | FR/DE/IT     | \$48,000,000  |
| Life Is Beautiful                                  | Feat.                                  | 1997 | IT           |               |
| <b>74. Cecchi Gori Group Tiger Cinematografica</b> | <b>Operating revenue 2005 (in €M):</b> |      |              | <b>12,500</b> |
| Sorry, If I Love You                               | Feat.                                  | 2008 | IT           |               |
| Ritorno del Monnezza, Il                           | Feat.                                  | 2005 | IT           | €2,000,000    |
| Cose da pazzi                                      | Feat.                                  | 2005 | IT           |               |
| In questo mondo di ladri                           | Feat.                                  | 2004 | IT           |               |
| Love Is Eternal While It Lasts                     | Feat.                                  | 2004 | IT           |               |

Sources: European Audiovisual Observatory (Yearbook 2007), Imdb

### 16.1.3 Public funding for film production

**Table 59: List of public funding institutions in Italy**

|   |                |
|---|----------------|
| National institutions and funding bodies  | Budget (in €M) |
| Ministero per i Beni e le Attività Culturali - Direzione Generale per il Cinema | 83.63          |
| Regional institutions and public funding bodies                                 | Budget (in €M) |
| Apulia Film Fund  | 0.45           |
| Filas   | 7.00           |
| Friuli Venezia Giulia   | 0.35           |
| Piedmont Film Co.   | 0.70           |
| Sicilian Film Fund  | 3.00           |
| <b>TOTAL</b>  | <b>95.13</b>   |

Source: Korda

## 16.2 Banking Landscape

### 16.2.1 Overview of the banking landscape

**Table 60: Banking landscape in Italy in 2005**

|                                       |            |
|---------------------------------------|------------|
| <b>General data</b>                   |            |
| Inhabitants                           | 58 751 711 |
| Gross domestic product (in € million) | 1 535 540  |
| Eurozone since                        | 1999       |
| <b>Bank profitability statistics</b>  |            |
| Number of institutions                | 773        |
| Number of branches                    | 31 472     |
| Balance sheet                         |            |
| Assets (in € M)                       |            |

|                                    |                  |
|------------------------------------|------------------|
| Cash and balance with Central bank | 14 936           |
| Interbanks deposits                | 289 084          |
| Loans                              | 1 191 229        |
| Securities                         | 270 322          |
| Other assets                       | 914 780          |
| <b>Liabilities (in € M)</b>        |                  |
| Capital and reserves               | 191 392          |
| Borrowing from central bank        | 221              |
| Interbank deposits                 | 276 854          |
| Customer deposits                  | 673 065          |
| Bonds                              | 432 084          |
| Other liabilities                  | 1 106 735        |
| <b>End-year total</b>              | <b>2 680 351</b> |

Sources: Eurostat, European Commission, OECD Statistics

There are 773 banks in Italy and 31472 branches. There has been recently a wave of mergers that consolidated the Italian banking landscape. In May 2007, the largest Italian bank Unicredit bought its rival Capitalia for € 22 billion, thus becoming one of the most powerful banks in Europe (thanks also to the merger with German bank HVB in 2005). However, the economic crisis of 2008 touched the group : in September 2008 Unicredit's share price collapsed in the Milan Stock Exchange. Today Unicredit has been overtaken by the former number 2 : Intesa San Paolo.

### **16.2.2 National banks with a wide European network and/or specialising on SMEs**

Several operations occurred that enlarged the presence of some Italian banks in Europe. BNL was fully taken over by French BNP Paribas in 2006, Unicredit Group took control of German HVB in 2005.

### **16.2.3 Film banking**

Banca Nazionale del Lavoro SpA (BNL) is the bank specialising in film in Italy as it is cash flowing the subsidies coming from the Ministry of Culture. Since their takeover by French banking group BNP Paribas in 2006, the banks does not seem to have developed further services in the sector. The Consultant was not able to interview the bank's staff which is still involved in the discounting of the subsidies. A number of other banks involved in film banking have been quoted to the consultant even though no contact could have been made in time for the study. These Italian banks include Credito Artigiano - Gruppo Bancario Credito Valtellinese, Intesa Mediocredito and Monte dei Paschi di Siena.

## 17 Latvia

### 17.1 Production Landscape

#### 17.1.1 Feature film production

**Table 61: Key film industry indicators for Latvia**

| <b>Production</b>                                   |                   |      |      |
|---|-------------------|------|------|
| 2007 average production budget (source: Cineuropa)  | n/a               |      |      |
| Number of film production companies (source: Kemps) | 25                |      |      |
| Feature film production                             | 2007              | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 2                 | 3    | 4    |
| 100% national productions                           | 1                 | 0    | 1    |
| Maj. Co-productions                                 | 0                 | 2    | 2    |
| Min. Co-productions                                 | 1                 | 1    | 1    |
| <b>Distribution and audience in 2007</b>            |                   |      |      |
| Number of films released                            | 151               |      |      |
| - including national films                          | 6                 |      |      |
| Market share national films                         | 7.40%             |      |      |
| Market share US films                               | 66.70%            |      |      |
| Market share European films                         | 16.80%            |      |      |
| Most successful national film                       | Defenders of Riga |      |      |
| Most successful international film                  | Shrek the Third   |      |      |
| Total admissions                                    | 2,225,322         |      |      |
| Average admission per inhabitant                    | 1                 |      |      |
| Number of screens                                   | 46                |      |      |
| Average ticket price                                | €3.98             |      |      |
| Gross box office                                    | €8.86M            |      |      |

Sources: Cineuropa, European Audiovisual Observatory, National Film Centre of Latvia

In 2007, 6 films were produced in Latvia, of which 5 national productions (including mainly documentaries) and 1 minority co-production. The number of film productions in Latvia doubled each year from 2005.

The total of admissions reached more the 2 million for a gross box office of €8.86M.

The average feature film budget in Latvia is between €500,000 and €900,000.

#### 17.1.2 Film production companies

According to the National Film Centre of Latvia, there are 25 active production companies working in Latvia, some of them specialising mainly in TV commercials<sup>44</sup>. Only the production company Kaupo Filma produced one film a year between 2005 and 2007. Kaupo Filma produces national feature films and documentaries as well as international co-productions with various countries, such as Austria, The United Kingdom and Russia. It was one of the first private film production studio in Latvia.

<sup>44</sup> National Film Center of Latvia. Brief historical Survey. Latvia.

**Table 62: Selective filmography of production companies in Latvia which produced at least one film per year between 2005 and 2007**

| TITLE                        | GENRE | RELEASED | COUNTRIES   | BUDGET    |
|------------------------------|-------|----------|-------------|-----------|
| <b>Kaupo Filma</b>           |       |          |             |           |
| Varka kru                    | Doc.  | 2008     | LV          |           |
| Midsummer Madness            | Feat. | 2007     | LV/UK/AT/RU |           |
| The Dark Deer                | Feat. | 2006     | LV/AT       | € 700,000 |
| Man patik, ka meitene skumst | Feat. | 2005     | LV          |           |

Source: Imdb

### 17.1.3 Public funding for film production

**Table 63: List of public funding institutions in Latvia**

| National institutions and funding bodies | Budget (in €M) |
|--|----------------|
| National Film Centre of Latvia           | 2.22           |
| State Culture Capital Foundation         | 1.14           |
| <b>TOTAL</b>                             | <b>3.36</b>    |

Source: Korda, Media Desk Latvia

The main source of public funding for film production is the National Film Center of Latvia, with a budget of €2.22M in 2007. The State Culture Capital Foundation also contributes to film production financing with a budget of €1.14M. The annual budget of public funding in 2007 (€3.36M) was mainly dedicated to support feature films (39%), documentaries (14%) and animation films (14%).

This funding is financed by the state budget through the Ministry of Culture.

## 17.2 Banking Landscape

### 17.2.1 Overview of the banking landscape

There were 25 banks operating in Latvia in 2007<sup>45</sup>. 8 to 10 banks operate as full-range banking service providers when the others have positioned themselves in certain niche markets.

### 17.2.2 National banks with a wide European network and/or specialising on SMEs

There are 6 branches of foreign banks in Latvia, including FöreingsSparbanken, SEB (Sweden), Nord/LB (Germany), Nordea (Finland) and Vereins- und Westbank (Germany), which constitute approximately 80% of the commercial bank capital in the country.

The local partners of the European Investment Bank that participates to the program "SEM Finance Facility" are UniCredit Bank and AS DnB NORD Banka, both based in Riga. In this frame, Latvian small and medium-sized enterprises already benefited from a €10M EBRD credit line in 2000 and a €5M credit line in 2002.

<sup>45</sup> [www.latvianbanks.com](http://www.latvianbanks.com)

### **17.2.3 Film banking**

We contacted the following institutions:

- Media Desk
- Latvian Film Producers Association
- The Latvian Filmmakers Union
- State Culture Capital Foundation
- NRTP
- Government

There is no bank involved in film financing in Latvia.

## **18 Liechtenstein**

### **18.1 Production Landscape**

There is no information available about the film production landscape in Liechtenstein. There is no public funding, no institution dedicated for films production and no major film production company producing at least one film per year. Only one film was financed (private equity) by a company based in Liechtenstein since 2005: *Paris, je t'aime*, a \$13M budget co-production between France, Liechtenstein and Switzerland.

### **18.2 Banking Landscape**

The financial services sector has a share of 30% of the Liechtenstein gross domestic product. The bank sector employs 14.3% of Liechtenstein population<sup>46</sup>. In 2006, there were 16 banks licensed in Liechtenstein, of which 6 were dominated by Liechtenstein investors, 5 by investors from EEA and 5 by investors from third states (Switzerland)

The Austria-based Raiffeisenbank is one of the five foreign institutions branches in Liechtenstein.

There is no bank involved in film financing in Liechtenstein.

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<sup>46</sup> [www.liechtenstein.li](http://www.liechtenstein.li)

## 19 Lithuania

### 19.1 Production Landscape

#### 19.1.1 Feature film production

**Table 64: Key film industry indicators for Lithuania**

| <b>Production</b>                                   |                    |      |      |
|---|--------------------|------|------|
| 2007 average production budget (source: Cineuropa)  | €800,000           |      |      |
| Number of film production companies (source: Kemps) | 24                 |      |      |
| Feature film production                             | 2007               | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 1                  | 0    | 4    |
| 100% national productions                           | 1                  | 0    | 0    |
| Maj. Co-productions                                 | 0                  | 0    | 2    |
| Min. Co-productions                                 | 0                  | 0    | 2    |
| <b>Distribution and audience in 2007</b>            |                    |      |      |
| Number of films released                            | 156                |      |      |
| - including national films                          | 3                  |      |      |
| Market share national films                         | 1.92%              |      |      |
| Market share US films                               | 84.60%             |      |      |
| Market share European films                         | 11.80%             |      |      |
| Most successful national film                       | Whisper of Sin     |      |      |
| Most successful international film                  | The Simpsons Movie |      |      |
| Total admissions                                    | 3,233,103          |      |      |
| Average admission per inhabitant                    | 0.96               |      |      |
| Number of screens                                   | 55                 |      |      |
| Average ticket price                                | €3.19M             |      |      |

Sources: Cineuropa, European Audiovisual Observatory

In 2007, 2 feature films were produced in Lithuania or co-produced with a Lithuanian production company, for an average budget of €2,6M, according to Cineuropa's estimations.

The total admissions reached 3,233,103 for a gross box office of €3.19M.

The main national success was *Whisper of Sin*, produced by Studio Uljana Kim and Lietuvos Kinostudija.

#### 19.1.2 Film production companies

Out of the estimated 24 independent production companies active in Lithuania, none produced at least one film per year between 2005 and 2007.

Only Lithuania's film studio, Lietuvos Kinostudija fits that criterion but cannot count as an independent production company. Established in 2008 and privatised in 2004, Lietuvos Kinostudija, also known as Lithuanian Film Studios, works with most local and foreign production companies coming to Lithuania.

**Table 65: Selective filmography of production companies in Lithuania which produced at least one film per year between 2005 and 2007**

| TITLE                                       | GENRE | RELEASED | COUNTRIES    | BUDGET       |
|---|-------|----------|--------------|--------------|
| <b>Lietuvos Kinostudija</b>                 |       |          |              |              |
| Stone's War                                 | Feat. | 2008     | USA/LT/IT    | €4,000,000   |
| Transsiberian                               | Feat. | 2008     | UK/DE/ES/LT  | \$15,000,000 |
| Loss  | Feat. | 2008     | LT           |              |
| King of Beggars                             | Feat. | 2007     | IL           |              |
| Whisper of Sin                              | Feat. | 2007     | LT           |              |
| Highlander: The Source                      | Feat. | 2007     | UK/USA/LT    | \$13,000,000 |
| Highlander: The Source                      | Feat. | 2007     | UK/USA/LT    | \$13,000,000 |
| Ghetto                                      | Feat. | 2006     | DE/LT        |              |
| Ghetto                                      | Feat. | 2006     | DE/LT        |              |
| Dungeons & Dragons: Wrath of the Dragon God | Feat. | 2005     | DE/LT/UK/USA | \$15,000,000 |

Source: Imdb

### 19.1.3 Public funding for film production

**Table 66: List of public funding institutions in Lithuania**

| National institutions and funding bodies | Budget (in €M) |
|--|----------------|
| Cinema Council (Ministry of Culture)     | 1.44           |
| National Cinema Support Programme        | 0.16           |
| <b>TOTAL</b>                             | <b>1.60</b>    |

Source: Lithuanian Film Center

The main source of public funding for film production in Lithuania is the Ministry of Culture. In 2007, the Cinema Council at the Ministry of Culture made available €1.44M for film production projects, plus €0.16M from the National Cinema Support Programme. Funds have been allocated to 4 feature films, 2 short films, 1 animation film and 1 documentary short.

## 19.2 Banking Landscape

### 19.2.1 Overview of the banking landscape

There are 9 commercial banks operating in Lithuania with a license from the bank of Lithuania, 8 foreign banks branches and 67 credit unions.

### 19.2.2 National banks with a wide European network and/or specialising on SMEs

There are 8 foreign banks branches in Lithuania: Allied Irish Bank, UniCredit Bank, Balt Investeeringute Grupi Pank, Dansk Bank, MP Investment Bank, Nordea Bank Finland, Skandinaviska Enskilda Banken AB, Svenska Handelsbanken AB. The majority of the foreign banks represented in Lithuania by local branches are located in Scandinavia (Finland and Sweden). It is also interesting to note the presence of the Allied Irish Bank in the country, since this bank is active in the film industry in the UK.

The Vilnius-based AB SEB Bankas has a framework agreement with the European Investment Bank for its programme “SEM Finance Facility”.

### **19.2.3 Film banking**

We contacted the following institutions:

- Media Desk (Renate Sukaityte)
- Lithuanian Filmmakers Union (Gytis Luksas)
- Nominum
- Ministry of Culture
- Lithuanian Film Center

According to our researches and to the answers of the contacted institutions, there is no bank involved in film financing in Lithuania.

## 20 Luxembourg

### 20.1 Production Landscape

#### 20.1.1 Feature film production

**Table 67: Key film industry indicators for Luxembourg**

| <b>Production</b>                                   |                |      |      |
|---|----------------|------|------|
| Number of film production companies (source: Kemps) | 30             |      |      |
| Feature film production                             | 2007           | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 6              | 10   | 8    |
| 100% national productions                           | 0              | 0    | 0    |
| Maj. Co-productions                                 | 1              | 1    | 2    |
| Min. Co-productions                                 | 5              | 9    | 6    |
| <b>Distribution and audience in 2007</b>            |                |      |      |
| Number of films released                            | 220            |      |      |
| - including national films                          | 3              |      |      |
| Market share national films                         | 2%             |      |      |
| Market share US films                               | 70%            |      |      |
| Market share European films                         | 25%            |      |      |
| Most successful national film                       | Perl oder Pica |      |      |
| Most successful international film                  | Ice Age 2      |      |      |
| Total admissions                                    | 1,160,000      |      |      |
| Average admission per inhabitant                    | 2.42           |      |      |
| Number of screens                                   | 24             |      |      |
| Average ticket price                                | €6.70          |      |      |
| Gross box office                                    | €7.77M         |      |      |

Sources: Cineuropa, European Audiovisual Observatory

In 2007, 15 national productions were released. The main national success was *Perl oder Pica*, a national production produced by Red Lion Sarl and Amour Fou Filmproduktion for a total budget of €2M.

The total admissions reached 1,160,000 for a gross box office of €7.77M.

#### 20.1.2 Film production companies

Over the 30 film production companies in Luxembourg, 5 produced at least one film per year between 2005 and 2007: Delux Productions, Iris Productions, Samsa Film, The Carousel Picture Company and Thema Production.

Samsa Film is the first independent production company in Luxembourg. The company bought participations in several production companies in Europe: Les Films de Mai (France), LC Productions (France), Artemis Production (Belgium) and Fado Filmes (Portugal). It produced over than 50 feature films since its creation in 1986.

All the largest production companies in Luxembourg mainly work in the frame of foreign co-productions, most of the time with countries like Belgium, France, Switzerland, Austria and the UK.

**Table 68: Selective filmography of production companies in Luxembourg which produced at least one film per year between 2005 and 2007**

| TITLE                                    | GENRE | RELEASED | COUNTRIES             | BUDGET       |
|--|-------|----------|-----------------------|--------------|
| <b>Delux Productions</b>                 |       |          |                       |              |
| Vampire Party                            | Feat. | 2008     | LU/BE/FR              |              |
| Flawless                                 | Feat. | 2007     | UK/LU                 | \$20,000,000 |
| Crusade in Jeans                         | Feat. | 2006     | NL/BE/LU/DE           | €12,000,000  |
| The Thief Lord                           | Feat. | 2006     | LU/UK/DE              |              |
| <b>Iris Productions</b>                  |       |          |                       |              |
| Réfractaire                              | Feat. | 2008     | LU                    |              |
| Tausend Ozeane                           | Feat. | 2008     | CH/LU                 |              |
| Luftbusiness                             | Feat. | 2008     | CH/LU                 |              |
| Free to Leave                            | Feat. | 2007     | AT/LU                 |              |
| Return to Gorée                          | Doc.  | 2007     | CH/LU                 |              |
| Deepfrozen                               | Feat. | 2006     | LU/CH/AT              |              |
| <b>Samsa Film</b>                        |       |          |                       |              |
| Bride Flight                             | Feat. | 2008     | NL                    |              |
| Codename: JCVD                           | Feat. | 2008     | BE/LU/FR              | €10,000,000  |
| Nuits d'Arabie                           | Feat. | 2007     | LU                    |              |
| Boarding Gate                            | Feat. | 2007     | FR/LU                 |              |
| Über Wasser: Menschen und gelbe Kanister | Doc.  | 2007     | AT/LU                 | €2,000,000   |
| Irina Palm                               | Feat. | 2007     | BE/LU/UK/DE/FR        | \$4,500,000  |
| Gone for a Dance                         | Feat. | 2007     | BE/LU                 |              |
| Mr. Average                              | Feat. | 2006     | BE/FR/LU/CA/DE        |              |
| Comme t'y es belle!                      | Feat. | 2006     | UK/LU/FR/BE           |              |
| Lapislazuli - Im Auge des Bären          | Feat. | 2006     | AT/DE/LU              |              |
| <b>The Carousel Picture Company</b>      |       |          |                       |              |
| Perfect Life                             | Feat. | 2008     | USA/LU                |              |
| Minotaur                                 | Feat. | 2006     | UK/LU/DE/FR/ES/IT/USA | \$7,000,000  |
| Rag Tale                                 | Feat. | 2005     | LU/UK/DE              |              |
| <b>Thema Production</b>                  |       |          |                       |              |
| In Tranzit                               | Feat. | 2008     | RU/UK                 |              |
| Save Angel Hope                          | Feat. | 2007     | LU/CH/UK              | €6,000,000   |
| Eichmann                                 | Feat. | 2007     | HU/UK                 | \$8,000,000  |
| Lilacs                                   | Feat. | 2007     | LU                    |              |
| Goodbye Bafana                           | Feat. | 2007     | DE/FR/BE/ZA/IT/UK/LU  | \$30,000,000 |
| I Want Candy                             | Feat. | 2007     | UK                    | €1,100,000   |
| Fade to Black                            | Feat. | 2006     | UK/IT                 |              |
| Delirious                                | Feat. | 2006     | USA                   | \$5,000,000  |

Source: Imdb

### 20.1.3 Public funding for film production

**Table 69: List of public funding institutions in Luxembourg**

| National institutions and funding bodies | Budget (in €M) |
|--|----------------|
| Luxembourg Film Fund                     | 3.93           |
| <b>TOTAL</b>                             | <b>3.93</b>    |

Source: Korda

The main source of public funding for film productions in Luxembourg is the Luxembourg Film Fund, an official body supervised by the Ministry of Culture. The National Audiovisual Programme Support provides loans to local producers to finance development, scriptwriting, production and distribution, repayable from the finished work's revenues.

## 20.1.4 Tax incentives

The Luxembourg's CIAV is a tax credit system based on spends and content. There is no direct link with investors. It is delivered by the state to the producer to get up to 30% of their benefit tax exemption. The financing can go to 25% of the budget spent in Luxembourg. For Fabio Conversi (Babe Films), Luxembourg is the only country able to attract productions just because of its financing system. Babe Films regularly moves its productions to Luxembourg because the country provides up to 25% of a film budget, acting like a proper co-producer.

The credit rebate is paid at the end of the production, after a control of the Film Fund. To be eligible, the production has to be mainly shot in Luxembourg, have ROI perspectives and have a co-producer from Luxembourg.

## 20.2 Banking Landscape

### 20.2.1 Overview of the banking landscape

**Table 70: Banking landscape in Luxembourg in 2005**

| <b>General data</b>                   |             |
|---------------------------------------|-------------|
| Inhabitants                           | 486,000     |
| Gross domestic product (in € million) | 36,277      |
| Eurozone since                        | 1999        |
| <b>Bank profitability statistics</b>  |             |
| Number of institutions                | 155         |
| Number of branches                    | 29          |
| <b>Balance sheet</b>                  |             |
| <b>Assets (in € M)</b>                |             |
| Cash and balance with Central bank    | 7,040.982   |
| Interbanks deposits                   | 398,849.536 |
| Loans                                 | 146,639.619 |
| Securities                            | 215,439.255 |
| Other assets                          | 24,450.607  |
| <b>Liabilities (in € M)</b>           |             |
| Capital and reserves                  | 30,696.472  |
| Borrowing from central bank           | 31,828.756  |
| Interbank deposits                    | 354,202.662 |
| Customer deposits                     | 255,580.034 |
| Bonds                                 | 89,535.412  |
| Other liabilities                     | 30,576.665  |
| End-year total                        | 792,420     |

Sources: Eurostat, European Commission, OECD Statistics

There are 155 banks and 29 branches in Luxembourg, according to the OECD. The financial service sector is the most significant, contributing by 38% to Luxembourg's GDP and employing over 50,000 workers.

## 20.2.2 National banks with a wide European network and/or specialising on SMEs

The banking landscape in Luxembourg is highly international, with a wide majority of foreign banks. There are 25 German Banks operating in Luxembourg (including Commerzbank, Deutsche Bank and DZ Bank), 4 Belgian banks (including ING), 2 Danish banks (Danske Bank and Nordea Bank), 10 French banks (including BNP Paribas, Natixis and Société Générale), 11 Italian banks, 3 British banks (Citybank, HSBC and Llyods), 5 Swedish banks (including Swdbank)...

## 20.2.3 Film banking

We contacted the following institutions:

- Media Desk
- PTD Studio (Paul Thiltges)
- Filmnet
- Film Fund Luxembourg

Three banks offer special products for film financing in Luxembourg, through a sectorial approach of the film industry:

- **Banque et Caisse d'Épargne de l'État**

The BCEE offers special financial products for certain industrial sectors, including film financing.

- **Fortis Banque Luxembourg**

- **Fortuna Banque Luxembourg**

Fortuna Bank was created in 1920. Its balance in 2007 was €279,427,400. Fortuna Banque supports film events taking place in Luxembourg (Ciné-Concert Metropolis or The Man with a movie camera).

It also provided financing services and sponsor to several films in 2006 and 2007:

- *Leslie Kent*, a documentary released in 2006
- *No Star*, a short film released in 2006 produced by the London Film School and Remedia
- *Perl oder Pica*, released in 2006, produced by Red Lion Sarl and Amour Fou Filmproduktion for a total budget of €2M

Other banks in Luxembourg offered financing services to film productions in the past:

- **Dexia Banque International**

Dexia Luxembourg provided financing facilities to the following productions:

- *The Phantom of the Opera*, 2004, co-pro. USA/UK, \$60M budget
- *The Butterfly Effect*, 2004, USA, \$13M budget
- *The Dreamers*, 2003, co-pro. FR/UK/IT

- **Banque internationale A Luxembourg S.S.**

This bank provided production financing to the following productions:

- *Gosford Park*, 2001, UK/USA/IT, \$15M budget
- *Stir of Echoes*, 1999, USA, \$12M budget
- *Tale of the Mummy*, 1998, USA/LU/UK, \$8M budget
- *The Revenger's Comedies*, 1998, UK/FR
- *The land girls*, 1998, UK/FR

## 21 Netherlands

### 21.1 Production Landscape

#### 21.1.1 Feature film production

**Table 71: Key film industry indicators for the Netherlands**

| <b>Production</b>                                   |   |      |      |
|---|---|------|------|
| 2007 average production budget (source: Cineuropa)  | €1,900,000                                |      |      |
| Number of film production companies (source: Kemps) | 176                                       |      |      |
| Feature film production                             | 2007                                      | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 26  | 39   | 32   |
| 100% national productions                           | 16  | 26   | 19   |
| Maj. Co-productions                                 | 5   | 4    | 10   |
| Min. Co-productions                                 | 5   | 9    | 3    |
| <b>Distribution and audience in 2007</b>            |   |      |      |
| Number of films released                            | 278                                       |      |      |
| - including national films                          | 21  |      |      |
| Market share national films                         | 14.50%                                    |      |      |
| Market share US films                               | 13.50%                                    |      |      |
| Market share European films                         | 76.50%                                    |      |      |
| Most successful national film                       | Love is All                               |      |      |
| Most successful international film                  | Harry Potter and the Order of the Phoenix |      |      |
| Total admissions                                    | 22,000,000                                |      |      |
| Average admission per inhabitant                    | 1.33                                      |      |      |
| Number of screens                                   | 553                                       |      |      |
| Average ticket price                                | €6.70                                     |      |      |
| Gross box office                                    | €155.90M                                  |      |      |

Sources: Cineuropa, European Audiovisual Observatory

There were 30 Netherlands productions released in 2007, of which 17 national productions, 3 majority co-productions and 10 minority co-productions.

The total admissions reached 22,000,000 for a gross box office of €155.90M

The main national success in 2007 was *Love is all*, produced by Motel Films and Fu Works (1,21 million admissions) for a total budget of €3,740,500.

#### 21.1.2 Film production companies

There are 176 film production companies in the Netherlands and 13 companies produced at least one film per year between 2005 and 2007: Bos Bros. Film & TV Productions, Column Productions, Fu Works, IdtV Film & Video Productions, Kasander Film Company, Lemming Film, Motel Films, Nijenhuis & de Levita Film & TV B.V., Phanta Vision Film International B.V., Shooting Star Filmcompany BV, Submarine, Ultra Vista prod., Zeprps Film & TV.

Some of these companies work more regularly in co-production (Kasander Film Company, Lemming Film) with countries like France, Belgium, Germany, the UK, Bulgaria or the USA.

**Table 72: Selective filmography of production companies in the Netherlands which produced at least one film per year between 2005 and 2007**

| TITLE  | GENRE | RELEASED | COUNTRIES         | BUDGET       |
|--|-------|----------|-------------------|--------------|
| <b>Bos Bros. Film &amp; TV Productions</b>       |       |          |                   |              |
| Hoe overleef ik...?                              | Feat. | 2008     | NL                | € 2,500,000  |
| Morrison krijgt een zusje                        | Feat. | 2008     | NL                |              |
| Where Is Winky's Horse?                          | Feat. | 2007     | NL/BE             | € 1,622,756  |
| Ben X  | Feat. | 2007     | BE/NL             | € 1,500,000  |
| Griezelbus, De                                   | Feat. | 2005     | NL                | € 2,292,046  |
| Winky's Horse                                    | Feat. | 2005     | BE/NL             | € 1,692,193  |
| <b>Column Productions</b>                        |       |          |                   |              |
| Wapen van Geldrop, Het                           | Feat. | 2008     | NL                |              |
| Blind Date                                       | Feat. | 2007     | USA/UK            |              |
| Interview  | Feat. | 2007     | USA/CA/NL         |              |
| Oorlogsrust                                      | Feat. | 2006     | NL                |              |
| Masterclass                                      | Feat. | 2005     | NL                | € 100,000    |
| <b>Fu Works</b>                                  |       |          |                   |              |
| Winter in Wartime                                | Feat. | 2008     | NL/BE             | € 4,000,000  |
| Echte leven, Het                                 | Feat. | 2008     | NL                |              |
| Love Is All                                      | Feat. | 2007     | NL                | € 3,740,500  |
| 4 Elements                                       | Doc.  | 2006     | NL                |              |
| Made in Korea: A One Way Ticket Seoul-Amsterdam? | Doc.  | 2006     | NL                |              |
| Jade Warrior                                     | Feat. | 2006     | FI/NL/CN/EE       | € 2,750,000  |
| Black Book                                       | Feat. | 2006     | NL/DE/BE          | € 17,800,000 |
| Figner: The End of a Silent Century              | Feat. | 2006     | NL                | € 350,000    |
| <b>IdtV Film &amp; Video Productions</b>         |       |          |                   |              |
| Bride Flight                                     | Feat. | 2008     | NL                |              |
| Unfinished Sky                                   | Feat. | 2007     | AU                |              |
| Ik omhels je met 1000 armen                      | Feat. | 2006     | NL                |              |
| Escort   | Feat. | 2006     | NL                | € 600,000    |
| Eilandgasten                                     | Feat. | 2005     | NL                |              |
| <b>Kasander Film Company</b>                     |       |          |                   |              |
| Nightwatching                                    | Feat. | 2007     | CA/FR/DE/PL/NL/UK | \$7500000    |
| Crusade in Jeans                                 | Feat. | 2006     | NL/BE/LU/DE       | € 12,000,000 |
| The Pervert's Guide to Cinema                    | Doc.  | 2006     | UK/AT/NL          |              |
| Nuit noire                                       | Feat. | 2005     | BE                |              |
| Based on a True Story                            | Doc.  | 2005     | NL                |              |
| <b>Lemming Film</b>                              |       |          |                   |              |
| The Rainbowmaker                                 | Feat. | 2008     | FI/IT/RU/DE/NL    | € 2,618,000  |
| Dunya & Desie                                    | Feat. | 2008     | NL/BE             |              |
| Dunya & Desie                                    | Feat. | 2007     | NL                |              |
| Khadak   | Feat. | 2006     | BE/DE/NL          | € 2,300,000  |
| Bonkers  | Doc.  | 2005     | NL/BE             |              |
| <b>Motel Films</b>                               |       |          |                   |              |
| Echte leven, Het                                 | Feat. | 2008     | NL                |              |
| Tiramisu   | Feat. | 2008     | NL                |              |
| Love Is All                                      | Feat. | 2007     | NL                | € 3,740,500  |
| Silent Light                                     | Feat. | 2007     | MX/FR/NL/DE       | € 980,000    |
| Black Book                                       | Feat. | 2006     | NL/DE/BE          | € 17,800,000 |
| Northern Light                                   | Feat. | 2006     | NL                |              |

| <b>Nijenhuis &amp; de Levita Film &amp; TV B.V.</b>                  |       |      |           |             |
|--|-------|------|-----------|-------------|
| Alibi  | Feat. | 2008 | NL        | € 1,800,000 |
| Zoop in Zuid-Amerika   | Feat. | 2007 | NL        |             |
| Zoop in India  | Feat. | 2006 | NL        |             |
| Zoop in Afrika   | Feat. | 2005 | NL        |             |
| <b>Phanta Vision Film International B.V.</b>                         |       |      |           |             |
| Great Kills Road   | Feat. | 2008 | USA/NL    |             |
| Blind  | Feat. | 2007 | NL/BE/BG  | € 3,000,000 |
| Stormforce   | Feat. | 2006 | BE        |             |
| Verloren land, Het   | Doc.  | 2006 | NL        |             |
| Investigation  | Feat. | 2006 | BG/DE/NL  |             |
| <b>Shooting Star Filmcompany BV</b>                                  |       |      |           |             |
| Radeloos   | Feat. | 2008 | NL        |             |
| Kapitein Rob en het Geheim van Professor Lupardi                     | Feat. | 2007 | NL        | € 1,400,000 |
| Timboektoe   | Feat. | 2007 | NL        |             |
| XTC Just Don't Do It   | Feat. | 2006 | NL        |             |
| <b>Submarine</b>   |       |      |           |             |
| I Wanna Be Boss  | Doc.  | 2008 | NL        |             |
| Rembrandt's J'accuse   | Doc.  | 2008 | NL/DE/FI  | \$100000    |
| Onverboden stad, De  | Doc.  | 2008 | NL        |             |
| Dear Oprah: Non-Voting America's Wildest Dream                       | Doc.  | 2008 | NL        | € 25,000    |
| Molotov's Dispatches in Search of the Creator: A Second Life Odyssey | Doc.  | 2008 | USA       |             |
| Jungle Rudy  | Doc.  | 2006 | NL        |             |
| Hans-Joachim Klein: My Life as a Terrorist                           | Doc.  | 2005 | NL        |             |
| <b>Ultra Vista prod.</b>   |       |      |           |             |
| Revision - Apocalypse II   | Feat. | 2008 | DE/USA    |             |
| Amour toujours, L'   | Feat. | 2008 | DE/NL/UK  |             |
| I'd Like to Die a Thousand Times                                     | Feat. | 2007 | DE        |             |
| Last Performance   | Feat. | 2006 | DE/USA/NL |             |
| Edwin Brienen's Hysteria   | Feat. | 2006 | DE        |             |
| <b>Zepr's Film &amp; TV</b>  |       |      |           |             |
| Tussen hemel en aarde  | Doc.  | 2007 | BE/NL     | € 250,000   |
| George Sluizer - Filmen over grenzen                                 | Doc.  | 2006 | NL        | € 160,000   |
| How Many Roads   | Doc.  | 2006 | NL        |             |
| The Hands of Che Guevara   | Feat. | 2006 | NL        |             |
| Voices of Bam  | Doc.  | 2006 | NL        | € 250,000   |
| Mr. Right  | Doc.  | 2005 | NL        |             |

Sources: Dutch Film Fund, Imdb

The following companies are not independent production companies and hence were not included in the count, although they produced at least one film per year between 2005 and 2007(see table below).

| <b>Egmond Film &amp; Television</b>                       |       |      |    |  |
|---|-------|------|----|--|
| A Perfect Match   | Feat. | 2007 | BE |  |
| Ave Maria: From Handmaiden to the Lord to Queen of Heaven | Doc.  | 2006 | NL |  |

|                                   |       |      |             |             |
|-----------------------------------|-------|------|-------------|-------------|
| Kinderen van Stalin               | Doc.  | 2006 | NL          |             |
| Dutch Touch                       | Doc.  | 2006 | NL          |             |
| Johan                             | Feat. | 2005 | NL          |             |
| <b>RTL Entertainment</b>          |       |      |             |             |
| Summer Heat                       | Feat. | 2008 | NL          |             |
| Moordwijven                       | Feat. | 2007 | NL          | € 3,000,000 |
| Ernst, Bobbie en de geslepen Onix | Feat. | 2007 | NL          |             |
| Wild Romance                      | Feat. | 2006 | NL          | € 4,000,000 |
| <b>VPRO Television</b>            |       |      |             |             |
| Rembrandt's J'accuse              | Doc.  | 2008 | NL/DE/FI    | \$100000    |
| Last Words                        | Doc.  | 2008 | NL          |             |
| Onverboden stad, De               | Doc.  | 2008 | NL          |             |
| Please Vote for Me                | Doc.  | 2007 | ZA/DK       |             |
| Tussenstand                       | Feat. | 2007 | NL          |             |
| Here Is Always Somewhere Else     | Doc.  | 2007 | USA/NL      |             |
| Drawn Out Love                    | Feat. | 2007 | NL          |             |
| Office Tigers                     | Doc.  | 2006 | AU/FI/UK/DK |             |

### 21.1.3 Public funding for film production

**Table 73: List of public funding institutions in the Netherlands**

|  |  |                       |
|--|--|-----------------------|
| <b>National institutions and funding bodies</b>        |  | <b>Budget (in €M)</b> |
| Dutch Film Fund  |  | 14.74                 |
| Hubert Bals Fund                                       |  | 1.25                  |
| Jan Vrijman Fund                                       |  | 0.34                  |
| <b>Regional institutions and public funding bodies</b> |  | <b>Budget (in €M)</b> |
| Rotterdam Film Fund                                    |  | 2.70                  |
| <b>TOTAL</b>   |  | <b>46.05</b>          |

Source: Korda

The total budget of the public funding for film production in the Netherlands is €46.05M. The Netherlands Film Fund is the national agency responsible for supporting film production, from development to marketing. Its budget is provided by the government and the maximum contribution is €200,000.

## 21.2 Banking Landscape

### 21.2.1 Overview of the banking landscape

**Table 74: Banking landscape in the Netherlands in 2005**

|                                       |            |
|---------------------------------------|------------|
| <b>General data</b>                   |            |
| Inhabitants                           | 16 570 613 |
| Gross domestic product (in € million) | 567 066,0  |
| Eurozone since                        | 1999       |
| <b>Bank profitability statistics</b>  |            |
| Number of institutions                | 91         |
| Number of branches                    | 3 748      |
| Balance sheet                         |            |

|                                    |                      |
|------------------------------------|----------------------|
| <b>Assets (in € M)</b>             |                      |
| Cash and balance with Central bank | 35 701.349           |
| Interbanks deposits                | 293 149.995          |
| Loans                              | 1 579 091.355        |
| Securities                         | 1 579 091.355        |
| Other assets                       | 296 139.585          |
| <b>Liabilities (in € M)</b>        |                      |
| Capital and reserves               | 75 084.937           |
| Borrowing from central bank        |                      |
| Interbank deposits                 | 553 039.074          |
| Customer deposits                  | 1 182 903.699        |
| Bonds                              | 519 901.519          |
| Other liabilities                  | 482 910.843          |
| <b>End-year total</b>              | <b>2 813 840.073</b> |

Sources: Eurostat, European Commission, OECD Statistics

There are 91 bank institutions and 3,748 branches in the Netherlands. The most famous one is ABN Amro, because of its cinema-dedicated part. The other Dutch banks are DSB Bank, Fortis, ING Bank, Postbank, Rabobank, SNS Bank.

### **21.2.2 National banks with a wide European network and/or specializing on SMEs**

ABN Amro was taken over in 2007 by Fortis (at that time Belgium / Luxemburg / Netherlands), Royal Bank of Scotland (UK) and Santander (Spain).

The Dutch part of Fortis was nationalized by the State in 2008 ; the French BNP Paribas took over the Belgian part up to 75% in October 2008 (the remaining 25% of the Belgian part belong to the Belgian State) and 66% of the Luxemburger part (the remaining belong to the Luxemburger State).

### **21.2.3 Film banking**

We contacted the following institutions:

- Media Desk
- Nederlandse Vereniging van Speelfilmproducenten
- Bosbros
- Dutch Film Fund
- Egmondfilm
- Lemingfilm
- Holland Film
- Phantavision

There is one bank providing financing services to film productions through a sectorial approach of the film industry: ING Amsterdam.

## 22 Malta

### 22.1 Production Landscape

#### 22.1.1 Feature film production

Data available on the production landscape in Malta is very scarce. No independent production company produced at least one film per year between 2005 and 2007. Most film activity in the country is linked to service production services for foreign productions such as the films listed below.

| Title                    | Year | Countries     | Budget | Box office |
|--------------------------|------|---------------|--------|------------|
| <i>Largo Winch</i>       | 2008 | FR            | €24M   |            |
| <i>Eichmann</i>          | 2007 | HU / UK       | \$8M   |            |
| <i>The Da Vinci Code</i> | 2006 | USA           | \$125M | \$757M     |
| <i>Munich</i>            | 2005 | USA           | \$75M  | \$112M     |
| <i>Troy</i>              | 2004 | USA / MA / UK | \$175M | \$481M     |

Source: Imdb

#### 22.1.2 Film production companies

There are about 13 film production companies in Malta focussing mainly on service production and the level of local production or co-production is close to zero.

#### 22.1.3 Tax incentives

Malta has several financial systems to attract more productions in the country:

- Financial incentive for the audiovisual industry (up to 22% of the eligible expenditure can be obtained as a cash rebate)
- Investment Aid (Malta Enterprise: the aid is offered in the form of tax credits to a qualifying company in respect to an initial investment project)
- VAT rebates (Foreign film production shooting in Malta can claim refunds: input VAT incurred on property rental or hotel accommodations, restaurants bills, fuel, cost of taxes, cost of material)
- Investment Fund (Malta offers a cost-effective and flexible environment to Media Fund Operators and investment advisers established in Europe and the US)

## 22.2 Banking Landscape

### 22.2.1 Overview of the banking landscape

There are 22 credit institutions license holders in Malta, of which some are foreign banks branches (most of them Austrian or German), such as Raiffeisen Bank, Volksbank or Sparkasse Bank.

There is no bank involved in film financing in Malta.

## 23 Norway

### 23.1 Production Landscape

#### 23.1.1 Feature film production

**Table 75: Key film industry indicators for Norway**

| <b>Production</b>                                   |   |      |      |
|---|---|------|------|
| 2007 average production budget (source: Cineuropa)  | €1,580,000                                |      |      |
| Number of film production companies (source: Kemps) | 42  |      |      |
| Feature film production                             | 2007                                      | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 37  | 30   | 34   |
| 100% national productions                           | 27  | 22   | 20   |
| Maj. Co-productions                                 | 5   | 2    | 5    |
| Min. Co-productions                                 | 5   | 6    | 9    |
| <b>Distribution and audience in 2007</b>            |   |      |      |
| Number of films released                            | 236                                       |      |      |
| - including national films                          | 22  |      |      |
| Market share national films                         | 16.01%                                    |      |      |
| Market share US films                               | 65.70%                                    |      |      |
| Market share European films                         | 33.40%                                    |      |      |
| Most successful national film                       | The Silver Mine Mystery                   |      |      |
| Most successful international film                  | Harry Potter and the Order of the Phoenix |      |      |
| Total admissions                                    | 10,766,129                                |      |      |
| Average admission per inhabitant                    | 2.27                                      |      |      |
| Number of screens                                   | 443                                       |      |      |
| Average ticket price                                | €9.36                                     |      |      |
| Gross box office                                    | €100.77M                                  |      |      |

Sources: Cineuropa, European Audiovisual Observatory

In 2007, 25 Norwegian films were released. The gross box office was €100.77M and the total admissions reached 10,766,129.

#### 23.1.2 Film production companies

There are 42 film production companies in Norway, of which 9 produced at least one film per year between 2005 and 2007: Exposed Film Production as, Filmkameratene, Maipo Film & TV Produksjon, Motlys, Nordisk Film, Paradox Film AS, Piraya Film, Speranza Film and Spillefilmkompaniet 4 ½.

4 ½ is one of the main Norwegian film production companies. It uses to produce an average of 2-3 films per year and also worked in a few co-productions, including Dogville, Mongoland or Inheritance.

Norway presents the particularity to support film production companies through the Norwegian Film Fund:

“Support for film production has as its aim to promote film culture in Norway and to strengthen the film production sector through the development of stable film production

companies, possessing high competence, that have the capacities and resources to deliberate an act in the longer perspective."<sup>47</sup>

The fund for production companies aims particularly to promote small and medium-sized production companies. This scheme is made to strengthen project development in production companies, regarding both the acquisitions of projects and the creative elaboration of individual projects. Regarding the administrative and budgetary objectives, the fund aims to increase cost efficiency, financing and marketing competences of companies.

**Table 76: Selective filmography of production companies in Norway which produced at least one film per year between 2005 and 2007**

| TITLE   | GENRE | RELEASED | COUNTRIES          | BUDGET     |
|---|-------|----------|--------------------|------------|
| <b>Exposed Film Production as</b>                 |       |          |                    |            |
| USA vs Al-Arian                                   | Doc.  | 2007     | NO                 | \$520,000  |
| Smaken av hund                                    | Doc.  | 2006     | NO                 |            |
| Evig din  | Feat. | 2006     | NO                 |            |
| 100% menneske                                     | Doc.  | 2005     | NO                 |            |
| <b>Filmkameratene</b>                             |       |          |                    |            |
| Max Manus   | Feat. | 2008     | NO                 | €5,600,000 |
| Elias and the Royal Yacht                         | Feat. | 2007     | NO                 | €2,500,000 |
| Izzat   | Feat. | 2005     | NO                 | €1,900,000 |
| 37 og et halvt                                    | Feat. | 2005     | NO                 | €1,680,000 |
| <b>Maipo Film &amp; TV Produksjon</b>             |       |          |                    |            |
| The Last Joint Venture                            | Feat. | 2008     | NO                 | €1,900,000 |
| Svein og Rotta og UFO-mysteriet                   | Feat. | 2007     | NO                 |            |
| The Art of Negative Thinking                      | Feat. | 2006     | NO                 |            |
| Marias menn                                       | Feat. | 2006     | NO                 | €1,680,000 |
| Svein and the Rat                                 | Feat. | 2006     | NO                 |            |
| Elsk meg i morgen                                 | Feat. | 2005     | NO                 |            |
| <b>Motlys</b>                                     |       |          |                    |            |
| The Man Who Loved Ynge                            | Feat. | 2008     | NO                 |            |
| Everlasting Moments                               | Feat. | 2008     | DK/FI/NO/S<br>E/DE | €4,773,906 |
| Pedersen: High-School Teacher                     | Feat. | 2006     | NO                 |            |
| The Professor and the Story of the Origami Girl   | Feat. | 2005     | NO                 |            |
| Alt for Norge                                     | Doc.  | 2005     | NO                 |            |
| <b>Nordisk Film</b>                               |       |          |                    |            |
| SOS: Summer of Suspense                           | Feat. | 2008     | NO                 | €2,240,000 |
| Kurt Turns Evil                                   | Feat. | 2008     | NO/DK              | €2,500,000 |
| Respekt   | Feat. | 2008     | NO                 |            |
| Night of the Wolf                                 | Feat. | 2008     | NO                 |            |
| Jungo Goes Bananas: Jungo III                     | Feat. | 2007     | DK/NO/LV           |            |
| The Ten Lives of Titanic the Cat                  | Feat. | 2007     | NO                 |            |
| The Junior Olsen Gang and the Silver Mine Mystery | Feat. | 2007     | NO                 |            |
| Miracle   | Feat. | 2006     | NO                 | €1,680,000 |
| Kalde føtter                                      | Feat. | 2006     | NO                 | €1,600,000 |
| <b>Paradox Film AS</b>                            |       |          |                    |            |
| Fatso   | Feat. | 2008     | NO                 |            |
| Troubled Water                                    | Feat. | 2008     | NO                 | €2,500,000 |
| Andre omgang                                      | Feat. | 2007     | NO                 |            |
| Pitbullterje                                      | Feat. | 2005     | NO                 |            |

<sup>47</sup> www.filmfondet.no

|                                  |       |      |                |            |
|----------------------------------|-------|------|----------------|------------|
| The Giant                        | Doc.  | 2005 | NO             | €500,000   |
| <b>Piraya Film</b>               |       |      |                |            |
| Yodok Stories                    | Doc.  | 2008 | NO/PL          |            |
| Belarusian Waltz                 | Doc.  | 2007 | NO/PL          |            |
| On a Tightrope                   | Doc.  | 2007 | CA/NO          |            |
| The Con Kid                      | Doc.  | 2005 | NO             | €135,000   |
| <b>Speranza Film</b>             |       |      |                |            |
| Wolf                             | Feat. | 2008 | SE/FI/NO       | €2,350,000 |
| It's Hard to Be a Rock'n Roller  | Doc.  | 2006 | NO             |            |
| Bigger Than Barbie               | Doc.  | 2006 | NO             |            |
| Valo                             | Feat. | 2005 | FI/SE/NO       | €1,812,693 |
| <b>Spillefilmkompaniet 4 1/2</b> |       |      |                |            |
| Through a Glass, Darkly          | Feat. | 2008 | NO/DK          | €2,400,000 |
| Sommerhuset                      | Feat. | 2008 | NO             | €2,240,000 |
| Cold Lunch                       | Feat. | 2008 | NO             | €1,600,000 |
| The Radio Pirates                | Feat. | 2007 | NO             | €1,680,000 |
| You, the Living                  | Feat. | 2007 | SE/DE/FR/DK/NO |            |
| Blodsband                        | Feat. | 2007 | NO/DK          |            |
| Vinterland                       | Feat. | 2007 | NO             |            |
| Reprise                          | Feat. | 2006 | NO             | €2,500,000 |
| Drabet                           | Feat. | 2005 | DK             |            |
| Next Door                        | Feat. | 2005 | DK/SE/NO       | €1,680,000 |

Sources: Norwegian Film Fund, Imdb

### 23.1.3 Public funding for film production

**Table 77: List of public funding institutions in Norway**

|   |                |
|---|----------------|
| National institutions and funding bodies        | Budget (in €M) |
| Norwegian Film Fund                             | 29.40          |
| Norwegian Film Development                      | 0.61           |
| Regional institutions and public funding bodies | Budget (in €M) |
| North Norwegian Film Center                     | 0.48           |
| West Norwegian Film Centre                      | 0.56           |
| <b>TOTAL</b>                                    | <b>31.05</b>   |

Source: Korda

In 2001, all subsidy plans for film production were assembled under the Norwegian Film Fund, which has an annual budget of €29.40M. The Norwegian Film Fund is the government executive body for film policy and provides support to audiovisual productions, including full-length features, Norwegian participation in international co-productions, short films, television documentaries, and interactive productions.

There are also several regional funds, combining local and regional public and private funding.

## 23.2 Banking Landscape

### 23.2.1 Overview of the banking landscape

**Table 78: Banking landscape in Norway in 2005**

|                                       |           |
|---------------------------------------|-----------|
| <b>General data</b>                   |           |
| Inhabitants                           | 4,737,200 |
| Gross domestic product (in € million) | 389,457   |
| <b>Bank profitability statistics</b>  |           |
| Number of institutions                | 148       |
| Number of branches                    | 1,106     |
| <b>Balance sheet</b>                  |           |
| <b>Assets (in NOK M)</b>              |           |
| Cash and balance with Central bank    | 47,756    |
| Interbanks deposits                   | 80,841    |
| Loans                                 | 1,726,379 |
| Securities                            | 181,982   |
| Other assets                          | 100 736   |
| <b>Liabilities (in NOK M)</b>         |           |
| Capital and reserves                  | 122,130   |
| Borrowing from central bank           | 24,306    |
| Interbank deposits                    | 290,267   |
| Customer deposits                     | 1,056,132 |
| Bonds                                 | 403,046   |
| Other liabilities                     | 241,813   |
| End-year total                        | 2,137,694 |

Sources: Eurostat, European Commission, OECD Statistics

There are 148 bank institutions and 1,106 branches in Norway.

### 23.2.2 National banks with a wide European network and/or specialising on SMEs

There are about 20 foreign banks branches operating in Norway, most of them originally based in Sweden (Carnegie Investment Bank, Forex Bank, Handelsbanken, Nordnet, Scania Finans, Skandiabanken, Swedbank...), Netherlands (DVB Bank, Fortis) and Germany (Siemens Financial Services).

### 23.2.3 Film banking

We contacted the following institutions:

- Media Desk
- Norwegian Film and TV Producer's Association
- Norwegian Film Commission
- Film Camp
- Merkur

There is one Norwegian bank providing financing services to film production companies but without a sectorial approach of the film industry. Sparebanken One is a Norway-based regional saving bank providing financial services to private customers, SMEs, agricultural and public companies and associations. They were involved in film finance through their clients investing in Films. Different regional public banks are involved in the financing of different regional film funds as part of their regional community involvement.

## 24 Poland

### 24.1 Production Landscape

#### 24.1.1 Feature film production

**Table 79: Key film industry indicators for Poland**

| <b>Production</b>                                   |                  |      |      |
|---|------------------|------|------|
| 2007 average production budget (source: Cineuropa)  | €950,000         |      |      |
| Number of film production companies (source: Kemps) | 110              |      |      |
| Feature film production                             | 2007             | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 23               | 30   | 22   |
| 100% national productions                           | 20               | 23   | 15   |
| Maj. Co-productions                                 | 1                | 0    | 3    |
| Min. Co-productions                                 | 2                | 7    | 4    |
| <b>Distribution and audience in 2007</b>            |                  |      |      |
| Number of films released                            | 260              |      |      |
| - including national films                          | 24               |      |      |
| Market share national films                         | 24.70%           |      |      |
| Market share US films                               | 53.30%           |      |      |
| Market share European films                         | 18.80%           |      |      |
| Most successful national film                       | Katyn            |      |      |
| Most successful international film                  | Shreck the Third |      |      |
| Total admissions                                    | 32,600,000       |      |      |
| Average admission per inhabitant                    | 0.86             |      |      |
| Number of screens                                   | 1 016            |      |      |
| Average ticket price                                | €4.10            |      |      |
| Gross box office                                    | €133.66          |      |      |

Sources: Cineuropa, European Audiovisual Observatory

After a significant decrease in the number of feature films produced in Poland during the first half of the 2000's (about 12 film productions in 2004, mostly low-budget), there production level has stabilised since then at a higher level with 23 films produced in 2007, of which 20 100% national productions. The average budget was between €800,000 and €1M, a low-budget feature usually costing around €300,000<sup>48</sup>. The new film law helped to increase the interest of foreign producers and filmmakers in Poland as a partner for international co-production. In 2007, there were 8 minority co-production and 2 major co-productions.

However, the increase of films produced in Poland didn't find an immediate reflection in attendance or revenue until 2007. In 2007, total admissions reached the level of 32 million and the Top 3 of admissions included 2 Polish films (*Katyn* with 2,7 million admissions and *Testosteron* with 1,35 million admissions). With a budget of €4.2M, the film *Katyn* was the main national success in 2007, produced by Akson Studio.

#### 24.1.2 Film production companies

Among the 110 Polish film production companies, 14 companies produced at least one film per year between 2005 and 2007: Agencja Produkcji Filmowej, Akson Studio, Apple Film Productions, Gremi Film Production, Opus Film, Ozumi Films, SPI International, Studio Filmowe Everest, Studio Filmowe Kalejdoskop, Studio Largo, Studio Filmowe

<sup>48</sup> Polish Film Institute, 2008. Film Production Guide 2008. Poland

Perspektywa, Studio Filmowe Zebra, Wytwórnia Filmów Dokumentalnych i Fabularnych, Zespół Filmowy "Tor".

**Table 80: Selective filmography of production companies in Poland which produced at least one film per year between 2005 and 2007**

| TITLE                                    | GENRE | RELEASED | COUNTRIES             | BUDGET        |
|--|-------|----------|-----------------------|---------------|
| <b>Agencja Produkcji Filmowej</b>        |       |          |                       |               |
| Tryptyk rzymski                          | Feat. | 2007     | PL                    |               |
| Co słonko widziało                       | Feat. | 2006     | PL                    |               |
| Chaos                                    | Feat. | 2006     | PL                    |               |
| Who Never Lived                          | Feat. | 2006     | PL                    | €900,000      |
| One Day in People's Poland               | Doc.  | 2006     | FR/PL                 |               |
| The Siberian Guide                       | Doc.  | 2006     | PL                    |               |
| Corpus Christi                           | Doc.  | 2006     | PL                    |               |
| Dudi                                     | Doc.  | 2006     | PL                    |               |
| Tell Me Why?                             | Doc.  | 2006     | PL                    |               |
| The Collector                            | Feat. | 2005     | PL                    |               |
| The Lovers of Marona                     | Feat. | 2005     | PL                    |               |
| <b>Akson Studio</b>                      |       |          |                       |               |
| Katyn                                    | Feat. | 2008     | PL                    | €4,200,000    |
| Statysci                                 | Feat. | 2006     | PL                    |               |
| Ode to Joy                               | Feat. | 2005     | PL                    |               |
| Solidarnosc, Solidarnosc ...             | Feat. | 005      | PL                    |               |
| <b>Apple Film Productions</b>            |       |          |                       |               |
| Strawberry Wine                          | Feat. | 2008     | PL/SK                 |               |
| Benek                                    | Feat. | 2007     | PL/AT                 |               |
| Solidarnosc, Solidarnosc ...             | Feat. | 2005     | PL                    |               |
| <b>Gremi Film Production</b>             |       |          |                       |               |
| Carmo, Hit the Road                      | Feat. | 2008     | ES/BR/PL              |               |
| Hania                                    | Feat. | 2007     | PL                    |               |
| Nightwatching                            | Feat. | 2007     | CA/FR/DE/PL/NL/U<br>K | \$7,500,000   |
| The Underneath                           | Feat. | 2006     | PL                    |               |
| <b>Opus Film</b>                         |       |          |                       |               |
| Spring 1941                              | Feat. | 2008     | IL                    | \$25,000,000  |
| Herrn Kukas Empfehlungen                 | Feat. | 2008     | AT/PL                 |               |
| Pokój szybkich randek                    | Feat. | 2007     | PL                    |               |
| Absolute Beginner                        | Feat. | 2007     | PL                    |               |
| Schroeder's Wonderful World              | Feat. | 2006     | DE/CZ/PL              |               |
| The Boy on the Galloping Horse           | Feat. | 2006     | PL                    |               |
| Retrieval                                | Feat. | 2006     | PL                    |               |
| Hi Way                                   | Feat. | 2006     | PL                    |               |
| <b>Ozumi Films</b>                       |       |          |                       |               |
| At the Zoo                               | Feat. | 2009     | PL                    |               |
| Contact High                             | Feat. | 2009     | AT                    |               |
| The Chronicles of Narnia: Prince Caspian | Feat. | 2008     | UK/USA                | \$200,000,000 |
| Warsaw Dark                              | Feat. | 2008     | PL                    |               |
| Limo Driver                              | Feat. | 2008     | PL                    |               |
| <b>SPI International</b>                 |       |          |                       |               |
| Rozmowy noca                             | Feat. | 2008     | PL                    | €1,110,000    |
| Futro                                    | Feat. | 2007     | PL/DE                 |               |
| It's a Free World...                     | Feat. | 2007     | UK/IT/DE/ES/PL        |               |

## Study on the role of banks in the European film industry – Final Report

|  |       |      |             |            |
|--|-------|------|-------------|------------|
| Teah   | Feat. | 2007 | BA/HR/PL/SI | €1,500,000 |
| Szalency   | Feat. | 2007 | PL          |            |
| Jasne blekitne okna                                  | Feat. | 2007 | PL          |            |
| Chaos  | Feat. | 2006 | PL          |            |
| It's Me, Now   | Doc.  | 2005 | PL          |            |
| Paisa Films  |       |      |             |            |
| Manna  | Feat. | 2008 | PL          |            |
| Rezerwat (2007)                                      | Feat. | 2007 | PL          |            |
| Strike   | Feat. | 2006 | DE/PL       |            |
| <b>Studio Filmowe Everest</b>                        |       |      |             |            |
| Ada Gallery  | Doc.  | 2008 | PL          |            |
| A Lesson of Belorussian                              | Doc.  | 2006 | PL          |            |
| Krasnoludki jada na Ukraine                          | Doc.  | 2005 | PL          |            |
| <b>Studio Filmowe Kalejdoskop</b>                    |       |      |             |            |
| Nadzieja   | Feat. | 2007 | DE/PL       |            |
| Jak to sie robi                                      | Doc.  | 2006 | PL          |            |
| Jak to sie robi                                      | Doc.  | 2006 | PL          |            |
| The Siberian Guide                                   | Doc.  | 2006 | PL          |            |
| Dudi   | Doc.  | 2006 | PL          |            |
| Tell Me Why?   | Doc.  | 2006 | PL          |            |
| Reality Shock  | Doc.  | 2005 | PL/DE       |            |
| <b>Studio Largo</b>                                  |       |      |             |            |
| Kocham Polske  | Doc.  | 2008 | PL          | €57,000    |
| Dworzec Gdanski                                      | Doc.  | 2007 | PL          |            |
| Corpus Christi                                       | Doc.  | 2006 | PL          |            |
| <b>Studio Filmowe Perspektywa</b>                    |       |      |             |            |
| Stary czlowiek i pies                                | Feat. | 2008 | PL          |            |
| Ogród Luizy  | Feat. | 2007 | PL          |            |
| The World Is Waiting for Us                          | Feat. | 2006 | PL          |            |
| The Collector  | Feat. | 2005 | PL          |            |
| <b>Studio Filmowe Zebra</b>                          |       |      |             |            |
| Wszystko bedzie dobrze                               | Feat. | 2007 | PL          |            |
| Ogród Luizy  | Feat. | 2007 | PL          |            |
| The World Is Waiting for Us                          | Feat. | 2006 | PL          |            |
| Palimpsest   | Feat. | 2006 | PL          |            |
| Kochankowie roku tygrysa                             | Feat. | 2005 | CN/PL       |            |
| <b>Wytwórnia Filmów Dokumentalnych i Fabularnych</b> |       |      |             |            |
| Wszystko bedzie dobrze                               | Feat. | 2007 | PL          |            |
| Ogród Luizy  | Feat. | 2007 | PL          |            |
| Co slonko widzialo                                   | Feat. | 2006 | PL          |            |
| Chaos  | Feat. | 2006 | PL          |            |
| Who Never Lived                                      | Feat. | 2006 | PL          | €894,000   |
| The World Is Waiting for Us                          | Feat. | 2006 | PL          |            |
| The Collector  | Feat. | 2005 | PL          |            |
| <b>Zespol Filmowy "Tor"</b>                          |       |      |             |            |
| Boisko bezdomnych                                    | Feat. | 2008 | PL          |            |
| Ogród Luizy  | Feat. | 2007 | PL          |            |
| Miasto ucieczki                                      | Feat. | 2006 | PL          | €11,186    |
| Persona non grata                                    | Feat. | 2005 | RU/PL/IT    |            |

Sources: Film Polski, Imdb

Telewizja Polska and TVN are not independent production companies, hence were not included in the count, although they produced at least one film per year between 2005 and 2007 (see table below).

| <b>Telewizja Polska</b>     |       |      |       |            |
|-----------------------------|-------|------|-------|------------|
| Jeszcze nie wieczor         | Feat. | 2008 | PL    |            |
| Malgosia contra Malgosia    | Feat. | 2008 | PL    |            |
| Four Nights with Anna       | Feat. | 2008 | PL/FR |            |
| Rozmowy noca                | Feat. | 2008 | PL    | €1,120,000 |
| Ada Gallery                 | Doc.  | 2008 | PL    |            |
| Stone Silence               | Doc.  | 2007 | PL    |            |
| Wszystko bedzie dobrze      | Feat. | 2007 | PL    |            |
| Pokój szybkich randek       | Feat. | 2007 | PL    |            |
| Nadzieja                    | Feat. | 2007 | DE/PL |            |
| Freedom Is a God-Given Gift | Doc.  | 2007 | PL    |            |
| The Runaway                 | Doc.  | 2007 | PL    |            |
| Moja Kuba, moja Polska      | Doc.  | 2007 | PL    |            |
| Wieza                       | Feat. | 2007 | PL    |            |
| Jak oni spiewaja            | Feat. | 2007 | PL    |            |
| Co slonko widzialo          | Feat. | 2006 | PL    |            |
| Jak to sie robi             | Doc.  | 2006 | PL    |            |
| A Lesson of Belorussian     | Doc.  | 2006 | PL    |            |
| Facing Up                   | Feat. | 2006 | PL    |            |
| <b>TVN</b>                  |       |      |       |            |
| Kocham Polske               | Doc.  | 2008 | PL    | €57,000    |
| Dworzec Gdanski             | Doc.  | 2007 | PL    |            |
| Just Love Me                | Feat. | 2006 | PL    | €780,000   |

### 24.1.3 Public funding for film production

**Table 81: List of public funding institutions in Poland**

| National institutions and funding bodies | Budget (in €M) |
|--|----------------|
| Film Production Agency                   | 6.24           |
| Film Polski                              |                |
| Polish Script Agency                     | 0.22           |
| Polish Film Institute                    | 25.00          |
| The Polish-German co-development Fund    |                |
| <b>TOTAL</b>                             | <b>31.46</b>   |

Source: Korda, Polish Film Institute

The Polish Film Institute is the main source of film financing in Poland. The public financing of film production is regulated by the Cinematographic Act (2005). The maximum percentage of funding available in relation to the overall budget is 50% of the total budget, when funding comes from the Polish Film Institute. Its annual budget is over €25M, partially funded by a 1.5% levy on TV, cinema and cable operators. In 2007, the Polish Film Institute granted over €15M for film production, funding in most cases up to 50% of the total production budget.

## 24.2 Banking Landscape

### 24.2.1 Overview of the banking landscape

**Table 82: Banking landscape in Poland in 2005**

| General data |  |
|--------------|--|
|              |  |

|                                       |            |
|---------------------------------------|------------|
| Inhabitants                           | 38,126,000 |
| Gross domestic product (in € million) | 308,600    |
| Eurozone since                        |            |
| <b>Bank profitability statistics</b>  |            |
| Number of institutions                | 649        |
| Number of branches                    | 5,085      |
| Balance sheet                         |            |
| Assets (in PLN million)               |            |
| Cash and balance with Central bank    | 17,798.2   |
| Interbanks deposits                   | 109,315.7  |
| Loans                                 | 270,126    |
| Securities                            | 133,874.4  |
| Other assets                          | 55,311.1   |
| Liabilities (in PLN million)          |            |
| Capital and reserves                  | 54,969.6   |
| Borrowing from central bank           | 2,506.5    |
| Interbank deposits                    | 44,201.8   |
| Customer deposits                     | 366,884.5  |
| Bonds                                 | 9,396      |
| Other liabilities                     | 108,467    |
| End-year total                        | 586,425.4  |

Sources: Eurostat, European Commission, OECD Statistics

There are 649 banks and 5,085 institutions in Poland. The first Polish Banks in 2005 were Pko Bank Polski, Bank Pekao, Bph Pbk, Bank Zachodni Wdk and Bre Bk Rozwoju Eksportu.

### **24.2.2 National banks with a wide European network and/or specialising on SMEs**

There are 43 banks with 100% or majority foreign equity in Poland, including several branches of banks involved in film financing in other European countries: Raiffeisen Bank, Deutsche Bank, ING Bank, Fortis Bank...

Regarding the financial services to SMEs, PKO Bank Polski was the national partner of the EBRD in the frame of the program SME Finance Facility. In 2003, €20M facility were lent by the EBRD to PKO Bank Polski, the largest retail bank in Poland, to facilitate access to finance for SMEs. In 2005, PKO Bank Polski had a market share of 25% in the SMEs segment<sup>49</sup>.

### **24.2.3 Film banking**

We contacted the following institutions:

- Media Desk
- Polish Film Institute
- Polish Filmmakers Association
- National Chamber of Audiovisual Publisher
- SPI Film Studio

There is no bank involved in film financing in Poland.

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<sup>49</sup> www.ebrd.com

## 25 Portugal

### 25.1 Production Landscape

#### 25.1.1 Feature film production

**Table 83: Key film industry indicators for Portugal**

| <b>Production</b>                                   |                  |      |      |
|---|------------------|------|------|
| Number of film production companies (source: Kemps) | 139              |      |      |
| Feature film production                             | 2007             | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 18               | 16   | 16   |
| 100% national productions                           | 8                | 8    | 9    |
| Maj. Co-productions                                 | 2                | 3    | 2    |
| Min. Co-productions                                 | 8                | 5    | 5    |
| <b>Distribution and audience in 2007</b>            |                  |      |      |
| Number of films released                            | 274              |      |      |
| - including national films                          | 17               |      |      |
| Market share national films                         | 2.90%            |      |      |
| Market share US films                               | 72.70%           |      |      |
| Market share European films                         | 7.30%            |      |      |
| Most successful national film                       | Corrupcao        |      |      |
| Most successful international film                  | Shreck the Third |      |      |
| Total admissions                                    | 16,318,335       |      |      |
| Average admission per inhabitant                    |                  |      |      |
| Number of screens                                   | 542              |      |      |
| Average ticket price                                | €4.20            |      |      |
| Gross box office                                    | €68.53           |      |      |

Sources: Cineuropa, European Audiovisual Observatory

There were 12 Portuguese productions released in 2007, of which 6 national productions and 6 majority co-productions.

The main national success was *Corrupcao*, produced by the Portuguese company Utopia Filmes with 228,481 admissions and a gross box office of €1M. The second main success was *Call Girl*, produced by MGN Films, with 56,579 admissions and a gross box office of €254,979 and the third one was *Fados*, produced by Fado Film, with 31,853 admissions and a gross box office of €137,678<sup>50</sup>.

Between 2004 and 2007, 74 Portuguese films were released, of which 30 were distributed by Atlanta Filmes and 23 by Lusomundo Audiovisuals<sup>51</sup>.

The gross box office in 2007 was €68.53M and there were over 16 million admissions. These indicators has remain stable since 2004 (gross box office of €71.1 and 17 million admission) with a significant decrease in 2005. The gross box office for Portuguese films in 2007 was €1.906M.

<sup>50</sup> Instituto do Cinema e do Audiovisual e Multimedia, 2008. Facts and figures 2008. Portugal

<sup>51</sup> Instituto do Cinema e do Audiovisual e Multimedia, 2008. Facts and figures 2008. Portugal

## 25.1.2 Film production companies

There are 139 production companies in Portugal, of which 9 produced at least one film per year between 2005 and 2007: Clap Filmes, Costa do Castelo Filmes, Fado Filmes, Filbox Produções, Filmes de Fundo, Filmes do Tejo, Madragoa Filmes, MGN Filmes and Stopline Films.

Clap Filmes is the main national production company, with 16 films produced since 2006. The countries Portuguese companies use to co-produce the most with are Spain and France.

**Table 84: Selective filmography of production companies in Portugal which produced at least one film per year between 2005 and 2007**

| TITLE                          | GENRE | RELEASED | COUNTRIES    | BUDGET       |
|--------------------------------|-------|----------|--------------|--------------|
| <b>Clap Filmes</b>             |       |          |              |              |
| Cinerama                       | Feat. | 2008     | PT           |              |
| Entre os Dedos                 | Feat. | 2008     | PT           |              |
| This Night                     | Feat. | 2008     | PT/DE/FR     |              |
| Doomed Love                    | Feat. | 2008     | PT           |              |
| Lobos                          | Feat. | 2007     | PT           |              |
| From Now On                    | Feat. | 2007     | PT           |              |
| Misbegotten                    | Feat. | 2007     | PT           |              |
| Misbegotten                    | Feat. | 2007     | PT           |              |
| The Golden Helmet              | Feat. | 2007     | PT           | €3,000,897   |
| The Inner Life of Martin Frost | Feat. | 2007     | ES/PT/FR/USA |              |
| Veneno Cura                    | Feat. | 2007     | PT/ES        |              |
| Viúva Rica Solteira Não Fica   | Feat. | 2006     | PT/BR        |              |
| Inside Paris                   | Feat. | 2006     | FR/PT        | €1,500,000   |
| 98 Octanas                     | Feat. | 2006     |              |              |
| Trance                         | Feat. | 2006     | IT/RU/FR/PT  |              |
| Lavado em Lágrimas             | Feat. | 2006     | PT           |              |
| <b>Costa do Castelo Filmes</b> |       |          |              |              |
| The Heart of the Earth         | Feat. | 2007     | ES/UK        | \$16,000,000 |
| Encontros                      | Doc.  | 2006     | PT/FR        |              |
| Manô                           | Feat. | 2005     | PT           |              |
| <b>Fado Filmes</b>             |       |          |              |              |
| Arte de Roubar                 | Feat. | 2008     | PT/BR        | €2,000,000   |
| Fados                          | Feat. | 2007     | PT/ES        |              |
| Logo existo                    | Doc.  | 2006     | PT           | €50,000      |
| Love for Sale                  | Feat. | 2006     | PT/DE/FR/BR  |              |
| <b>Filbox Produções</b>        |       |          |              |              |
| Nadine                         | Feat. | 2007     | FR/PT        |              |
| Belle toujours                 | Feat. | 2006     | PT/FR        |              |
| Magic Mirror                   | Feat. | 2005     | PT           | €2,200,000   |
| <b>Filmes de Fundo</b>         |       |          |              |              |
| Ilusiones ópticas              | Feat. | 2008     | CL           |              |
| True and Tender Is the North   | Feat. | 2008     | PT           |              |
| Sleepwalking Land              | Feat. | 2007     | MZ/PT        |              |
| The Mystery of Sintra          | Feat. | 2007     | BR/PT        |              |
| <b>Filmes do Tejo</b>          |       |          |              |              |
| Aljubarrota                    | Feat. | 2008     | PT           |              |
| Goodnight Irene                | Feat. | 2008     | PT           | €1,000,000   |
| Era preciso fazer as coisas    | Doc.  | 2007     | PT           | €10,000      |

|                              |       |      |             |             |
|------------------------------|-------|------|-------------|-------------|
| Cristóvão Colombo - O Enigma | Feat. | 2007 | PT/FR       | \$2,000,000 |
| Behind the Clouds            | Feat. | 2007 | PT          |             |
| Brava Dança                  | Doc.  | 2007 | PT          |             |
| <b>Madragoa Filmes</b>       |       |      |             |             |
| Lobos                        | Feat. | 2007 | PT          |             |
| From Now On                  | Feat. | 2007 | PT          |             |
| Body Rice                    | Feat. | 2006 | PT          |             |
| Étrangère, L'                | Feat. | 2006 | FR/PT       |             |
| The Education of Fairies     | Feat. | 2006 | AR/FR/PT/ES |             |
| 98 Octanas                   | Feat. | 2006 |             |             |
| Trance                       | Feat. | 2006 | IT/RU/FR/PT |             |
| Coisa Ruim                   | Feat. | 2006 | PT          |             |
| Lavado em Lágrimas           | Feat. | 2006 | PT          |             |
| The Fatalist                 | Feat. | 2005 | PT/FR       |             |
| Seven Invisible Men          | Feat. | 2005 | PT/NL/LT/FR |             |
| <b>MGN Filmes</b>            |       |      |             |             |
| Call Girl                    | Feat. | 2007 | PT          |             |
| 20.13: Purgatory             | Feat. | 2006 | PT          | €1,300,000  |
| Um Tiro no Escuro            | Feat. | 2005 | PT/BR       | €37,500     |
| <b>Stopline Films</b>        |       |      |             |             |
| Arte de Roubar               | Feat. | 2008 | PT/BR       | €2,000,000  |
| Julgamento                   | Feat. | 2007 | PT          | €1,000,000  |
| Filme da Treta               | Feat. | 2006 | PT          |             |

Source: Imdb, Instituto do Cinema e do Audiovisual e Multimedia

### 25.1.3 Public funding for film production

**Table 85: List of public funding institutions in Portugal**

| National institutions and funding bodies          | Budget (in €M) |
|---|----------------|
| Instituto do Cinema e do Audiovisual e Multimedia | 17.78          |
| TOTAL   | 17.78          |

Source: Korda

The main source of public funding in Portugal is the ICA (Instituto do Cinema e do Audiovisual e Multimedia) with an annual budget of €17.78M and an average of 57 films supported per year<sup>52</sup> (of which 55,7% fiction, 22,2% documentaries and 17,1% animation). In 2007, ICA supported 52 films (16 feature films and 36 short films) produced by 33 national producers.

## 25.2 Banking Landscape

### 25.2.1 Overview of the banking landscape

**Table 86: Banking landscape in Portugal in 2005**

| General data                           |            |
|--|------------|
| Inhabitants                            | 10 549 424 |
| Gross domestic product (in € million)* | 159        |

<sup>52</sup> Instituto do Cinema e do Audiovisual e Multimedia, 2008. Facts and figures 2008. Portugal

|  |        |
|--|--------|
| Eurozone since**                               |        |
| <b>Bank profitability statistics (2005)***</b> |        |
| Number of institutions                         |        |
| Number of branches                             | 5562   |
| Balance sheet                                  |        |
| Assets (in € M)                                |        |
| Cash and balance with Central bank             | 7739   |
| Interbanks deposits                            | 45911  |
| Loans  | 207813 |
| Securities                                     | 45126  |
| Other assets                                   | 19987  |
| Liabilities (in € M)                           |        |
| Capital and reserves                           | 19973  |
| Borrowing from central bank                    | 3195   |
| Interbank deposits                             | 49482  |
| Customer deposits                              | 165553 |
| Bonds  |        |
| Other liabilities                              | 10560  |
| End-year total                                 |        |

Source : OCDE, Banco de Portugal

6 Banks represent 94% of the credits, 92% of all retail deposits and 72% of all bank branches (in 2006).

The major Portuguese banks are : Millenium BCP; Banco BPI; Banco Portugues de Negocios; Banco Espirito Santo (BES); Caixa geral de depósitos (CGD).

### **25.2.2 National banks with a wide European network and/or specialising on SMEs**

Banco Espírito Santo operates the largest single integrated network of branches, with over 479 locations spread throughout Portugal. On the international front, BES currently operates a fully-owned bank in Spain with a network of 27 branches, called Banco Espírito Santo S.A.. It holds a 20% stake in Société Bancaire de Paris (France) along with branches in Lausanne, London, Nassau, Madeira Offshore, Madrid and New York<sup>53</sup>.

BPI has a presence in Switzerland and Spain, and developed business in former Portuguese colonies Angola and Mozambique.

CGD is present in 22 countries all over the world, mostly in Spain, Macau, Cape Verde, Mozambique, and has a French branch too.

Millenium BCP is one of the Portuguese Banks that is the most present in Europe : Poland, Greece, Turkey, Romania.

### **25.2.3 Film banking**

We contacted the following institutions:

- ICA
- Media Desk
- Contracosta
- Teles
- Rosa Filmes

<sup>53</sup> <http://www.portugaloffer.com/banking.html>

CGD offers producers to discount subsidy agreements from ICA. According to our information, they focus solely on interim finance.

Bank Esperito Santo manages a €83M public-private investment fund which was created by law at the initiative of the Ministry of Culture which owns a majority stake of 40% in the fund. The fund invests equity in production projects as well as in slates. For further details, please refer to D7.2 FICA, page 70.

## 26 Romania

### 26.1 Production Landscape

#### 26.1.1 Feature film production

**Table 87: Key film industry indicators for Romania**

| <b>Production</b>                                   |                              |      |      |
|---|------------------------------|------|------|
| 2007 average production budget (source: Cineuropa)  | €700,000                     |      |      |
| Number of film production companies (source: Kemps) | 64                           |      |      |
| Feature film production                             | 2007                         | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 14                           | 15   | 12   |
| 100% national productions                           | 9                            | 9    | 8    |
| Maj. Co-productions                                 | 1                            | 2    | 0    |
| Min. Co-productions                                 | 4                            | 4    | 4    |
| <b>Distribution and audience in 2007</b>            |                              |      |      |
| Number of films released                            | 184                          |      |      |
| - including national films                          | 9                            |      |      |
| Market share national films                         | 4.80%                        |      |      |
| Market share US films                               | 61.96%                       |      |      |
| Market share European films                         | 33.15%                       |      |      |
| Most successful national film                       | 4 Months, 3 Weeks and 2 Days |      |      |
| Most successful international film                  | Pirates of The Caribbean 3   |      |      |
| Total admissions                                    | 2,600,000                    |      |      |
| Average admission per inhabitant                    | 0.1                          |      |      |
| Number of screens                                   | 115                          |      |      |
| Average ticket price                                | €3.26                        |      |      |
| Gross box office                                    | €8.47M                       |      |      |

Sources: Cineuropa, European Audiovisual Observatory

14 Romanian films were released in 2007, including 11 national productions and 3 minority co-productions. The numbers of films produced per year regularly decreased since 2005, from 20 to 14, as well as the number of co-productions. The average budget in 2007 was €700,000. The gross box office reached €8.47M with 2,600,000 admissions.

Despite this production decrease, one Romanian film knew a significant success in 2007, succeeding into crossing the borders and reaching international audiences. 4 Months, 3 Weeks and 2 Days, produced by Mobra Films for a total budget of €600,000, was a record in terms of admissions and box office (more than \$1.2M gross only in the USA according to Imdb).

#### 26.1.2 Film production companies

Among the 64 Romanian film production companies, 2 produced at least one film per year between 2005 and 2007: Mobra Films and Medai Pro Pictures.

**Table 88: Selective filmography of production companies in Romania which produced at least one film per year between 2005 and 2007**

| TITLE                        | GENRE | RELEASED | COUNTRIES            | BUDGET      |
|------------------------------|-------|----------|----------------------|-------------|
| <b>Mobra Films</b>           |       |          |                      |             |
| 4 Months, 3 Weeks and 2 Days | Feat. | 2007     | RO                   | €600,000    |
| Offset                       | Feat. | 2006     | FR/RO/DE/CH          |             |
| Lost and Found               | Feat. | 2005     | BA/CS/BG/EE/DE/HU/RO |             |
| <b>Media Pro Pictures</b>    |       |          |                      |             |
| Week-end cu mama             | Feat. | 2008     | RO                   |             |
| Taková normální rodinka      | Feat. | 2008     | CZ                   |             |
| Supravietitorul              | Feat. | 2008     | RO                   |             |
| At Your Own Risk             | Feat. | 2008     | CZ                   | €920,000    |
| Dupa ea                      | Feat. | 2007     | RO                   | €600,000    |
| California Dreamin'          | Feat. | 2007     | RO                   | \$1,600,000 |
| Roming                       | Feat. | 2007     | CZ/RO/SK             | €993,000    |
| Trei frati de belea          | Feat. | 2006     | RO                   | \$500,000   |
| Margo                        | Feat. | 2006     | RO                   |             |

Sources: Romanian National Center of Cinema, Imdb

Castel Film Romania is not an independent production company, hence was not included in the count although it produced at least one film per year between 2005 and 2007 (see chart below).

| <b>Castel Film Romania</b> |       |      |           |              |
|----------------------------|-------|------|-----------|--------------|
| Krabat                     | Feat. | 2008 | DE        | €10,000,000  |
| Mirrors                    | Feat. | 2008 | USA/RO    | \$35,000,000 |
| Affinity                   | Feat. | 2008 | UK/RO/CA  |              |
| Headless Horseman          | Feat. | 2007 | USA       |              |
| True True Lie              | Feat. | 2006 | UK        | \$5,000,000  |
| Incubus                    | Feat. | 2006 | UK        | \$5,000,000  |
| Second in Command          | Feat. | 2006 | USA/RO    | \$12,000,000 |
| Them                       | Feat. | 2006 | FR/RO     |              |
| Funny Money                | Feat. | 2006 | DE/USA/RO |              |
| Snuff-Movie                | Feat. | 2005 | UK        |              |
| Spirit Trap                | Feat. | 2005 | UK        |              |

### 26.1.3 Public funding for film production

**Table 89: List of public funding institutions in Romania**

| National institutions and funding bodies | Budget (in €M) |
|--|----------------|
| Romanian National Center of Cinema       | 4.28           |
| <b>TOTAL</b>                             | <b>4.28</b>    |

Source: Korda

The Romanian National Center of Cinema (CNC) is one of the main sources of public funding in Romania.

## **26.2 Banking Landscape**

### **26.2.1 Overview of the banking landscape**

There are about 33 credit institutions, including branches of foreign banks such as Alpha Bank, Citibank, ING Bank, Piraeus, Raiffeisen Bank, Volksbank and Commerzbank. The first Romanian banks are OTP Bank Romania, Banca Romana Pentru Dezvoltare, CEC-Casa de Economii si Consemnatiuni, Banca Agricola, Valcea (absorbed by Raiffeisen Bank).

### **26.2.2 National banks with a wide European network and/or specialising on SMEs**

In the frame of its "SME Finance Facility" programme, the EBRD signed a framework agreement of €10M with Leumi Romania to develop the access of SMEs to financing facilities. Bank Leumi Romania is a private Romanian commercial bank owned by Bank Leumi Le-Israel.

### **26.2.3 Film banking**

We contacted the following institutions:

- Media Desk
- Administration of the National Cultural Fund
- Romanian Filmmakers Union
- National Audiovisual Council
- CNC

All these institutions answered to us that there is no bank providing special financial products to film production companies.

## 27 Slovakia

### 27.1 Production Landscape

#### 27.1.1 Feature film production

**Table 90: Key film industry indicators for Slovakia**

| <b>Production</b>                                   |                      |      |      |
|---|----------------------|------|------|
| 2007 average production budget (source: Cineuropa)  | €800,000             |      |      |
| Number of film production companies (source: Kemps) | 45                   |      |      |
| Feature film production                             | 2007                 | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 10                   | 3    | 7    |
| 100% national productions                           | 5                    | 0    | 2    |
| Maj. Co-productions                                 | 2                    | 1    | 1    |
| Min. Co-productions                                 | 3                    | 2    | 4    |
| <b>Distribution and audience in 2007</b>            |                      |      |      |
| Number of films released                            | 178                  |      |      |
| - including national films                          | 2                    |      |      |
| Market share national films                         | 1.10%                |      |      |
| Market share US films                               | 57.34%               |      |      |
| Market share European films                         |                      |      |      |
| Most successful national film                       | Working Class Heroes |      |      |
| Most successful international film                  | Ice Age              |      |      |
| Total admissions                                    | 2,800,000            |      |      |
| Average admission per inhabitant                    | 0.5                  |      |      |
| Number of screens                                   | 251                  |      |      |
| Average ticket price                                | €2.57                |      |      |
| Gross box office                                    | €7.19                |      |      |

Sources: Cineuropa, European Audiovisual Observatory, Audiovisual Information Centre

There were 10 films produced in Slovakia in 2007 against only 3 in 2006 and 7 in 2005. Among these 10 productions, 5 were national productions, 2 were majority co-productions and 3 were minority co-productions, for an average budget of €800,000.

The total admissions reached 2,800,000 in 2007 for a gross box office of €7.19M.

#### 27.1.2 Film production companies

Among the 45 film production companies listed by the Slovak Film Centre, 2 produced at least one film per year between 2005 and 2007: Trigon Productions, ALEF Film & Media Group.

These companies regularly work in European co-productions with countries like Czech Republic, Germany, Italy or the UK.

**Table 91: Selective filmography of production companies in Slovakia which produced at least one film per year between 2005 and 2007**

| TITLE                              | GENRE | RELEASED | COUNTRIES   | BUDGET      |
|------------------------------------|-------|----------|-------------|-------------|
| <b>Trigon Productions</b>          |       |          |             |             |
| 3 Seasons in Hell                  | Feat. | 2009     | CZ/DE/SK    |             |
| Bye Bye Harry!                     | Feat. | 2006     | BE/DE/SK/UK | \$6,000,000 |
| Two Syllables Behind               | Feat. | 2005     | SK/CZ       | €360,000    |
| <b>ALEF Film &amp; Media Group</b> |       |          |             |             |
| The Eye                            | Feat. | 2009     | CZ/SK       |             |
| Male oslavy                        | Feat. | 2008     | SK/CZ/IT    | €800,000    |
| Muzika                             | Feat. | 2008     | DE/SK       |             |

Source: Imdb

Slovenská Televízia is not an independent production company and hence was not included in the count, although it produced at least one film per year between 2005 and 2007(see table below).

|                            |       |      |       |          |
|----------------------------|-------|------|-------|----------|
| <b>Slovenská Televízia</b> |       |      |       |          |
| Half Breakdown             | Feat. | 2007 | SK    | €993,000 |
| Two Syllables Behind       | Feat. | 2005 | SK/CZ | €360,000 |
| Konečná stanica            | Feat. | 2004 | SK    |          |

### 27.1.3 Public funding for film production

**Table 92: List of public funding institutions in Slovakia**

| National institutions and funding bodies   | Budget (in €M) |
|--|----------------|
| Ministry of Culture of the Slovak Republic | 3.8            |
| <b>TOTAL</b>                               | <b>3.8</b>     |

Source: Slovak Film Institute

In 2006, the amount of public funds allocated by the Slovak Ministry of Culture represented an annual increase of about 84%, reaching €3.8M. This grant system is managed by the Ministry of Culture in the frame of the program "AudioVision".

## 27.2 Banking Landscape

### 27.2.1 Overview of the banking landscape

**Table 93: Banking landscape in Slovakia in 2005**

| <b>General data</b>                   |             |
|---------------------------------------|-------------|
| Inhabitants                           | 5,439,000   |
| Gross domestic product (in € million) | 54,900      |
| Eurozone since                        | 2009        |
| <b>Bank profitability statistics</b>  |             |
| Number of institutions                | 23          |
| Number of branches                    | 1,142       |
| <b>Balance sheet</b>                  |             |
| Assets (in SKK M)                     |             |
| Cash and balance with Central bank    | 60,576.248  |
| Interbanks deposits                   | 451,860.138 |
| Loans                                 | 535,390.567 |

|                             |              |
|-----------------------------|--------------|
| Securities                  | 327,595.884  |
| Other assets                | 29,339.673   |
| Liabilities (in SKK M)      |              |
| Capital and reserves        | 12,740.076   |
| Borrowing from central bank | 3,281.148    |
| Interbank deposits          | 361,651.044  |
| Customer deposits           | 842,282.839  |
| Bonds                       | 84,101.672   |
| Other liabilities           | 100,705.731  |
| End-year total              | 1,404,762.51 |

Sources: Eurostat, European Commission, OECD Statistics

There are 23 bank institutions in Slovakia and 1,142 branches. The top 5 banks are Slovenská Sporiteľňa (Slovak Savings Bank), VUB - Všeobecná Uverová Banka (General Credit Bank), Tatra Banka, Československá obchodná banka (Czechoslovak Merchant Bank) and Prvá stavebná sporiteľňa.

### **27.2.2 National banks with a wide European network and/or specialising on SMEs**

There are 4 foreign banks branches in Slovakia (Banco Mais, Commerzbank, HSBC, J&T Banka Praha) and 5 representative offices of foreign banks (BNP Paribas, Investkredit Bank, Joint Stock Company Commercail Bank, Monte dei Paschi di Siena and Waldviertler Sparkasse von 1842).

The OTP Bank Slovakia (OBS) signed a €10M credit line with the European Bank for Reconstruction and Development in 2004 to provide SMEs easier access to finance in the frame of the program "SME Finance Facility". OBS, with 67 branches, could increase its role in financing SMEs in Slovakia using the experience of its parent company OTP Bank Rt. Hungary.

UniBanka is also focused on providing services to SMEs and was one of the first Slovak banks to provide loans and advice to this market segment.

### **27.2.3 Film banking**

We contacted the following institutions:

- Media Desk
- Slovak Film Institute
- Ministry of Culture
- SPI Film
- Audiovisual Information Center
- Artscript
- Trigon Production

According to our desk research and to the answers of the contacted institutions, there is no bank involved in film financing in Slovakia.

There is just an agreement between the Slovak Film Institute and the bank CSOB Finančná skupina regarding the film festival of Febiofest. In the frame of European Film Promotion, a producer will receive an award based on a bank arrangement.

## 28 Slovenia

### 28.1 Production Landscape

#### 28.1.1 Feature film production

**Table 94: Key film industry indicators for Slovenia**

| <b>Production</b>                                   |                     |      |      |
|---|---------------------|------|------|
| Number of film production companies (source: Kemps) | 48                  |      |      |
| Feature film production                             | 2007                | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 1                   | 3    | 7    |
| 100% national productions                           | 0                   | 1    | 4    |
| Maj. Co-productions                                 | 1                   | 0    | 2    |
| Min. Co-productions                                 | 0                   | 2    | 1    |
| <b>Distribution and audience in 2007</b>            |                     |      |      |
| Number of films released                            | 183                 |      |      |
| - including national films                          | 3                   |      |      |
| Market share national films                         | 5.70%               |      |      |
| Market share US films                               | 81.63%              |      |      |
| Market share European films                         | 12.94%              |      |      |
| Most successful national film                       | Rooster's Breakfast |      |      |
| Most successful international film                  | Mr. Bean's Holiday  |      |      |
| Total admissions                                    | 2,410,000           |      |      |
| Average admission per inhabitant                    | 1.2                 |      |      |
| Number of screens                                   | 108                 |      |      |
| Average ticket price                                | €4.00               |      |      |
| Gross box office                                    | €9.64               |      |      |

Sources: Cineuropa, European Audiovisual Observatory, Slovenian Film Fund

In 2007, 8 films were produced in Slovenia, of which 4 national productions, 3 majority co-productions and 1 minority co-production.

The total admissions reached 2,410,000 for a gross box office of €9.64M.

The main national success in 2007 was *Rooster's Breakfast*, a Slovenian-Croatian co-production produced by Ars Media (SI) and Jadran Film (HR).

#### 28.1.2 Film production companies

Among the 48 Slovenian production companies listed by the Slovenian Film Fund, 4 companies produced at least one film per year between 2005 and 2007: A Atlantan, Studio Arkadena, Vertigo/Emotionfilm and Gustav Film. These production companies are used to work in co-production with countries like Germany, Hungary, Bulgaria, Bosnia and Herzegovina, Croatia or Republic of Macedonia.

**Table 95: Selective filmography of production companies in Slovenia which produced at least one film per year between 2005 and 2007**

| TITLE  | GENRE | RELEASED | COUNTRIES               | BUDGET     |
|--|-------|----------|-------------------------|------------|
| <b>A Atalanta</b>                                      |       |          |                         |            |
| Prehod   | Feat. | 2008     | SI                      | €1,600     |
| Heidi  | Feat. | 2005     | UK                      |            |
| Awaking from the Dead                                  | Feat. | 2005     | CS                      | €50,000    |
| <b>Studio Arkadena</b>                                 |       |          |                         |            |
| Love and Other Crimes                                  | Feat. | 2008     | SE/DE/AT/SI             |            |
| Reality  | Feat. | 2008     | SI                      | €22,000    |
| Aporia   | Feat. | 2006     | CS                      |            |
| A View from Eiffel Tower                               | Feat. | 2005     | CS/SI/HR                | €350,000   |
| <b>Vertigo/Emotionfilm</b>                             |       |          |                         |            |
| The World Is Big and Salvation Lurks around the Corner | Feat. | 2008     | BG/DE/SI/HU             |            |
| Za vedno   | Feat. | 2008     | SI                      | €350,000   |
| I Am from Titov Veles                                  | Feat. | 2007     | MK/SI/BE/FR             |            |
| Estrellita   | Feat. | 2007     | SI/DE/BA/MK             | €1,380,000 |
| The Border Post  | Feat. | 2006     | UK/CS/HR/SI/MK/BA/HU/AT | €1,200,000 |
| <b>Gustav Film</b>                                     |       |          |                         |            |
| Ofsajd   | Feat. | 2009     | DE/SI                   | €1,500,000 |
| Tractor, Love & Rock'n Roll                            | Feat. | 2008     | SI/BA/HR                |            |
| Teah   | Feat. | 2007     | BA/HR/PL/SI             | €1,500,000 |
| Paris.love   | Feat. | 2007     | SI/FR                   |            |

Source: Imdb

### 28.1.3 Public funding for film production

**Table 96: List of public funding institutions in Slovenia**

| National institutions and funding bodies | Budget (in €M) |
|--|----------------|
| Slovenian Film Fund                      | 2.33           |
| <b>TOTAL</b>                             | <b>2.33</b>    |

Source: Korda

The main source of public funding is the Slovenian Film Fund, which makes available a budget of €2.33M for film production, according to Korda's estimations.

Since 2000, 21 feature films were financed with major share of Slovenian Film Fund<sup>54</sup>. For example in 2005: Gravehopping (total budget: € 944,622), L... Like Love (total budget: € 937,087) and Tuning (total budget: € 1,230,689).

<sup>54</sup> Slovenian Film Fund, [www.film-sklad.si](http://www.film-sklad.si)

## 28.2 Banking Landscape

There are 19 banks in Slovenia. The top 5 are Nova Ljubljanska Banka, Nova Kreditna Banka Maribor, Abanka Vipava, SKB, and Banka Celje.

There are 3 branches of EEA state's credit institutions operating in Slovenia: BKS Bank AG (Austria), Zveza Bank (Austria) and RCI Banque Societe Anonyme (France).

There are 4 financial intermediaries of the European Investment Bank in Slovenia in the frame of the program "SEM Finance Facility":

- UniCredit Banka Sloveija
- Hypo Alpe-Adria-Bank
- Nova Ljubljanska Banka
- Banka Koper

Banka Koper had traditionally strong ties with SMEs before the agreement with the European Bank for Reconstruction and Development that lended €5M to Banka Koper in 2002 to support SMEs.

We contacted the following institutions:

- Media Desk
- Association of Slovenian Filmmakers
- Slovenian Film Fund

There is no bank involved in film financing in Slovenia.

## 29 Spain

### 29.1 Production Landscape

#### 29.1.1 Feature film production

**Table 97: Key film industry indicators for Spain**

| <b>Production</b>                                   |                            |      |      |
|---|----------------------------|------|------|
| Average production budget in 2006 (source: OBS)     | €3,220,000                 |      |      |
| Number of film production companies (source: Kemps) | 689                        |      |      |
| Feature film production                             | 2007                       | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 114                        | 131  | 135  |
| 100% national productions                           | 72                         | 93   | 82   |
| Maj. Co-productions                                 | 19                         | 25   | 29   |
| Min. Co-productions                                 | 23                         | 13   | 24   |
| <b>Distribution and audience in 2007</b>            |                            |      |      |
| Number of films released                            |                            |      |      |
| - including national films                          | 136                        |      |      |
| Market share national films                         | 13.30%                     |      |      |
| Market share US films                               | 67.50%                     |      |      |
| Market share European films                         | 30.30%                     |      |      |
| Most successful national film                       | El Orfanato                |      |      |
| Most successful international film                  | Pirates of The Caribbean 3 |      |      |
| Total admissions                                    | 116,900,000                |      |      |
| Average admission per inhabitant                    | 2.63                       |      |      |
| Number of screens                                   | 4 296                      |      |      |
| Average ticket price                                | €5.23                      |      |      |
| Gross box office                                    | €643.70                    |      |      |

Sources: Cineuropa, European Audiovisual Observatory

In 2007, 172 movies were produced in Spain, showing a constant improvement of the number of produced movies since the beginning of the 2000's. This is moreover the highest figure since the 1980's. This has to be linked to the increase of the fund supporting production (Fondo de Proteccion) and to television channels that ever more participate in film financing.

Out of these 172 movies, 115 were 100% national productions, 30 were major coproductions (mostly with Argentina, the UK and France) and 27 were minor coproductions.

In 2007, the main national success was The Orphanage (El Orfanato), directed by J.A. Bayona, produced by Guillermo del Toro. The box office reached €24 M with 4,3 millions admissions.

#### 29.1.2 Film production companies

For Spain, we decided not to select production companies based on producing at least 1 movie per year between 2005 and 2007, as this number would be too large for this study. We thus resorted to another methodology: We selected 5 Spanish companies from a list of the 100 most dynamic European independent companies by operating revenues. The quotes are from the European Audiovisual Observatory Yearbook 2007.

**Table 98: Spanish companies among the 100 leading independent film production companies in the EU**

| TITLE   | GENRE                                  | RELEASED | COUNTRIES         | BUDGET        |
|---|--|----------|-------------------|---------------|
| <b>27. Castelao Producciones</b>                | <b>Operating revenue 2005 (in €M):</b> |          |                   | <b>28,992</b> |
| Ratón Pérez 2, El                               | Feat.                                  | 2008     | ES/AR             |               |
| Transsiberian                                   | Feat.                                  | 2008     | UK/DE/ES/LT       | \$15,000,000  |
| Sultanes del Sur                                | Feat.                                  | 2007     | MX/ES/AR          |               |
| Nocturna  | Feat.                                  | 2007     | ES/AR             |               |
| The Mudboy                                      | Feat.                                  | 2007     | AR/ES             |               |
| Mia Sarah                                       | Feat.                                  | 2006     | ES                |               |
| The Abandoned                                   | Feat.                                  | 2006     | ES/UK/BG          | €3,000,000    |
| Perfume: The Story of a Murderer                | Feat.                                  | 2006     | DE/FR/ES/USA      | €50,000,000   |
| The Kovak Box                                   | Feat.                                  | 2006     | ES/UK             |               |
| Ratón Pérez, El                                 | Feat.                                  | 2006     | AR/ES             |               |
| Triunfo, El                                     | Feat.                                  | 2006     | ES                |               |
| <b>51. El Deseo S.A.</b>                        | <b>Operating revenue 2005 (in €M):</b> |          |                   | <b>16,197</b> |
| My Prison Yard                                  | Feat.                                  | 2008     | ES                |               |
| The Headless Woman                              | Feat.                                  | 2008     | AR/FR/IT/ES       |               |
| Cobrador: In God We Trust, El                   | Feat.                                  | 2006     | MX/ES/AR/FR/BR/UK |               |
| Volver  | Feat.                                  | 2006     | ES                |               |
| The Secret Life of Words                        | Feat.                                  | 2005     | ES                | \$5,000,000   |
| César y Zaín                                    | Doc.                                   | 2005     | ES                |               |
| <b>68. Lolafilms</b>                            | <b>Operating revenue 2004 (in €M):</b> |          |                   | <b>13,280</b> |
| Canciones de amor en Lolita's Club              | Feat.                                  | 2007     | ES                |               |
| Theresa: The Body of Christ                     | Feat.                                  | 2007     | FR/ES/UK          | \$10,000,000  |
| Manolete  | Feat.                                  | 2007     | ES/UK             | \$28,000,000  |
| Isi & Disi, alto voltaje                        | Feat.                                  | 2006     | ES                |               |
| The Feast of the Goat                           | Feat.                                  | 2005     | ES/UK             | €8,000,000    |
| Sinfín  | Feat.                                  | 2005     | ES                |               |
| <b>96. Amiguetes Entertainment</b>              | <b>Operating revenue 2006 (in €M):</b> |          |                   | <b>9,937</b>  |
| Dance Machine                                   | Feat.                                  | 2006     | ES                |               |
| Torrente 3: El protector                        | Feat.                                  | 2005     | ES                | €8,000,000    |
| Asombroso mundo de Borjamari y Pocholo, El      | Feat.                                  | 2004     |                   |               |
| Promedio rojo                                   | Feat.                                  | 2004     | ES/CL             |               |
| <b>100. Sociedad General de Cine (SOGECINE)</b> | <b>Operating revenue 2005 (in €M):</b> |          |                   | <b>8,818</b>  |
| Pedro Páramo                                    | Feat.                                  | 2009     | MX/PT/ES          | \$7,500,000   |
| The Blind Sunflowers                            | Feat.                                  | 2008     | ES                |               |
| 28 Weeks Later                                  | Feat.                                  | 2007     | UK/ES             |               |
| The Sea Inside                                  | Feat.                                  | 2004     | ES/FR/IT          | €10,000,000   |

Sources: European Audiovisual Observatory (Yearbook 2007), Imdb

### 29.1.3 Public funding for film production

**Table 99: List of public funding institutions in Spain**

| National institutions and funding bodies                                 | Budget (in €M) |
|--|----------------|
| Institut Catala de les Industries Culturals                              | 64.50          |
| Regional institutions and public funding bodies                          | Budget (in €M) |
| Diputacion Provincial de Almeria   | 0.69           |
| Asesoria de Cine de la Comunidad de Madrid                               | 0.40           |
| Comunidad de Aragon  | 0.06           |
| Comunidad Autonoma de Extremadura  | 0.18           |
| Conselleria de Cultura, Communication Social e Turismo, Xunta de Galicia | 4.18           |
| Departamento de Cultura y Turismo, Gobierno de Navarra                   | 0.34           |
| General Directorate of Language Policy of the Region of Catalunya        | 2.19           |
| Direccion de Creacion y Difusion Cultural Gobierno Vasco                 | 1.86           |
| Direccion General de Fomento y Promocion Cultural, Junta de Andalucia    | 1.22           |
| Gobiernos de Canarias  | 0.90           |
| Catalan Finance Institute  | 22.00          |
| Institut Catala des Industria Culturals                                  | 5.98           |
| Instituto Valenciano de Cinematografia Ricardo Munoz Suay                | 1.29           |
| Junta de Castilla-La Mancha  | 0.50           |
| <b>TOTAL</b>   | <b>106.28</b>  |

Source: Korda

## 29.2 Banking Landscape

### 29.2.1 Overview of the banking landscape

**Table 100: Banking landscape in Spain in 2005**

| <b>General data</b>                   |                  |
|---------------------------------------|------------------|
| Inhabitants                           | 44 200 737       |
| Gross domestic product (in € million) | 1 050 595        |
| Eurozone since                        | 1999             |
| <b>Bank profitability statistics</b>  |                  |
| Number of institutions                | 269              |
| Number of branches                    | 41 599           |
| <b>Balance sheet</b>                  |                  |
| <b>Assets (in € M)</b>                |                  |
| Cash and balance with Central bank    | 23 713           |
| Interbanks deposits                   | 299 326          |
| Loans                                 | 1 217 639        |
| Securities                            | 392 646          |
| Other assets                          | 134 176          |
| <b>Liabilities (in € M)</b>           |                  |
| Capital and reserves                  | 159 360          |
| Borrowing from central bank           | 32 512           |
| Interbank deposits                    | 452 028          |
| Customer deposits                     | 1 058 468        |
| Bonds                                 | 238 275          |
| Other liabilities                     | 126 860          |
| <b>End-year total</b>                 | <b>2 067 500</b> |

Sources: Eurostat, European Commission, OECD Statistics

There are 269 banks in Spain and 41599 branches.

The major banks are Banco Santander, BBVA (Banco Bilbao Vizcaya Argentaria), La Caixa, Caja de Ahorros de Madrid, Banco Popular.

### **29.2.2 National banks with a wide European network and/or specialising on SMEs**

Santander is present in several countries all over the world : Germany, Italy, the UK (through the acquisition in 2004 of the Abbey Group), Portugal, the Netherlands, Poland, Czech Rep., Austria, Hungary, Norway and Sweden, but also in Latin America (Mexico and Chile) and in the USA..

BBVA also is much widespread : they have branches in Germany, Belgium, France, the UK, Italy, Switzerland and Russia. Moreover, BBVA owns branches specialising in SMEs, dedicated to providing exclusive services to these companies.

La Caixa affirms its presence in Poland and in Romania.

### **29.2.3 Film banking**

We contacted the following institutions:

- Media Desk (Jesús Hernández)
- Caja Madrid (Leopoldo Alvear Trenor and Emilio Vera Vidal)
- Audiovisual SGR (Susana Serrano)

#### **Caja Madrid**

In our interview with Leopoldo Alvear Trenor and Emilio Vera Vidal of Caja Madrid, they confirmed that most Spanish banks do not offer financial services directly to the film industry. As film lending is a high-specialized business, it was made clear that most banks do not have the in-house expertise to assess and rate film production companies and projects. Currently, however, Caja Madrid is studying the new cinema law in Spain, which is meant to provide tax relief for film investment. Once they have completed their analysis of the law, they are planning to engineer a tax-incentive-based lending product for the film industry. Caja Madrid are convinced that the new cinema law will enable a range of banks to engage with the industry in a more active and direct way.

#### **Audiovisual SGR**

Indirectly, a range of Spanish banks including La Caixa, Banesto, Banco de Sabadell, Ibercaja, Caixa Tarragona, BBVA, and Caja Madrid do issue interim finance loans (i.e. production loans) to the film industry through their relationship with the "mutual guarantee society", Audiovisual SGR. This system is further detailed in section D6.3 page 63.

Audiovisual SGR is a "mutual guarantee society" similar to IFCIC in France that provides guarantees for film production loans. Based in Madrid, the company has established pre-negotiated loan agreements with the network of banks above. These agreements contain terms and conditions specifically geared toward the audiovisual production sector, being mutually beneficial both for producers and the banks. Additionally, SGR counts as its partners the Spanish Ministry of Culture; EGEDA (the Spanish "Audiovisual Producers"

Rights Management Association); and the CERSA company, which is connected to the Spanish Ministry of Industry and charged with promoting the growth of businesses in Spain.

Founded in March 2006, Audiovisual SGR has since then issued loan guarantees for almost two hundred projects. The process works like this: producers bring SGR their projects and SGR evaluates them, which in this case means both an evaluation of the financial track record of the production company as well as an evaluation of the financing plan for the film. Films must have at least 75% of their financing in place in the form of signed agreements before they can approach SGR. And it is the value of these agreements that SGR is primarily assessing. Through the in-house expertise of their 7-person team, the company determines whether or not film projects meet the criteria to receive a guaranteed interim finance loan from one of their banking partners. If yes, SGR passes the project along to the Ministry of Culture and EGEDA for their input and--if these two institutions concur with SGR's positive evaluation--then a guarantee is issued by SGR for the project. With this guarantee attached, the project is then submitted to one of the banks in the partner network, who will automatically provide the interim finance loan at the pre-negotiated terms and conditions.

Typically, these loans are for 3-year terms and the interest rates are much lower than the production company would have received if they worked directly with the bank. For their services, SGR receives a 0.5% fee from the amount of the guarantee for evaluating the project and administering the transaction, an additional 1-1.5% annual commission over the course of the 3-year term, and a further 1% of the guarantee amount which the production company uses to buy shares in the "mutual guarantee society" that SGR is. When these production companies successfully repay their loans, this latter 1% is returned to them and their shares in the company are dissolved. Furthermore, as of 2009, the Ministry of Culture has agreed to finance the 0.5% evaluation fee and the 1-1.5% annual commission for producers whose projects receive a guarantee from SGR.

Overall, in its three years of existence, Audiovisual SGR has not only provided a framework for a range of Spanish banks to loan funds to the film industry it has also stimulated approximately €39m in guarantees, which in turn has resulted in approximately €180m in industry-related spend as well as the creation over 2,000 jobs.

## 30 Sweden

### 30.1 Production Landscape

#### 30.1.1 Feature film production

**Table 101: Key film industry indicators for Sweden**

| <b>Production</b>                                   |                            |      |      |
|---|----------------------------|------|------|
| 2007 average production budget (source: Cineuropa)  | €2,500,000                 |      |      |
| Number of film production companies (source: Kemps) | 116                        |      |      |
| Feature film production                             | 2007                       | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 39                         | 50   | 63   |
| 100% national productions                           | 23                         | 30   | 35   |
| Maj. Co-productions                                 | 10                         | 11   | 12   |
| Min. Co-productions                                 | 6                          | 9    | 16   |
| <b>Distribution and audience in 2007</b>            |                            |      |      |
| Number of films released                            | 246                        |      |      |
| - including national films                          | 29                         |      |      |
| Market share national films                         | 21.10%                     |      |      |
| Market share US films                               | 65.37%                     |      |      |
| Market share European films                         |                            |      |      |
| Most successful national film                       | Göta Kanal 2               |      |      |
| Most successful international film                  | Pirates of the Caribbean 3 |      |      |
| Total admissions                                    | 15,200,000                 |      |      |
| Average admission per inhabitant                    | 1.62                       |      |      |
| Number of screens                                   | 1 093                      |      |      |
| Average ticket price                                | €7.34                      |      |      |
| Gross box office                                    | €111.57M                   |      |      |

Sources: Cineuropa, European Audiovisual Observatory

29 Swedish films were released in 2007, of which 17 were national productions, 11 were majority co-productions and one minority co-production. The average budget of a Swedish film production is €2.5M. There was a strong decrease in the number of Swedish film production between 2005, when 53 national films were released. The number of co-productions remained stable but the number of national production strongly decreased (from 30 to 17).

The gross box office for 2007 was €111.57M, with 15,200,000 admissions.

The main national success in 2007 was *Göta Kanal 2*, produced by Lefwander Kapitalförvaltning for a total budget of €3M (SEK32M).

#### 30.1.2 Film production companies

There are 116 film production companies in Sweden, of which 10 produced at least one film per year between 2005 and 2007: Svensk Filmindustri, Hepp Film, Memfis Film, Filmance International AB, Trollhättan Film AB, Film i Skåne, Sonet Film AB, Breidablick Film AB, Anagram Produktion, Tre Vänner Produktion AB.

Swedish production companies regularly work in co-productions with Scandinavian countries (Norway, Finland and Denmark) but also with Germany, France and the UK.

**Table 102: Selective filmography of production companies in Sweden which produced at least one film per year between 2005 and 2007**

| TITLE  | GENRE | RELEASED | COUNTRIES            | BUDGET      |
|--|-------|----------|----------------------|-------------|
| <b>Svensk Filmindustri</b>                   |       |          |                      |             |
| LasseMajas detektivbyrå - Kameleontens hämnd | Feat. | 2008     | SE                   |             |
| Mamma Mu och Kråkan                          | Feat. | 2008     | DE/HU/SE             |             |
| Arn: The Kingdom at Road's End               | Feat. | 2008     | DK/SE/FI/UK/NO/DE    | €20,000,000 |
| Arn: The Knight Templar                      | Feat. | 2007     | UK/SE/DK/NO/FI/DE    | €25,000,000 |
| Rosa: The Movie                              | Feat. | 2007     | SE                   |             |
| Bitter Sweetheart                            | Feat. | 2007     | SE                   |             |
| Tjocktjuven                                  | Feat. | 2006     | SE                   |             |
| <b>Hepp Film</b>                             |       |          |                      |             |
| What No One Knows                            | Feat. | 2008     | DK/SE                |             |
| The Appeared                                 | Feat. | 2007     | SE/AR/ES             |             |
| The Walk                                     | Feat. | 2007     | SE                   |             |
| Smiling in a War Zone                        | Doc.  | 2006     | DK                   |             |
| Search                                       | Feat. | 2006     | SE                   | €725,000    |
| Cargo  | Feat. | 2006     | ES/UK/SE             |             |
| <b>Memfis Film</b>                           |       |          |                      |             |
| Fishy  | Feat. | 2008     | SE                   |             |
| Dancers                                      | Feat. | 2008     | DK/SE                |             |
| Leo  | Feat. | 2007     | SE                   |             |
| The Early Years: Erik Nietzsche Part 1       | Feat. | 2007     | DK/IT/SE/AT/FR       |             |
| Nina Frisk                                   | Feat. | 2007     | SE                   |             |
| Island of Lost Souls                         | Feat. | 2007     | DK/SE/DE             | €5,230,000  |
| The Boss of It All                           | Feat. | 2006     | DK/SE/IS/IT/FR/NO/FI | €3,000,000  |
| <b>Filmance International AB</b>             |       |          |                      |             |
| Patrik Age 1.5                               | Feat. | 2008     | SE                   |             |
| The Kautokeino Rebellion                     | Feat. | 2008     | DK/NO/SE             | €6,600,000  |
| Colorado Avenue                              | Feat. | 2007     | FI/SE                | €2,800,000  |
| Den Nya människan                            | Feat. | 2007     | FI/SE                | €2,287,772  |
| Mystery of the Wolf                          | Feat. | 2006     | FI/SE/UK             | €1,900,000  |
| Lilla spöket Laban                           | Feat. | 2006     | SE                   |             |
| Wellkåmm to Verona                           | Feat. | 2006     | DK/SE                |             |
| <b>Trollhättan Film AB</b>                   |       |          |                      |             |
| Fishy  | Feat. | 2008     | SE                   |             |
| Himlens hjärta                               | Feat. | 2008     | SE/DK                |             |
| Leo  | Feat. | 2007     | SE                   |             |
| The Early Years: Erik Nietzsche Part 1       | Feat. | 2007     | DK/IT/SE/AT/FR       |             |
| The Boss of It All                           | Feat. | 2006     | DK/SE/IS/IT/FR/NO/FI | €3,000,000  |
| <b>Film i Skåne</b>                          |       |          |                      |             |
| Ljusår                                       | Doc.  | 2008     | SE                   |             |
| Maggie in Wonderland                         | Doc.  | 2008     | SE                   |             |
| Du & jag                                     | Feat. | 2006     | SE                   |             |
| Frostbitten                                  | Feat. | 2006     | SE/RU                |             |
| Om Sara                                      | Feat. | 2005     | SE                   |             |
| Doxa   | Feat. | 2005     | SE                   |             |

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|                                 |       |      |          |              |
|---------------------------------|-------|------|----------|--------------|
| Mother of Mine                  | Feat. | 2005 | FI/SE    | €2,900,000   |
| <b>Sonet Film AB</b>            |       |      |          |              |
| Wolf                            | Feat. | 2008 | SE/FI/NO | €2,350,000   |
| Die Rote Zora                   | Feat. | 2008 | DE/SE    |              |
| Daisy Diamond                   | Feat. | 2007 | DK       |              |
| The Invisible                   | Feat. | 2007 | USA/CA   | \$30,000,000 |
| Leaps and Bounds                | Feat. | 2007 | SE/NO/DE |              |
| Walk the Talk                   | Feat. | 2007 | SE/USA   |              |
| Suddenly                        | Feat. | 2006 | SE       |              |
| När mörkret faller              | Feat. | 2006 | DE/SE    |              |
| Du & jag                        | Feat. | 2006 | SE       |              |
| All It Takes Is a Miracle       | Feat. | 2006 | FI/SE    | €1,983,558   |
| <b>Breidablick Film AB</b>      |       |      |          |              |
| When a Man Comes Home           | Feat. | 2007 | DK/SE    | \$400,000    |
| White Trash                     | Feat. | 2006 | NO/SE/DE | €1,550,000   |
| Storm                           | Feat. | 2005 | SE       |              |
| Sandor slash Ida                | Feat. | 2005 | SE       |              |
| <b>Anagram Produktion</b>       |       |      |          |              |
| Mr. Governor                    | Doc.  | 2008 | SE/FI/NO |              |
| House of Fools                  | Feat. | 2008 | NO/SE/DE | €2,000,000   |
| Morgan Pålsson: World Reporter  | Feat. | 2008 | SE       |              |
| The Investigator                | Feat. | 2008 | HU/SE/IE | €434,000     |
| <b>Tre Vänner Produktion AB</b> |       |      |          |              |
| One Eye Red                     | Feat. | 2007 | SE       |              |
| Kid Svensk                      | Feat. | 2007 | FI/SE    | €1,900,000   |
| 7 Millionaires                  | Feat. | 2006 | FI/SE    | €1,848,000   |
| Stegat efter                    | Feat. | 2005 | DK/SE    |              |
| Nordisk Film Production         |       |      |          |              |
| Den man älskar                  | Feat. | 2007 | SE       |              |
| Tusenbröder - Återkomsten       | Feat. | 2006 | SE       |              |
| Double Shift                    | Feat. | 2005 | SE       |              |

Sources: Swedish Film Institute, Imdb

Filmpool Nord, Film i Väst, TV4 Sweden and Sveriges Television (SVT) are not independent production companies and hence were not included in the count, although they produced at least one film per year between 2005 and 2007 (see table below).

|   |       |      |                   |             |
|---|-------|------|-------------------|-------------|
| <b>Filmpool Nord</b>                      |       |      |                   |             |
| Vi hade i alla fall tur med vädret - Igen | Feat. | 2008 | SE                |             |
| Wolf                                      | Feat. | 2008 | SE/FI/NO          | €2,350,000  |
| Let the Right One In                      | Feat. | 2008 | SE                |             |
| Colorado Avenue                           | Feat. | 2007 | FI/SE             | €2,800,000  |
| Frostbitten                               | Feat. | 2006 | SE/RU             |             |
| Valo                                      | Feat. | 2005 | FI/SE/NO          | €1,812,693  |
| <b>Film i Väst</b>                        |       |      |                   |             |
| Vi hade i alla fall tur med vädret - Igen | Feat. | 2008 | SE                |             |
| Grandes personnes, Les                    | Feat. | 2008 | FR/SE             | €1,600,000  |
| Fishy                                     | Feat. | 2008 | SE                |             |
| Mamma Mu och Kråkan                       | Feat. | 2008 | DE/HU/SE          |             |
| Arn: The Kingdom at Road's End            | Feat. | 2008 | DK/SE/FI/UK/NO/DE | €20,000,000 |

|   |       |      |                          |             |
|---|-------|------|--------------------------|-------------|
| Arn: The Knight Templar                   | Feat. | 2007 | UK/SE/DK/NO/FI/<br>DE    | €25,000,000 |
| Leo                                       | Feat. | 2007 | SE                       |             |
| Capitaine Achab                           | Feat. | 2007 | SE/FR                    |             |
| The Early Years: Erik Nietzsche Part 1    | Feat. | 2007 | DK/IT/SE/AT/FR           |             |
| Ciao Bella                                | Feat. | 2007 | SE                       |             |
| The Boss of It All                        | Feat. | 2006 | DK/SE/IS/IT/FR/<br>NO/FI | €3,000,000  |
| Bunny Chow                                | Feat. | 2006 | ZA                       |             |
| Den Enskilde medborgaren                  | Feat. | 2006 | SE                       |             |
| <b>Sveriges Television (SVT)</b>          |       |      |                          |             |
| Allt flyter                               | Feat. | 2008 | SE                       | €2,280,000  |
| Vi hade i alla fall tur med vädret - Igen | Feat. | 2008 | SE                       |             |
| Final Image                               | Doc.  | 2008 | AR/CL/DK/SE              |             |
| Wolf                                      | Feat. | 2008 | SE/FI/NO                 | €2,350,000  |
| Himlens hjärta                            | Feat. | 2008 | SE/DK                    |             |
| Raja 1918                                 | Feat. | 2007 | FI/RU                    | €2,100,000  |
| Leo                                       | Feat. | 2007 | SE                       |             |
| Capitaine Achab                           | Feat. | 2007 | SE/FR                    |             |
| The Early Years: Erik Nietzsche Part 1    | Feat. | 2007 | DK/IT/SE/AT/FR           |             |
| Colorado Avenue                           | Feat. | 2007 | FI/SE                    | €2,800,000  |
| Kid Svensk                                | Feat. | 2007 | FI/SE                    | €1,900,000  |
| After the Wedding                         | Feat. | 2006 | DK/SE                    |             |
| Leila Khaled: Hijacker                    | Doc.  | 2006 | SE                       | €145,000    |
| <b>TV4 Sweden</b>                         |       |      |                          |             |
| Arn: The Kingdom at Road's End            | Feat. | 2008 | DK/SE/FI/UK/NO/<br>DE    | €20,000,000 |
| Muumi ja vaarallinen juhannus             | Feat. | 2008 | FI/AT/PL                 | €278,285    |
| Arn: The Knight Templar                   | Feat. | 2007 | UK/SE/DK/NO/FI/<br>DE    | €25,000,000 |
| Varg Veum - Bitre blomster                | Feat. | 2007 | NO/SE/DE                 |             |
| Kill Your Darlings                        | Feat. | 2006 | SE/USA                   |             |

### 30.1.3 Public funding for film production

**Table 103: List of public funding institutions in Sweden**

| National institutions and funding bodies        | Budget (in €M) |
|---|----------------|
| Swedish Film Institute                          | 44.12          |
| Göteborg Film Festival Filmfund                 | 0.33           |
| Regional institutions and public funding bodies | Budget (in €M) |
| Film i Dalarna                                  | 0.45           |
| Film i Skane                                    | 1.62           |
| Film I Väst                                     | 7.03           |
| Filmpool Nord                                   |                |
| Reaktor Sydöst                                  |                |
| <b>TOTAL</b>                                    | <b>53.54</b>   |

Source: Korda

The Swedish Film Institute is the national public body that supports film production with a significant annual budget of €44.12M (according to Korda).

Regional film fund are also very important in Sweden. For example, Film I Väst co-produced more than 200 films since 1997. Its annual budget is around €7M.

## 30.2 Banking Landscape

### 30.2.1 Overview of the banking landscape

**Table 104: Banking landscape in Sweden in 2005**

| <b>General data</b>                   |                  |
|---------------------------------------|------------------|
| Inhabitants                           | 9,100,000        |
| Gross domestic product (in € million) | 331,00           |
| Eurozone since                        |                  |
| <b>Bank profitability statistics</b>  |                  |
| Number of institutions                | 124              |
| Number of branches                    | 2,046            |
| <b>Balance sheet</b>                  |                  |
| <b>Assets (in SEK M)</b>              |                  |
| Cash and balance with Central bank    | 21,025           |
| Interbanks deposits                   | 1,327,445        |
| Loans                                 | 1,683,535        |
| Securities                            | 1,072,321        |
| Other assets                          | 435,579          |
| <b>Liabilities (in SEK M)</b>         |                  |
| Capital and reserves                  | 257,859          |
| Borrowing from central bank           | 33,979           |
| Interbank deposits                    | 1,239,918        |
| Customer deposits                     | 1,596,881        |
| Bonds                                 | 793,375          |
| Other liabilities                     | 617,893          |
| <b>End-year total</b>                 | <b>4,539,904</b> |

Sources: Eurostat, European Commission, OECD Statistics

There are 124 bank institutions and 2,046 branches in Sweden, of which 27 commercial banks, 22 foreign banks, 76 saving banks and 2 co-operative banks. The biggest four Swedish banks are FöreningsSparbanken (Swedbank), Svensk Handelsbanken, Nordea and SEB. These four banks' account represents more than 80% of the total asset on the banking market.

### 30.2.2 National banks with a wide European network and/or specialising on SMEs

There are about 22 foreign banks branches in Sweden, most of them concentrating on corporate banking. The largest foreign bank in Sweden is Danske Bank, which became the fifth largest bank of the country by acquiring Östgöta Enskilda Bank in 1997.

The Swedish leading banks have involved into international activities since a few years. Nordea became the largest financial company of the Nordic region with banks in Sweden, Finland, Denmark and Norway. SEB also developed international activities through the acquisition of the German BfG Bank. Svendak Handelsbanken is also present in the Nordic region. The Danish Danske Bank has a strong position in Sweden (more than 50 branches in the country) and Norway.

### 30.2.3 Film banking

We contacted the following institutions:

- Media Desk
- The Swedish Film Producers Association
- Nordiskfilm
- Filivats
- Göta Film
- Sonet Film
- Swedish Film Institute

Sparbanksstiftelsen Skane is providing special financing services to film production, including for example a Sparbanksstiftelsen Skane Award for short Documentary at the Nordisk Panorama (film festival). It also provided loans to several film productions in 2008:

- *Ljusår*, documentary released in 2008, produced by Lisbet Babriellsson Film AB and co-produced by Film i Skane
- *Everlasting Moments*, feature film released in 2008, a co-production between Denmark, Finland, Norway, Sweden and Germany with a total budget of €4,773,903. Sparbanksstiftelsen Skane is credited as funding for this co-production.

## 31 Switzerland

### 31.1 Production Landscape

#### 31.1.1 Feature film production

**Table 105: Key film industry indicators for Switzerland**

| <b>Production</b>                                   |                   |      |      |
|---|-------------------|------|------|
| 2007 average production budget (source: Cineuropa)  | €1,200,000        |      |      |
| Number of film production companies (source: Kemps) | 100               |      |      |
| Feature film production                             | 2007              | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 38                | 62   | 42   |
| 100% national productions                           | 32                | 42   | 22   |
| Maj. Co-productions                                 | 4                 | 6    | 6    |
| Min. Co-productions                                 | 2                 | 14   | 14   |
| <b>Distribution and audience in 2007</b>            |                   |      |      |
| Number of films released                            |                   |      |      |
| - including national films                          | 70                |      |      |
| Market share national films                         | 5.80%             |      |      |
| Market share US films                               | 63.44%            |      |      |
| Market share European films                         |                   |      |      |
| Most successful national film                       | Die Herbszeilosen |      |      |
| Most successful international film                  | Ratatouille       |      |      |
| Total admissions                                    | 14,300,000        |      |      |
| Average admission per inhabitant                    | 1.88              |      |      |
| Number of screens                                   | 550               |      |      |
| Average ticket price                                | €9.50             |      |      |
| Gross box office                                    | €135.85M          |      |      |

Sources: Cineuropa, European Audiovisual Observatory

In 2007, 45 Swiss films were released, of which 33 were national productions and 12 were minority co-productions. The number of films produced per year remains stable since 2005 (between 40 and 45). The main national success was Die Herbszeilosen, produced by Catpics Coproductions and Schweizer Fernsehen.

The gross box office reached €135M with 14,300,000 admissions.

#### 31.1.2 Film production companies

There are 100 film production companies in Switzerland, of which 8 produced at least one film per year between 2005 and 2007: Amka Films Productions, CAB Productions, Carac Films, C-Films AG, Dschoint Ventschr Filmproduktion AG, Saga-Productions, T&C Film AG, Vega Film AG. These companies regularly co-produce films with Germany, Italy, Austria and France.

Table 106: Selective filmography of production companies in Switzerland which produced at least one film per year between 2005 and 2007

| TITLE                                      | GENRE | RELEASED | COUNTRIES      | BUDGET     |
|--|-------|----------|----------------|------------|
| <b>Amka Films Productions</b>              |       |          |                |            |
| Glorious Exit                              | Doc.  | 2008     | CH             |            |
| Pere di Adamo, Le                          | Feat. | 2007     | IT             |            |
| Giorni e nuvole                            | Feat. | 2007     | IT/CH          |            |
| Looking for Else                           | Feat. | 2007     | CH/USA         |            |
| Quale amore                                | Feat. | 2006     | CH/IT          |            |
| Face Addict                                | Doc.  | 2005     |                |            |
| <b>CAB Productions</b>                     |       |          |                |            |
| Luftbusiness                               | Feat. | 2008     | CH/LU          |            |
| Réfractaire                                | Feat. | 2008     | LU             |            |
| Return to Gorée                            | Doc.  | 2007     | CH/LU          |            |
| Liste de Carla, La                         | Doc.  | 2006     | CH             |            |
| Hors temps                                 | Doc.  | 2006     | CH             |            |
| <b>Carac Films</b>                         |       |          |                |            |
| Tausend Ozeane                             | Feat. | 2008     | CH/LU          |            |
| Deepfrozen                                 | Feat. | 2006     | LU/CH/AT       |            |
| The Missing Star                           | Feat. | 2006     | IT/FR/CH/SG    |            |
| MPS: Jazzin' the Black Forest              | Doc.  | 2005     | DE/CH          |            |
| <b>C-Films AG</b>                          |       |          |                |            |
| Das Geheimnis von Murk                     | Feat. | 2008     | CH             |            |
| Marcello Marcello                          | Feat. | 2008     | CH/DE          | €3,200,000 |
| Life Actually                              | Feat. | 2006     | DE/CH          |            |
| Eden                                       | Feat. | 2006     | DE/CH          |            |
| Offset                                     | Feat. | 2006     | FR/RO/DE/CH    |            |
| Grounding: The Last Days of Swissair       | Feat. | 2006     | CH             |            |
| Matchmaker                                 | Doc.  | 2005     | CH             |            |
| Mein Name ist Eugen                        | Feat. | 2005     | CH             | €4,000,000 |
| <b>Dschoint Ventschr Filmproduktion AG</b> |       |          |                |            |
| Hidden Heart                               | Doc.  | 2008     | DE/CH          |            |
| Nur ein Sommer                             | Feat. | 2008     | DE/CH          |            |
| Der Pfad des Kriegers                      | Doc.  | 2008     | DE/CH          |            |
| Shadow of the Holy Book                    | Doc.  | 2007     | FI/DK/CH/DE    | €390,240   |
| Lost in Liberia                            | Doc.  | 2007     | DE/CH          |            |
| Fraulein                                   | Feat. | 2006     | CH/DE          |            |
| Feltrinelli                                | Doc.  | 2006     | IT/DE/CH       |            |
| Slumming                                   | Feat. | 2006     | AT/CH/DE       |            |
| Going Private                              | Feat. | 2006     | CH             |            |
| <b>Saga-Productions</b>                    |       |          |                |            |
| Another Man                                | Feat. | 2008     | CH             |            |
| Passe-passe                                | Feat. | 2008     | FR             |            |
| Stealth                                    | Feat. | 2006     |                |            |
| To Get to Heaven First You Have to Die     | Feat. | 2006     | RU/FR/TJ/DE/CH |            |
| <b>T&amp;C Film AG</b>                     |       |          |                |            |
| Happy New Year                             | Feat. | 2008     | CH             | €1,208,000 |
| Bird's Nest - Herzog & De Meuron in China  | Doc.  | 2008     | CH             |            |
| Jeune homme                                | Feat. | 2006     | CH             | €1,800,000 |
| Näkkälä                                    | Doc.  | 2005     | CH             |            |
| Erinnern                                   | Doc.  | 2005     | CH             |            |

| <b>Teleclub AG</b>     |       |      |          |            |
|------------------------|-------|------|----------|------------|
| Marcello Marcello      | Feat. | 2008 | CH/DE    | €3,200,000 |
| Tell                   | Feat. | 2007 | CH/DE    |            |
| Chicken mexicaine      | Feat. | 2007 | CH/DE/MO |            |
| Egoïste: Lotti Latrous | Doc.  | 2007 | DE       |            |
| Eden                   | Feat. | 2006 | DE/CH    |            |
| Vitus                  | Feat. | 2006 | CH       | €2,000,000 |
| Undercover             | Feat. | 2005 | CH       |            |
| Mein Name ist Eugen    | Feat. | 2005 | CH       | €4,000,000 |
| <b>Vega Film AG</b>    |       |      |          |            |
| Home Recordings        | Doc.  | 2008 | NL/CH/FI |            |
| Murs porteurs, Les     | Feat. | 2007 | FR       | €2,200,000 |
| Faut que ça danse!     | Feat. | 2007 | FR/CH    |            |
| That Day               | Feat. | 2007 | CH/FR    |            |
| Cannabis               | Feat. | 2006 | CH       |            |
| Ça brûle               | Feat. | 2006 | FR       |            |
| Undercover             | Feat. | 2005 | CH       |            |

Source: Imdb

The following 5 broadcasters are not independent production companies and hence were not included in the count, although they produced at least one film per year between 2005 and 2007(see table below).

| <b>Radiotelevisione Svizzera Italiana (RTSI)</b> |       |      |             |            |
|--|-------|------|-------------|------------|
| Rumore bianco                                    | Doc.  | 2008 | CH/IT       |            |
| Marcello Marcello                                | Feat. | 2008 | CH/DE       | €3,200,000 |
| Glorious Exit                                    | Doc.  | 2008 | CH          |            |
| Fuori dalle corde                                | Feat. | 2007 | CH/IT       |            |
| Shadow of the Holy Book                          | Doc.  | 2007 | FI/DK/CH/DE | €390,240   |
| Giorni e nuvole                                  | Feat. | 2007 | IT/CH       | €300,000   |
| Fallen Heroes                                    | Feat. | 2007 | IT/CH       |            |
| Salata baladi                                    | Doc.  | 2007 | EG/CH/FR    |            |
| We Want Roses Too                                | Doc.  | 2007 | IT/CH       |            |
| Elisabeth Kopp - Eine Winterreise                | Doc.  | 2007 | CH          |            |
| The Missing Star                                 | Feat. | 2006 | IT/FR/CH/SG |            |
| Per sempre                                       | Doc.  | 2005 | IT          |            |
| <b>Schweizer Fernsehen</b>                       |       |      |             |            |
| Der Ruf der Geckos                               | Feat. | 2007 | DE/CH       | €175,000   |
| Chicken mexicaine                                | Feat. | 2007 | CH/DE/MO    |            |
| Lost in Liberia                                  | Doc.  | 2007 | DE/CH       |            |
| Gerhard Meier - Das Wolkenschattenboot           | Feat. | 2007 | CH          |            |
| Bruno Manser - Laki Penan                        | Doc.  | 2007 | CH          |            |
| Someone Beside You                               | Doc.  | 2007 | CH          |            |
| Heimatklänge                                     | Doc.  | 2007 | CH/DE       |            |
| Madonnen   | Feat. | 2007 | DE/CH/BE    | €2,000,000 |
| Elisabeth Kopp - Eine Winterreise                | Doc.  | 2007 | CH          |            |
| Rajas Reise                                      | Doc.  | 2007 | CH          |            |
| Sweeping Addis                                   | Doc.  | 2007 | CH          |            |
| Play Your Own Thing: A Story of Jazz in Europe   | Doc.  | 2006 | DE          |            |
| Life Actually                                    | Feat. | 2006 | DE/CH       |            |

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|   |       |      |                |            |
|---|-------|------|----------------|------------|
| One Love                                  | Doc.  | 2006 | CH             | €154,000   |
| Fraulein                                  | Feat. | 2006 | CH/DE          |            |
| Late Bloomers                             | Feat. | 2006 | CH             |            |
| Lenz                                      | Feat. | 2006 | DE/CH          |            |
| Vitus                                     | Feat. | 2006 | CH             | €2,000,000 |
| Who Was Kafka?                            | Feat. | 2006 | CH/FR          |            |
| Undercover                                | Feat. | 2005 | CH             |            |
| MPS: Jazzin' the Black Forest             | Doc.  | 2005 | DE/CH          |            |
| Matchmaker                                | Doc.  | 2005 | CH             |            |
| Gambit                                    | Doc.  | 2005 | DE/CH          |            |
| Mein Name ist Eugen                       | Feat. | 2005 | CH             | €4,000,000 |
| Opernfieber                               | Doc.  | 2005 | DE/CH          |            |
| The Giant Buddhas                         | Doc.  | 2005 | CH             |            |
| <b>SRG SSR idée suisse</b>                |       |      |                |            |
| Bird's Nest - Herzog & De Meuron in China | Doc.  | 2008 | CH             |            |
| Desert: Who Is the Man?                   | Feat. | 2007 | CH             |            |
| Someone Beside You                        | Doc.  | 2007 | CH             |            |
| City Walls: My Own Private Teheran        | Doc.  | 2006 | CH             |            |
| The Rasheda Trust                         | Doc.  | 2006 | CH             |            |
| Vitus                                     | Feat. | 2006 | CH             | €2,000,000 |
| Undercover                                | Feat. | 2005 | CH             |            |
| Gambit                                    | Doc.  | 2005 | DE/CH          |            |
| Coca: The Dove from Chechnya              | Doc.  | 2005 | CH             |            |
| Im Leben und über das Leben hinaus        | Doc.  | 2005 | CH             |            |
| <b>Teleclub AG</b>                        |       |      |                |            |
| Marcello Marcello                         | Feat. | 2008 | CH/DE          | €3,200,000 |
| Tell                                      | Feat. | 2007 | CH/DE          |            |
| Chicken mexicaine                         | Feat. | 2007 | CH/DE/MO       |            |
| Egoïste: Lotti Latrous                    | Doc.  | 2007 | DE             |            |
| Eden                                      | Feat. | 2006 | DE/CH          |            |
| Vitus                                     | Feat. | 2006 | CH             | €2,000,000 |
| Undercover                                | Feat. | 2005 | CH             |            |
| Mein Name ist Eugen                       | Feat. | 2005 | CH             | €4,000,000 |
| <b>Télévision Suisse Romande</b>          |       |      |                |            |
| Brothers                                  | Feat. | 2008 | CH             |            |
| Home                                      | Feat. | 2008 | CH/FR/BE       |            |
| Unwanted Witness                          | Doc.  | 2008 | CH/FR          |            |
| Animals in Love                           | Doc.  | 2007 | FR             |            |
| Shadow of the Holy Book                   | Doc.  | 2007 | FI/DK/CH/DE    | €390,240   |
| Faut que ça danse!                        | Feat. | 2007 | FR/CH          |            |
| Callas assoluta                           | Doc.  | 2007 | FR/GR/AT       |            |
| Please Vote for Me                        | Doc.  | 2007 | ZA/DK          |            |
| That Day                                  | Feat. | 2007 | CH/FR          |            |
| Shake the Devil Off                       | Doc.  | 2007 | CH             |            |
| Boillat vivra!, La                        | Doc.  | 2007 | CH             |            |
| Vraie vie est ailleurs, La                | Feat. | 2006 | CH             |            |
| Que viva Mauricio Demierre                | Doc.  | 2006 | CH             |            |
| To Get to Heaven First You Have to Die    | Feat. | 2006 | RU/FR/TJ/DE/CH |            |
| Ça brûle                                  | Feat. | 2006 | FR             |            |

|                  |       |      |    |          |
|------------------|-------|------|----|----------|
| Moon on the Snow | Feat. | 2006 | CH | €100,600 |
| Hors temps       | Doc.  | 2006 | CH |          |

### 31.1.3 Public funding for film production

**Table 107: List of public funding institutions in Switzerland**

| National institutions and funding bodies        | Budget (in €M) |
|---|----------------|
| Bundesamt für Kultur                            | 21.26          |
| EuroInfo  | 1.67           |
| Teleproduktions Fonds                           | 1.21           |
| Kulturfonds Suissimage                          | 1.37           |
| Visions sud est                                 |                |
| Regional institutions and public funding bodies | Budget (in €M) |
| Fonds Regio Films                               | 1.87           |
| Canton Ticino Film support                      | 0.23           |
| Fondation Vaudoise pour le cinéma               |                |
| Canton of Aargau Film support                   | 0.09           |
| Canton of Bern Film support                     | 0.65           |
| Canton of Lucerne Film support                  | 0.12           |
| Canton of Solothurn Film support                | 0.29           |
| City of Geneva Film support                     | 1.10           |
| Canton of Basel Film support                    | 0.29           |
| City of Bern Film Commission                    | 0.18           |
| Zurich Film Foundation                          | 5.68           |
| <b>TOTAL</b>                                    | <b>35.99</b>   |

Source: Korda

The main national source of funding for film production is the Bundesamt für Culture, with an annual budget of €21.26M, but the regional fundings are an important source of funding, with 11 several regional funds.

## 31.2 Banking Landscape

### 31.2.1 Overview of the banking landscape

**Table 108: Banking landscape in Switzerland in 2005**

| <b>General data</b>                   |           |
|---------------------------------------|-----------|
| Inhabitants                           | 7,544,000 |
| Gross domestic product (in € million) | 329,088   |
| Eurozone since                        |           |
| <b>Bank profitability statistics</b>  |           |
| Number of institutions                | 295       |
| Number of branches                    | 3,453     |
| <b>Balance sheet</b>                  |           |
| <b>Assets (in CHF M)</b>              |           |
| Cash and balance with Central bank    | 16,361    |
| Interbanks deposits                   | 800,103   |
| Loans                                 | 1,101,667 |
| Securities                            | 658,140   |
| Other assets                          | 235,548   |

| Liabilities (in CHF M)      |           |
|-----------------------------|-----------|
| Capital and reserves        | 147,967   |
| Borrowing from central bank |           |
| Interbank deposits          | 796,515   |
| Customer deposits           | 1,197,415 |
| Bonds                       | 266,131   |
| Other liabilities           | 403,788   |
| End-year total              | 2,811,822 |

Sources: Eurostat, European Commission, OECD Statistics

There are 295 banks in Switzerland and 3,453 branches. In 2003, the financial sector comprised 14% of Switzerland's GDP and employed 180,000 people. An estimated one-third of all funds held outside their country of origin are kept in Switzerland. The two largest banks are UBS AG and Credit Suisse, accounting for over 50% of all deposits in Switzerland. They rank among the world's biggest financial institutions.

All the main international banks are present in Switzerland. German's banks are especially well represented with 11 branches (Commerzbank, Deutsche Bank, Dresdner Bank...), as well as United Kingdom (11 branches, including Barclays), Netherlands (6 branches, including ING), France (9 branches, including BNP Paribas and Société Générale) and Belgium (Fortis, Dexia).

### 31.2.2 Film banking

There is no bank providing special financing services or products to the film industry with a sectorial approach.

## 32 United Kingdom

### 32.1 Production Landscape

#### 32.1.1 Feature film production

**Table 109: Key film industry indicators for United Kingdom**

| <b>Production</b>                                   |   |      |      |
|---|---|------|------|
| Average production budget in 2006 (source: OBS)     | €10,810,000                               |      |      |
| Number of film production companies (source: Kemps) | 1264                                      |      |      |
| Feature film production                             | 2007                                      | 2006 | 2005 |
| Productions with theatrical release (source: OBS)   | 105                                       | 148  | 163  |
| 100% national productions                           | 27  | 48   | 28   |
| Maj. Co-productions                                 | 60  | 65   | 39   |
| Min. Co-productions                                 | 18  | 35   | 96   |
| <b>Distribution and audience in 2007</b>            |   |      |      |
| Number of films released                            | 516                                       |      |      |
| - including national films                          | 107                                       |      |      |
| Market share national films                         | 28.00%                                    |      |      |
| Market share US films                               | 67.70%                                    |      |      |
| Market share European films                         | 1.80%                                     |      |      |
| Most successful national film                       | Harry Potter and the Order of the Phoenix |      |      |
| Most successful international film                  | Pirates of The Caribbean 3                |      |      |
| Total admissions                                    | 162,427,016                               |      |      |
| Average admission per inhabitant                    | 2.6                                       |      |      |
| Number of screens                                   | 3 596                                     |      |      |
| Average ticket price                                | €6.10                                     |      |      |
| Gross box office                                    | €910.00                                   |      |      |

Sources: Cineuropa, European Audiovisual Observatory

In 2007, 117 movies were produced in the UK, showing a slight decrease compared with previous year's results. The market share of national movies increased to reach one of the best rate in the last 10 years. It has to be stressed that, even if the overall number of productions decreased, the number of 100% national productions increased, reaching 60. However, the number of major coproductions dropped to 29 (compared with 52 in 2006 and 67 in 2005) while the number of minor coproduction remained stable (28 in 2007, 27 in 2006 and 25 in 2005). According the UK Film Council, this result is due to the new tax shelter system that strongly encourages 100% national productions and foreign movies shot in the UK, but that penalizes coproductions for which the biggest part of the budget is being spent abroad.

In 2007, the main national success was Harry Potter and the Order of the Phoenix, directed by David Yates, featuring Daniel Radcliffe, which was a UK/US coproduction (Heyday Films / Warner Bros). The box office reached \$937 M (€786 M) worldwide, including \$292 M in the US (€245M) and €67 M in the UK, for a budget of \$150M (€126M).

### 32.1.2 Film production companies

For the UK, we decided not to select production companies based on producing at least 1 movie per year between 2005 and 2007, as this number would be too large for this study. We thus resorted to another methodology: We selected 13 British companies from a list of the 100 most dynamic European independent companies by operating revenues. The quotes are from the European Audiovisual Observatory Yearbook 2007.

The Consultant chose to include Future film in this list. Indeed, although this company has an important activity linked to the development of structured finance instruments, the company includes a post production facility and does have an “independent producer” role and input in the co-productions it is working on. In that sense, Future Film cannot be considered solely as a service production company and/or an equity or tax fund.

**Table 110: British companies among the 100 leading independent film production companies in the EU**

| TITLE  | GENRE                                 | RELEASED | COUNTRIES   | BUDGET        |
|--|---------------------------------------|----------|-------------|---------------|
| <b>10. Runteam</b>                               | <b>Operating revenu 2005 (in €M):</b> |          |             | <b>71,812</b> |
| Oliver Twist                                     | Feat.                                 | 2005     | UK/CZ/FR/IT | €50,000,000   |
| The Pianist                                      | Feat.                                 | 2002     | FR/DE/UK/PL | \$35,000,000  |
| <b>16. Aardman</b>                               | <b>Operating revenu 2006 (in €M):</b> |          |             | <b>37,188</b> |
| Pirates  | Anim.                                 | 2009     |             |               |
| Tortoise vs. Hare                                | Anim.                                 | 2009     | UK/USA      | \$40,000,000  |
| Flushed Away                                     | Anim.                                 | 2006     | UK/USA      | \$14,300,000  |
| Wallace & Gromit in The Curse of the Were-Rabbit | Anim.                                 | 2005     | UK          | \$30,000,000  |
| <b>22. Samuelson Productions</b>                 | <b>Operating revenu 2006 (in €M):</b> |          |             | <b>32,485</b> |
| Alex Rider: Operation Stormbreaker               | Feat.                                 | 2006     | DE/USA/UK   | \$40,000,000  |
| Things to Do Before You're 30                    | Feat.                                 | 2004     | UK          |               |
| <b>34. Archer Street Productions</b>             | <b>Operating revenu 2005 (in €M):</b> |          |             | <b>24,413</b> |
| Incendiary                                       | Feat.                                 | 2008     | UK          | \$10,000,000  |
| When Did You Last See Your Father?               | Feat.                                 | 2007     | UK/IE       | \$8,000,000   |
| Beyond the Sea                                   | Feat.                                 | 2004     | USA/DE/UK   | \$24,000,000  |
| Girl with a Pearl Earring                        | Feat.                                 | 2003     | UK/LU       |               |
| <b>37. Mrs. Henderson Productions Ltd.</b>       | <b>Operating revenu 2006 (in €M):</b> |          |             | <b>20,873</b> |
| Mrs Henderson Presents                           | Feat.                                 | 2005     | UK          | \$20,000,000  |
| <b>39. Lunar Films</b>                           | <b>Operating revenu 2004 (in €M):</b> |          |             | <b>19,385</b> |
| Sugarhouse                                       | Feat.                                 | 2007     | UK          |               |
| Mister Foe                                       | Feat.                                 | 2007     | UK          | \$5,500,000   |
| Klimt  | Feat.                                 | 2006     | AT/FR/DE/UK |               |
| Boy Eats Girl                                    | Feat.                                 | 2005     | IE/UK       | \$5,000,000   |
| Poupées russes, Les                              | Feat.                                 | 2005     | FR/UK       | \$12,500,000  |
| <b>50. Inside Track 2</b>                        | <b>Operating revenu 2005 (in €M):</b> |          |             | <b>16,386</b> |
| Millions   | Feat.                                 | 2004     | UK          |               |
| Shaun of the Dead                                | Feat.                                 | 2004     | UK/FR       | \$4,000,000   |
| <b>72. Working Title Films</b>                   | <b>Operating revenu 2004 (in €M):</b> |          |             | <b>12,752</b> |
| Frost/Nixon                                      | Feat.                                 | 2008     | USA/UK/FR   | \$35,000,000  |
| Burn After Reading                               | Feat.                                 | 2008     | USA/UK/FR   | \$37,000,000  |
| Wild Child                                       | Feat.                                 | 2008     | USA/UK/FR   | \$20,000,000  |
| Definitely, Maybe                                | Feat.                                 | 2008     | UK/USA/FR   |               |

|                                  |  |      |                          |               |
|----------------------------------|--|------|--------------------------|---------------|
| Elizabeth: The Golden Age        | Feat.                                  | 2007 | UK/FR/DE                 |               |
| Atonement                        | Feat.                                  | 2007 | UK/FR                    | \$30,000,000  |
| Mr. Bean's Vacation              | Feat.                                  | 2007 | UK/FR/DE                 | \$25,000,000  |
| Gone                             | Feat.                                  | 2007 | UK/AU                    |               |
| Hot Fuzz                         | Feat.                                  | 2007 | UK/FR                    | \$16,000,000  |
| Smokin' Aces                     | Feat.                                  | 2006 | UK/FR/USA                | \$17,000,000  |
| Sixty Six                        | Feat.                                  | 2006 | UK                       |               |
| Catch a Fire                     | Feat.                                  | 2006 | FR/UK/ZA/USA             |               |
| United 93                        | Feat.                                  | 2006 | FR/UK/USA                | \$15,000,000  |
| <b>76. Iberville Productions</b> | <b>Operating revenue 2006 (in €M):</b> |      |                          | <b>12,139</b> |
| Cassandra's Dream                | Feat.                                  | 2007 | USA/UK/FR                | \$19,000,000  |
| <b>77. Future Films</b>          | <b>Operating revenue 2005 (in €M):</b> |      |                          | <b>12,064</b> |
| Fifty Dead Men Walking           | Feat.                                  | 2008 | UK/CA                    | \$8,600,000   |
| Gospel Hill                      | Feat.                                  | 2008 | USA                      | \$6,000,000   |
| Transsiberian                    | Feat.                                  | 2008 | UK/DE/ES/LT              | \$15,000,000  |
| The Totenwackers                 | Feat.                                  | 2007 | ES/UK                    | €3,000,000    |
| Max & Co                         | Feat.                                  | 2007 | CH/BE/FR/UK              |               |
| The Heart of the Earth           | Feat.                                  | 2007 | ES/UK                    | \$16,000,000  |
| Flawless                         | Feat.                                  | 2007 | UK/LU                    | \$20,000,000  |
| Goodbye Bafana                   | Feat.                                  | 2007 | DE/FR/BE/ZA/IT<br>/UK/LU | \$30,000,000  |
| Miguel and William               | Feat.                                  | 2007 | ES/UK                    | € 6,000,000   |
| Manolete                         | Feat.                                  | 2007 | ES/UK                    | \$28,000,000  |
| Summer Rain                      | Feat.                                  | 2006 | ES/UK                    |               |
| The Abandoned                    | Feat.                                  | 2006 | ES/UK/BG                 | €3,000,000    |
| The Queen                        | Feat.                                  | 2006 | UK/FR/IT                 | \$14,000,000  |
| The Kovak Box                    | Feat.                                  | 2006 | ES/UK                    |               |
| Salvador (Puig Antich)           | Feat.                                  | 2006 | ES/UK                    |               |
| Comme t'y es belle!              | Feat.                                  | 2006 | UK/LU/FR/BE              |               |
| Tirante el Blanco                | Feat.                                  | 2006 | IT/ES/UK                 | €14,000,000   |
| The Thief Lord                   | Feat.                                  | 2006 | LU/UK/DE                 |               |
| The Payback                      | Feat.                                  | 2006 | RU/UK                    |               |
| <b>83. Skyline (Baker St)</b>    | <b>Operating revenue 2006 (in €M):</b> |      |                          | <b>10,717</b> |
| The Bank Job                     | Feat.                                  | 2008 | UK                       | \$20,000,000  |

Sources: European Audiovisual Observatory (Yearbook 2007), Imdb

|                                    |  |      |              |               |
|------------------------------------|--|------|--------------|---------------|
| <b>14. Ingenious Film Partners</b> | <b>Operating revenue 2006 (in €M):</b> |      |              | <b>47,015</b> |
| Happy-Go-Lucky                     | Feat.                                  | 2008 | UK/CZ/FR/IT  |               |
| Virgin Territory                   | Feat.                                  | 2007 | IT/UK/FR/LU  | \$38,000,000  |
| The Golden Compass                 | Feat.                                  | 2007 | USA/UK       | \$18,000,000  |
| Brick Lane                         | Feat.                                  | 2007 | UK/IN        |               |
| Far North                          | Feat.                                  | 2007 | UK/FR        |               |
| Stardust                           | Feat.                                  | 2007 | UK/USA       | \$70,000,000  |
| Hairspray                          | Feat.                                  | 2007 | USA/UK       | \$7,500,000   |
| 4: Rise of the Silver Surfer       | Feat.                                  | 2007 | USA/DE/UK/CA | \$130,000,000 |
| Live Free or Die Hard              | Feat.                                  | 2007 | USA/UK       | \$110,000,000 |
| W Delta Z                          | Feat.                                  | 2007 | UK           | \$7,220,000   |
| Straightheads                      | Feat.                                  | 2007 | UK           | \$2,600,000   |
| The Last Legion                    | Feat.                                  | 2007 | UK/IT/FR/TU  | \$67,000,000  |
| Sunshine                           | Feat.                                  | 2007 | UK/USA       | \$50,000,000  |
| Outlaw                             | Feat.                                  | 2007 | UK           | \$3,600,000   |
| Mister Foe                         | Feat.                                  | 2007 | UK           | \$5,500,000   |
| Hot Fuzz                           | Feat.                                  | 2007 | UK/FR        | \$16,000,000  |

|   |  |      |             |               |
|---|--|------|-------------|---------------|
| The Walker                              | Feat.                                  | 2007 | USA/UK      | \$8,670,000   |
| Shrooms                                 | Feat.                                  | 2007 | IE/DK/UK    |               |
| Hannibal Rising                         | Feat.                                  | 2007 | UK/CZ/FR/IT | \$50,000,000  |
| Four Last Songs                         | Feat.                                  | 2007 | ES/UK       |               |
| Prey                                    | Feat.                                  | 2007 | USA/ZA      |               |
| <b>42. Pathé Pictures International</b> | <b>Operating revenue 2006 (in €M):</b> |      |             | <b>18,096</b> |
| Linha de Passe                          | Feat.                                  | 2008 | BR          |               |
| The Power of the Game                   | Doc.                                   | 2007 | USA         | \$2,500,000   |
| Deep Water                              | Doc.                                   | 2006 | UK          |               |
| The Queen                               | Feat.                                  | 2006 | UK/FR/IT    | \$14,000,000  |
| Mrs Henderson Presents                  | Feat.                                  | 2005 | UK          | \$20,000,000  |
| Breakfast on Pluto                      | Feat.                                  | 2005 | IE/UK       |               |

### 32.1.3 Public funding for film production

**Table 111: List of public funding institutions in United Kingdom**

|   |                |
|---|----------------|
| National institutions and funding bodies        | Budget (in €M) |
| UK Film Council                                 | 79.88          |
| Regional institutions and public funding bodies | Budget (in €M) |
| Cornwall Film Fund                              |                |
| EM Media  | 1.05           |
| Film London                                     | 2.18           |
| Isle of Man Film                                | 6.72           |
| Northern Film & Media                           | 2.26           |
| North West Vision                               | 0.68           |
| Screen East                                     | 1.25           |
| Screen South                                    | 0.30           |
| Screen West Midlands                            | 0.93           |
| Screen Yorkshire                                | 4.13           |
| South West Screen                               | 3.17           |
| Arts Council of Wales                           | 1.16           |
| Northern Ireland Film and Television Commission | 4.75           |
| Scottish Screen                                 | 3.21           |
| Gaelic Media Service                            | 13.66          |
| Sgrin Cymru Wales                               | 2.62           |
| <b>TOTAL</b>                                    | <b>127.93</b>  |

Source: Korda

### 32.1.4 Tax incentives

The UK tax credit is payable directly to producers. It is based on spend in the UK. The applicant must be a UK production company. The film must have a British distributor and pass the British Cultural Test. For films up to 24 million Euros, the rate will be a net 20%, 16% for bigger budgets. To have access to the credit, the production has to spend at least 25 % of its budget in the UK.

## **32.2 Banking Landscape**

### **32.2.1 Overview of the banking landscape**

The OECD database does not include an overview on Britain's banking system. The reason might be that it is one of the most important banking systems in the world which makes it difficult to give a comprehensive view of its size and to analyse its asset structure.

The main British banks are HSBC, Barclays, Lloyds TSB, RBS (Royal Bank of Scotland), Standard Chartered, Clydesdale Bank, Northern Rock.

Former British banks Abbey and Alliance Leicester were taken over by Spanish Banco Santander in 2008.

### **32.2.2 National banks with a wide European network and/or specialising on SMEs**

HSBC is one of the biggest banks of the world. It has got a wide network of offices all around the globe, particularly in North and South America, Russia, China, India, Australia, South East Asia (Singapore and Hong Kong). It is present in some Western European countries, but so far not really in Central or Eastern Europe.

Barclays acquired Spanish Banco Zaragozano (one of Spain's largest private sector banking groups) in 2003. Barclays Wealth operates in several countries in Europe such as Cyprus, Ireland, Italy, Malta, Switzerland; Barclays has retail locations in Denmark, France, Germany, Ireland, Norway, Portugal, Spain, Sweden.

The Royal Bank of Scotland has a widespread network all over the world, including Europe. It operates in almost all European countries except some Central European countries and the Baltic States.

### **32.2.3 Film banking**

We contacted the following institutions:

- Allied Irish Bank (Michael Shyjka)
- Bank of Ireland (Ian Hutchinson)
- Barclays Bank (Steve Allen)
- Coutts & Co. (Karl Dye)
- Future Films (Patricia Jackson)
- Investec Bank (Jason Traub; Eyal Fisher)
- Prescience Film Fund (Jeff Hayward)
- Royal Bank of Scotland (Patricia Jackson)

#### **Allied Irish Bank**

Through our interview with Michael Shyjka of Allied Irish Bank, it was confirmed that AIB has been one of the leading film finance lenders in the UK over the last few years. They offer a range of products including interim finance, cashflows for the UK tax credit, working capital for sales companies, and gap financing, although their appetite for the latter has declined in recent months. With a media team made up of 4 core members and with an expressed interest in projects with budgets ranging from €4-54.5m, Allied Irish

Bank is a key provider of financial services to producers seeking a bank partner in the UK.

### **Bank of Ireland**

Based in the UK, Bank of Ireland has been one of the most active lenders to the film industry; however, as of 31<sup>st</sup> March 2009, their media unit will be closed down and lending to this sector will cease. Prior to this announcement, we interviewed Ian Hutchinson, who outlined Bank of Ireland's interest in providing single-project financing for films with budgets between 7-12m. Products on offer included interim finance, cashflows for the UK tax credit (usually as part of the interim finance deal), and gap financing.

### **Barclays Bank**

Through our interview with Steve Allen, relationship manager for the sizable media team at Barclays Bank, it was learned that Barclays—unlike most UK banks involved with the film industry—does not provide interim finance nor gap loans. They find these services to be quite high risk. Instead, Barclays' core business is maintaining production accounts for their producer clients. In order to further stimulate these relationships, Barclays (in conjunction with Prescience Film Fund) has also begun offering tax-incentive based loans geared around the UK tax credit and other tax-relief schemes for private investors in the UK.

### **Coutts & Co.**

Coutts & Co. offers a full range of financial services to the film industry. Connected to the Royal Bank of Scotland, Coutts is focused on contract discounting to provide for interim finance loans, cashflowing the UK tax credit, as well as lending working capital to qualifying companies. In our interview with Karl Dye, Coutts was identified as one of the strongest film finance lenders currently operating in the UK.

### **Future Films**

Although Future Films is a private fund and so technically falls outside the scope of this study, their new director of finance—Patricia Jackson—was interviewed because until recently she was the head of the media team at Royal Bank of Scotland (see below). Additionally, Future Films is engaged in talks with the European Investment Bank about setting up a lending scheme for film, firstly in the UK but with intentions of replicating it in France, Germany, Italy, and Spain.

### **Investec Bank**

Jason Traub and Eyal Fisher declined to be interviewed for this study citing Investec Bank's engagement with film finance lending to be at an early stage. They have an interest in the industry, as evidenced by their media unit; however, as they said, their volume of film deals has been quite low and connected only to clients they have already been lending to in other areas.

### **Prescience Film Fund**

Like Future Films, Prescience is a private UK fund and so outside the scope of the current study. However, they are included here as they play a vital role in the tax-incentive based lending products offered through Barclays Bank. We interviewed their director of finance, Jeff Hayward, about their relationship with Barclays in order to better understand how tax-incentive gearing is employed to create a stronger and more secured financial service.

### **Royal Bank of Scotland**

While Royal Bank of Scotland has formally exited the film banking business with the closure of its media unit in 2008, we did interview Patricia Jackson (now director of finance at Future Films) about the bank's products and services as well as their withdrawal from the sector. RBS, along with Bank of Ireland and AIB, is considered to have been a key UK player with respect to the film industry. They worked with U.S. studios, syndicated loans with other banks both in Europe and the U.S., offered or arranged slate financing, and was highly visible in the market for many years. However, as a result of the credit crisis, they have curtailed their activities at least for the time being, leaving film lending to partners such as Coutts.

## **Appendix 3: Online Questionnaire for Independent Producers**

This questionnaire was promoted over peacefulfish's website and newsletter as well as over the website cineuropa.org

### **1. Introduction**

The film industry has traditionally little access to financial facilities from banks. With the current credit crunch, the MEDIA Programme of the European Commission has recognised that there is a need for an intervention targeted at the role of banks in the European film industry.

It has therefore commissioned peacefulfish with a study on this matter and will organise before Cannes a seminar with European bankers to discuss what could be done to develop the activity of banks in the film industry across Europe.

We would be very grateful if you could take the time to participate to this short survey aimed at getting a bottom-up input for this seminar's preparatory work.

This survey includes 5 questions and should not take you more than 5 minutes. None of these questions are compulsory.

Deadline for answering this survey is March 15, 2009.

Thank you very much in advance.  
Kind regards

The peacefulfish Team

For questions please contact Marc Lauriac at [marc@peacefulfish.com](mailto:marc@peacefulfish.com)

## 2. Types of services and guarantees

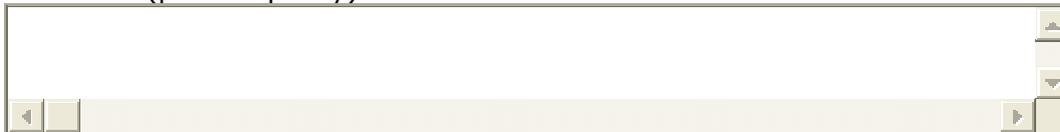
1. In your relation with banks which type of financial facilities have you been using?

- Current account loans (credit card, overdraft...)
- Cash flowing facilities/Contract discounting
- Tax credit related services (cash flowing, brokering...)
- Gap financing/mezzanine financing
- Slate loan (based on a slate of project)
- Corporate loans (not based on specific film projects)
- Venture capital (convertible loans, etc.)
- Other (please specify)



2. Which type of guarantees does the bank require as collateral for such financial facilities?

- Personal guarantees of the owner(s) of your company
- Fixed assets of your company
- Rights library of your company
- Copyrights linked to the project to be cash flowed
- Tax liabilities linked to the project
- Revenues of the project (based on sales estimates)
- Guarantees provided by another company (e.g. co-producer, shareholder...)
- Guarantees provided by another financial institution (e.g. IFCIC...)
- Other (please specify)



### 3. Bank's terms

1. Based on your experience, please give us an indication of typical handling fees and interest rates charged by banks (you can mention up to 5 different past experiences).

|                          | Type of loan  | Size of the loan   | Typical handling fee   | Typical interest margin                            |
|--------------------------|---|--|--|--|
| <b>Past experience 1</b> | Discounting<br>Gap<br>Corporate<br>Other (please specify below) | <€250k<br>€250k-1m<br>€1-5m<br>€5-10m<br>>€10m<br>Other (please specify below) | <0.5%<br>0.5-1.5%<br>1.5-3%<br>>3%<br>Other (please specify below) | <1%<br>1-3%<br>>3%<br>Other (please specify below) |
| <b>Past experience 2</b> | Discounting<br>Gap<br>Corporate<br>Other (please specify below) | <€250k<br>€250k-1m<br>€1-5m<br>€5-10m<br>>€10m<br>Other (please specify below) | <0.5%<br>0.5-1.5%<br>1.5-3%<br>>3%<br>Other (please specify below) | <1%<br>1-3%<br>>3%<br>Other (please specify below) |
| <b>Past experience 3</b> | Discounting<br>Gap<br>Corporate<br>Other (please specify below) | <€250k<br>€250k-1m<br>€1-5m<br>€5-10m<br>>€10m<br>Other (please specify below) | <0.5%<br>0.5-1.5%<br>1.5-3%<br>>3%<br>Other (please specify below) | <1%<br>1-3%<br>>3%<br>Other (please specify below) |
| <b>Past experience 4</b> | Discounting<br>Gap<br>Corporate<br>Other (please specify below) | <€250k<br>€250k-1m<br>€1-5m<br>€5-10m<br>>€10m<br>Other (please specify below) | <0.5%<br>0.5-1.5%<br>1.5-3%<br>>3%<br>Other (please specify below) | <1%<br>1-3%<br>>3%<br>Other (please specify below) |
| <b>Past experience 5</b> | Discounting<br>Gap<br>Corporate<br>Other (please specify below) | <€250k<br>€250k-1m<br>€1-5m<br>€5-10m<br>>€10m<br>Other (please specify below) | <0.5%<br>0.5-1.5%<br>1.5-3%<br>>3%<br>Other (please specify below) | <1%<br>1-3%<br>>3%<br>Other (please specify below) |

Comments

2. If possible, please name the banks you have been working with recently.

Please specify the following:

- a) Bank's name; b) Town; c) Expertise in film (high/low); d) Year of last deal made;
- e) Contact (if possible)

#### 4. General comments

1. As a producer, what do you expect from a bank?

- Facilitate the cash flowing process of your projects
- Act as a financial intermediary to access support schemes (e.g. tax rebates...)
- Secure your financial backing in order to be able to focus your energy on developing your business and projects
- Help you take more of the entrepreneurial risk on your projects in order to retain more of the rights and revenues, hence have a higher upside
- Partner with you on the expansion of your business
- Other (please specify)

2. Further comments regarding the role banks ought to play in the European film industry:

3. Further comments regarding the role the European Commission ought to play regarding the access to finance of SMEs in the audiovisual sector:

4. Company information (compulsory)

|                            | Country | Type  | Size   |
|----------------------------|---------|---|--|
| <b>Company information</b> |         | Production company<br>Sales agent<br>Distributor<br>Production/Post production facility<br>Other (please specify below) | Freelancer<br>Less than 8 employees<br>8 to 20 employees<br>More than 20 employees |

Comments

5. If you would like to be informed about the results of this survey, please enter your contact details.

Name

Position

Company

Email address