Ref. Ares(2013)3022427 - 10/09/2013

MEDIA
A programme of the European Union

peacefulfish
consultancy for financing the content industry

Study on the Role of Banks in the European Film Industry

FINAL REPORT

12 MAY 2009

Notice

This document is the final report of a study on the role of banks in the European film industry.

Opinions given in this report are those of its authors; this report does not necessarily reflect the point of view of the European Commission, and the Commission cannot be considered liable for the accuracy of the information in the report.

Neither the European Commission, nor any person acting under its responsibility, can be held liable for any subsequent utilization made of this report.

Reproduction is authorized subject to citing the source.

Study on the Role of Banks in the European Film Industry
– Final Report
© peacefulfish
May 2009

Authors:
Thierry Baujard
Marc Lauriac
Marc Robert
Soizic Cadio

CONTENTS

LIST OF TABLES **7**

LIST OF CHARTS **10**

LIST OF FIGURES **10**

A EXECUTIVE SUMMARY **11**
1 Foreword 11
2 The Brief 12
3 Approach 13
4 Definition of Financial Institutions 14
5 Five Main Film Banking Services 14
6 Market Conditions For Film Banking 15
7 MEDIA Countries Grouped Into 3 Market Segments 15
8 Key Conclusions 16
9 Recommendations 19

B CONTEXT, OBJECTIVES, CHALLENGES, AND METHODOLOGY OF THE STUDY **23**
1 Context of the Study: Film Banking, a Financial Service in Transition 23
1.1 The Economic Crisis 23
1.2 Film Production: A Prototype Business 23
1.3 Size of Market for Film Banking 24
1.4 Film Banking Expertise Within Financial Institutions 24
1.5 Emergence of New Types of Guarantees 24
2 Objectives of the Study 25
3 Challenges of the Study 25
4 Methodology 26

C MARKET PERSPECTIVE **28**
1 Preliminary Remarks 28
2 Synthesis of the Results 30
2.1 Production Budget and Production Output 30
2.2 Independent Production Landscape 31
2.3 Impact of Public Funding 32
2.4 Size of the Banking System 33

D FILM BANKING IN EUROPE AND THE VARIOUS MODELS IN PLACE **34**
1 Film Banking in Europe 34
2 Interim Finance 41
2.1 Introduction 41
2.2 Financial Institutions Offering Interim Finance 42
2.3 Classic Contract Discounting Model 42
2.4 Revolving Credit Cashflow Model 43
3 Tax-Incentive Financing 45
3.1 Introduction 45
3.2 Financial Institutions Offering Tax-Incentive Financing 46
3.3 Tax Credit Cashflowing Model 46
3.4 Tax-Incentive Gearing Model 47
4 Gap Financing 49
4.1 Introduction 49
4.2 Financial Institutions Offering Gap Financing 50
4.3 Classic Gap Financing Model 50
4.4 SuperGap Financing Model 51
5 Working Capital/Corporate Finance 53
5.1 Introduction 53

5.2 Financial Institutions Offering Working Capital/Corporate Finance 54
5.3 Mid-Cap Credit Facility Model 54
5.4 Asset-Backed Lending Model 55
5.5 Public/Private Loan Model 56
6 Bank Guarantee 58
6.1 Principles of a Bank Guarantee 58
6.2 French Public-Private Guarantee Model: IFCIC 59
6.3 Spanish Public-Private Guarantee Model: Audiovisual SGR 63
6.4 German Public Guarantee Model: Landesbürgschaft 65
7 Further Models 68
7.1 European Investment Bank Loan Framework (2003-2007) 68
7.2 Bavarian Bank Fund (Bayerischer Bankenfonds - BBF) 70
7.3 FICA - Investment Fund for Cinema and Audiovisual Works 72

E CASE STUDIES 75

1 Case Study 1: Bilateral Co-Production Interim Financed in One Country 75
1.1 Presentation of the case 75
1.2 Validation Process of the Interim Loan 76
1.3 Cashflow Plan of the Bilateral Co-production 77
2 Case Study 2: Quadripartite Co-Production Gap Financed in One Country and Interim Financed in the Two Countries 79
2.1 Presentation of the case 79
2.2 Interim Financing by the Bank of Country D 79
2.3 Interim Financing by the Bank of Country A 79
2.4 Financing Plan and Interim Finance Structure for the Quadripartite Co-production 81

F CONCLUSIONS & RECOMMENDATIONS 82

1 Conclusions 82
1.1 Introduction 82
1.2 Conclusions By Groups of Countries 82
1.3 Conclusions Based on Interviews & Roundtable Discussions with Financial Institutions 83
2 Recommendations 85
2.1 Introduction 85
2.2 Three Recommendations 85
2.3 Recommendation 1: Develop a Business Training Initiative 86
2.4 Recommendation 2: Contribute to Expansion of 3rd-Party Guarantee Funds 86
2.5 Recommendation 3: Create a Cross-Border Network of Financial Institutions and Experts 88

BIBLIOGRAPHY AND SOURCES 89

Bibliography 89
Sources 90

APPENDICES 91

APPENDIX 1: COUNTRY CODES 91

APPENDIX 2: COUNTRY OVERVIEWS 92

1 Austria 92
1.1 Production Landscape 92
1.2 Banking Landscape 95
2 Belgium 97
2.1 Production Landscape 97
2.2 Banking Landscape 100
3 Bulgaria 105
3.1 Production Landscape 105
3.2 Banking Landscape 107

4 Croatia 109
4.1 Production Landscape 109
4.2 Banking Landscape 111
5 Cyprus 113
5.1 Production Landscape 113
5.2 Banking Llandscape 114
6 Czech Republic 115
6.1 Production Landscape 115
6.2 Banking Landscape 118
7 Denmark 120
7.1 Production Landscape 120
7.2 Banking Landscape 123
8 Estonia 125
8.1 Production Landscape 125
8.2 Banking Landscape 127
9 Finland 128
9.1 Production Landscape 128
9.2 Banking Landscape 130
10 France 132
10.1 Production Landscape 132
10.2 Banking Landscape 139
11 Germany 143
11.1 Production Landscape 143
11.2 Banking Landscape 146
12 Greece 148
12.1 Production Landscape 148
12.2 Banking Landscape 150
13 Hungary 151
13.1 Production Landscape 151
13.2 Banking Landscape 153
14 Iceland 155
14.1 Production Landscape 155
14.2 Banking Landscape 157
15 Ireland 158
15.1 Production Landscape 158
15.2 Banking Landscape 160
16 Italy 163
16.1 Production Landscape 163
16.2 Banking Landscape 165
17 Latvia 167
17.1 Production Landscape 167
17.2 Banking Landscape 168
18 Liechtenstein 170
18.1 Production Landscape 170
18.2 Banking Landscape 170
19 Lithuania 171
19.1 Production Landscape 171
19.2 Banking Landscape 172
20 Luxembourg 174
20.1 Production Landscape 174
20.2 Banking Landscape 176
21 Netherlands 178
21.1 Production Landscape 178
21.2 Banking Landscape 181
22 Malta 183
22.1 Production Landscape 183
22.2 Banking Landscape 183
23 Norway 184

23.1 Production Landscape 184
23.2 Banking Landscape 187
24 Poland 188
24.1 Production Landscape 188
24.2 Banking Landscape 191
25 Portugal 193
25.1 Production Landscape 193
25.2 Banking Landscape 195
26 Romania 198
26.1 Production Landscape 198
26.2 Banking Landscape 200
27 Slovakia 201
27.1 Production Landscape 201
27.2 Banking Landscape 202
28 Slovenia 204
28.1 Production Landscape 204
28.2 Banking Landscape 206
29 Spain 207
29.1 Production Landscape 207
29.2 Banking Landscape 209
30 Sweden 212
30.1 Production Landscape 212
30.2 Banking Landscape 216
31 Switzerland 218
31.1 Production Landscape 218
31.2 Banking Landscape 222
32 United Kingdom 224
32.1 Production Landscape 224
32.2 Banking Landscape 228

APPENDIX 3: ONLINE QUESTIONNAIRE FOR INDEPENDENT PRODUCERS 231

LIST OF TABLES

Table 1: Overview of Financial Institutions Involved in Film Banking in Europe as of 2009 35
Table 2: EIB credit syndication model..... 69
Table 3: Key film industry indicators for Austria 92
Table 4: Selective filmography of production companies in Austria which produced at least one film per year between 2005 and 2007..... 93
Table 5: List of public funding institutions in Austria 94
Table 6: Banking Landscape in Austria in 2005 95
Table 7: Key film industry indicators for Belgium 97
Table 8: Selective filmography of production companies in Belgium which produced at least one film per year between 2005 and 2007..... 98
Table 9: List of public funding institutions in Belgium..... 99
Table 10: Banking landscape in Belgium in 2005..... 100
Table 11: Key film industry indicators for Bulgaria..... 105
Table 12: Selective filmography of production companies in Bulgaria which produced at least one film per year between 2005 and 2007..... 106
Table 13: List of public funding institutions in Bulgaria..... 107
Table 14: Key film industry indicators for Croatia 109
Table 15: Selective filmography of production companies in Croatia which produced at least one film per year between 2005 and 2007..... 110
Table 16: List of public funding institutions in Croatia 111
Table 17: Key indicators for Cyprus 113
Table 18: Selective filmography of production companies in Cyprus which produced at least one film per year between 2005 and 2007..... 113
Table 19: List of public funding institutions in Cyprus 113
Table 20: Key film industry indicators for Czech Republic 115
Table 21: Selective filmography of production companies in Czech Republic which produced at least one film per year between 2005 and 2007 116
Table 22: List of public funding institutions in Czech Republic 117
Table 23: Banking landscape in Czech Republic in 2005 118
Table 24: Key film industry indicators for Denmark 120
Table 25: Selective filmography of production companies in Denmark which produced at least one film per year between 2005 and 2007..... 121
Table 26: List of public funding institutions in Denmark 123
Table 27: Banking landscape in Denmark in 2005 123
Table 28: Key film industry indicators for Estonia..... 125
Table 29: Selective filmography of production companies in Estonia which produced at least one film per year between 2005 and 2007..... 126
Table 30: List of public funding institutions in Estonia 126
Table 31: Key film industry indicators for Finland 128
Table 32: Selective filmography of production companies in Finland which produced at least one film per year between 2005 and 2007..... 129
Table 33: List of public funding institutions in Finland 129
Table 34: Banking landscape in Finland in 2005 130
Table 35: Key film industry indicators for France..... 132
Table 36: French companies among the 100 leading independent film production companies in the EU 133
Table 37: List of public funding institutions in France..... 138
Table 38: Banking landscape in France in 2005..... 139
Table 39: Foreign claims of French banks in 2007 140
Table 40: Key film industry indicators for Germany 143
Table 41: German companies among the 100 leading independent film production companies in the EU 144
Table 42: List of public funding institutions in Germany 145

Table 43: Banking landscape in Germany in 2005 146
Table 44: Key film industry indicators for Greece 148
Table 45: Selective filmography of production companies in Greece which produced at least one film per year between 2005 and 2007..... 149
Table 46: List of public funding institutions in Greece 150
Table 47: Key film industry indicators for Hungary 151
Table 48: Selective filmography of production companies in Hungary which produced at least one film per year between 2005 and 2007..... 152
Table 49: List of public funding institutions in Hungary 153
Table 50: Key film industry indicators for Iceland..... 155
Table 51: Selective filmography of production companies in Iceland which produced at least one film per year between 2005 and 2007..... 156
Table 52: List of public funding institutions in Iceland 156
Table 53: Key film industry indicators for Ireland 158
Table 54: Selective filmography of production companies in Ireland which produced at least one film per year between 2005 and 2007..... 159
Table 55: List of public funding institutions in Ireland 160
Table 56: Banking landscape in Ireland in 2005 160
Table 57: Key film industry indicators for Italy..... 163
Table 58: Italian companies among the 100 leading independent film production companies in the EU 164
Table 59: List of public funding institutions in Italy..... 165
Table 60: Banking landscape in Italy in 2005 165
Table 61: Key film industry indicators for Latvia..... 167
Table 62: Selective filmography of production companies in Latvia which produced at least one film per year between 2005 and 2007..... 168
Table 63: List of public funding institutions in Latvia..... 168
Table 64: Key film industry indicators for Lithuania 171
Table 65: Selective filmography of production companies in Lithuania which produced at least one film per year between 2005 and 2007..... 172
Table 66: List of public funding institutions in Lithuania 172
Table 67: Key film industry indicators for Luxembourg..... 174
Table 68: Selective filmography of production companies in Luxembourg which produced at least one film per year between 2005 and 2007 175
Table 69: List of public funding institutions in Luxembourg..... 175
Table 70: Banking landscape in Luxembourg in 2005..... 176
Table 71: Key film industry indicators for the Netherlands..... 178
Table 72: Selective filmography of production companies in the Netherlands which produced at least one film per year between 2005 and 2007 179
Table 73: List of public funding institutions in the Netherlands 181
Table 74: Banking landscape in the Netherlands in 2005..... 181
Table 75: Key film industry indicators for Norway 184
Table 76: Selective filmography of production companies in Norway which produced at least one film per year between 2005 and 2007..... 185
Table 77: List of public funding institutions in Norway..... 186
Table 78: Banking landscape in Norway in 2005 187
Table 79: Key film industry indicators for Poland..... 188
Table 80: Selective filmography of production companies in Poland which produced at least one film per year between 2005 and 2007..... 189
Table 81: List of public funding institutions in Poland..... 191
Table 82: Banking landscape in Poland in 2005..... 191
Table 83: Key film industry indicators for Portugal 193
Table 84: Selective filmography of production companies in Portugal which produced at least one film per year between 2005 and 2007..... 194
Table 85: List of public funding institutions in Portugal..... 195
Table 86: Banking landscape in Portugal in 2005 195
Table 87: Key film industry indicators for Romania..... 198

Table 88: Selective filmography of production companies in Romania which produced at least one film per year between 2005 and 2007 199
Table 89: List of public funding institutions in Romania 199
Table 90: Key film industry indicators for Slovakia 201
Table 91: Selective filmography of production companies in Slovakia which produced at least one film per year between 2005 and 2007 202
Table 92: List of public funding institutions in Slovakia 202
Table 93: Banking landscape in Slovakia in 2005 202
Table 94: Key film industry indicators for Slovenia 204
Table 95: Selective filmography of production companies in Slovenia which produced at least one film per year between 2005 and 2007 205
Table 96: List of public funding institutions in Slovenia 205
Table 97: Key film industry indicators for Spain 207
Table 98: Spanish companies among the 100 leading independent film production companies in the EU 208
Table 99: List of public funding institutions in Spain 209
Table 100: Banking landscape in Spain in 2005 209
Table 101: Key film industry indicators for Sweden 212
Table 102: Selective filmography of production companies in Sweden which produced at least one film per year between 2005 and 2007 213
Table 103: List of public funding institutions in Sweden 215
Table 104: Banking landscape in Sweden in 2005 216
Table 105: Key film industry indicators for Switzerland 218
Table 106: Selective filmography of production companies in Switzerland which produced at least one film per year between 2005 and 2007 219
Table 107: List of public funding institutions in Switzerland 222
Table 108: Banking landscape in Switzerland in 2005 222
Table 109: Key film industry indicators for United Kingdom 224
Table 110: British companies among the 100 leading independent film production companies in the EU 225
Table 111: List of public funding institutions in United Kingdom 227

LIST OF CHARTS

Chart 1: Average film production budget and production output in 2007 31
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) 32
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..... 32
Chart 4: Amount of public funding for production available in 2008 in €M 33
Chart 5: Balance sheet year-end of the national banking system in 2005 in €M 33
Chart 6: Financing Plan of the Bilateral Production 75
Chart 7: Pre-production and Production Cashflow Plan of the Bilateral Co-production ... 77
Chart 8: Post-production and Exploitation Cashflow Plan of the Bilateral Co-production 78
Chart 9: Financing Plan and Interim Finance Structure for the Quadripartite Co-production..... 81

LIST OF FIGURES

Figure 1: Interim Financing Structure..... 41
Figure 2: Classic Contract Discounting Model..... 43
Figure 3: Revolving Credit Cashflow Model 44
Figure 4: Tax-Incentive Financing Structure 45
Figure 5: Tax Credit Cashflowing Model 47
Figure 6: Tax-Incentive Gearing Model 48
Figure 7: Gap Financing Structure 49
Figure 8: Classic Gap Financing Model 50
Figure 9: SuperGap Financing Model 52
Figure 10: Working Capital/Corporate Finance Structure 53
Figure 11: Mid-Cap Credit Facility Model 55
Figure 12: Asset-Backed Lending Model..... 55
Figure 13: Public/Private Loan Model..... 56
Figure 14: Bank Guarantee Structure 58
Figure 15: IFCIC Model 62
Figure 16: Audiovisual SGR Model..... 64
Figure 17: Landesbürgschaft Structure 67
Figure 18: Scheme of Fortis Film Fund 102

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 availlability of film banking services is vital to the growth of the film industry. Unfortuantely, 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-puporse 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 21st 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 opportunties? 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 21st 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 ecountered 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 commerically-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 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 opportunties.

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:

<u>THE PRODUCTION SECTOR</u>

- 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 3rd-party guarantee mechanisms in Europe: Audiovisual SGR in Spain, the Landesbürgschaften in Germany, and IFCIC in France
- in operatation 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, 3rd-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 3rd-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 intiative 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 intiative 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 3rd-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 governemnt 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 dervived 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 guaratee 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 assit 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 is serves as the basis for a roundtable of film bankers (taking place on April 21st, 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, minoritary 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 productions 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.

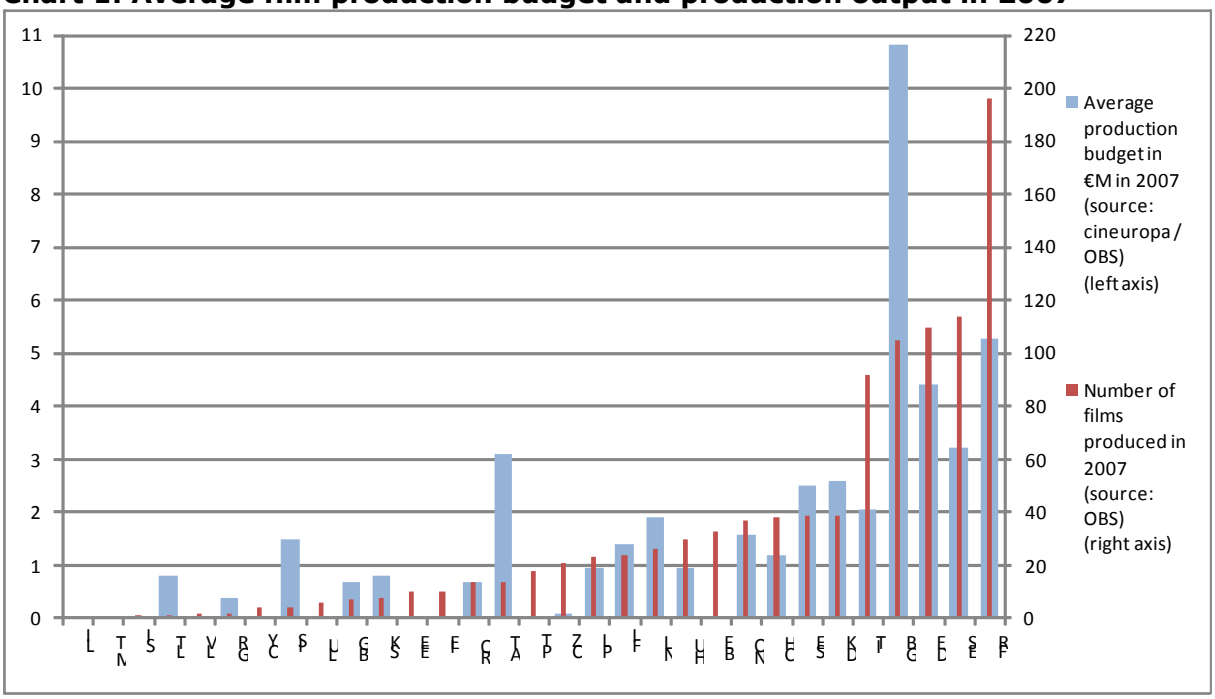
Furthermore, the number of films produced in the country in 2007 gives a general idea about the size of each national market for interim finance services. Chart 1 shows that only 5 member countries of the MEDIA Programme have a production output higher than 40 films a year. These countries are:

- 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

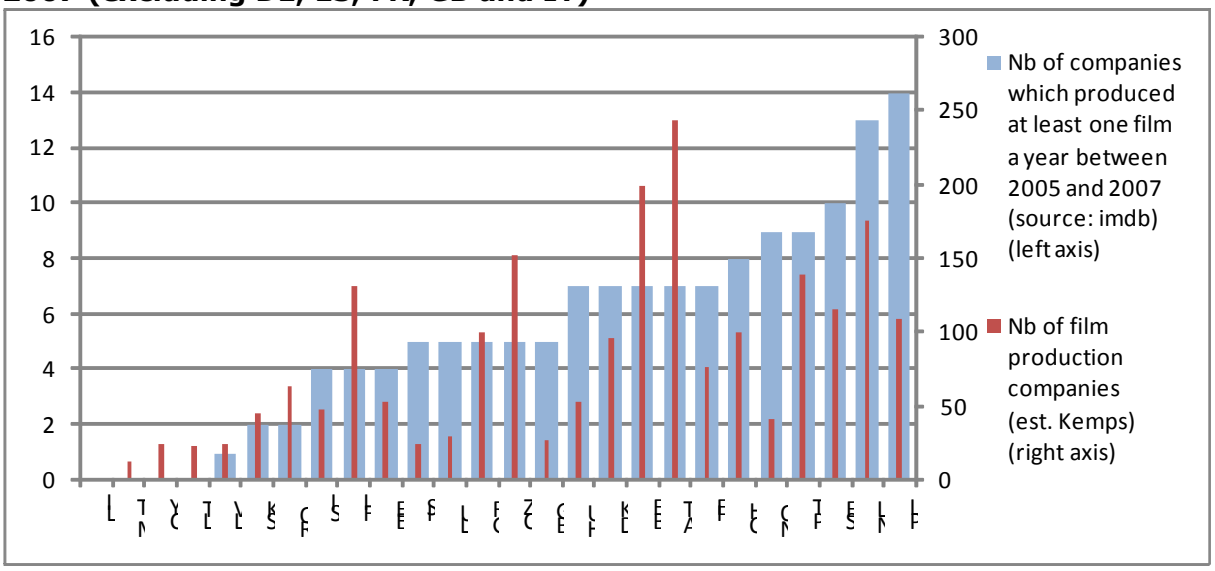
Another major factor impacting the size of the market for film banking is the existence of production companies which produce films on a regular basis. Chart 2 gives an overview of the number of production companies in each country that produced at least one film per year between 2005 and 2007. According 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.

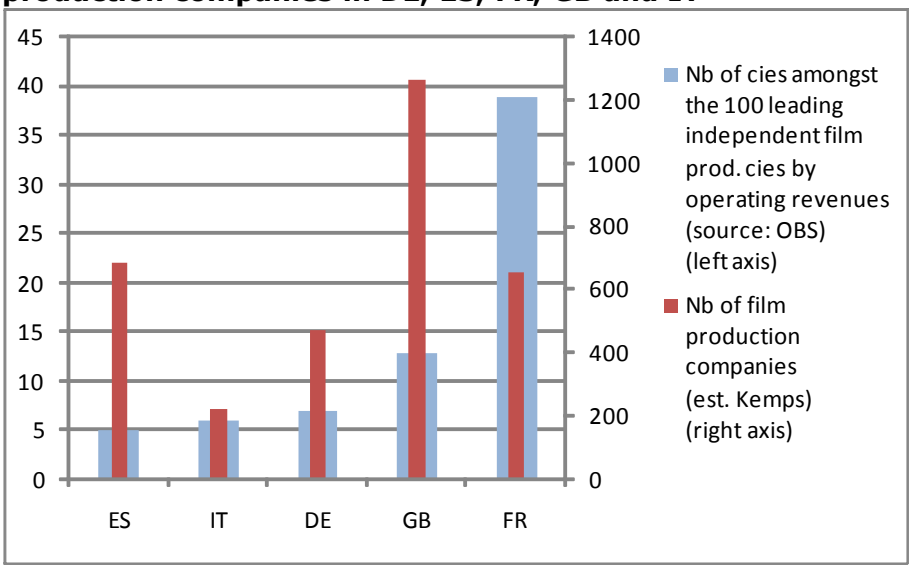
Another aspect highlighted by Chart 2 and Chart 3 is the high number of film production companies given the fact that so few of them produce at least one film per year. This contributes to the lack of transparency of the market making it difficult for a financial institution to start offering film banking 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

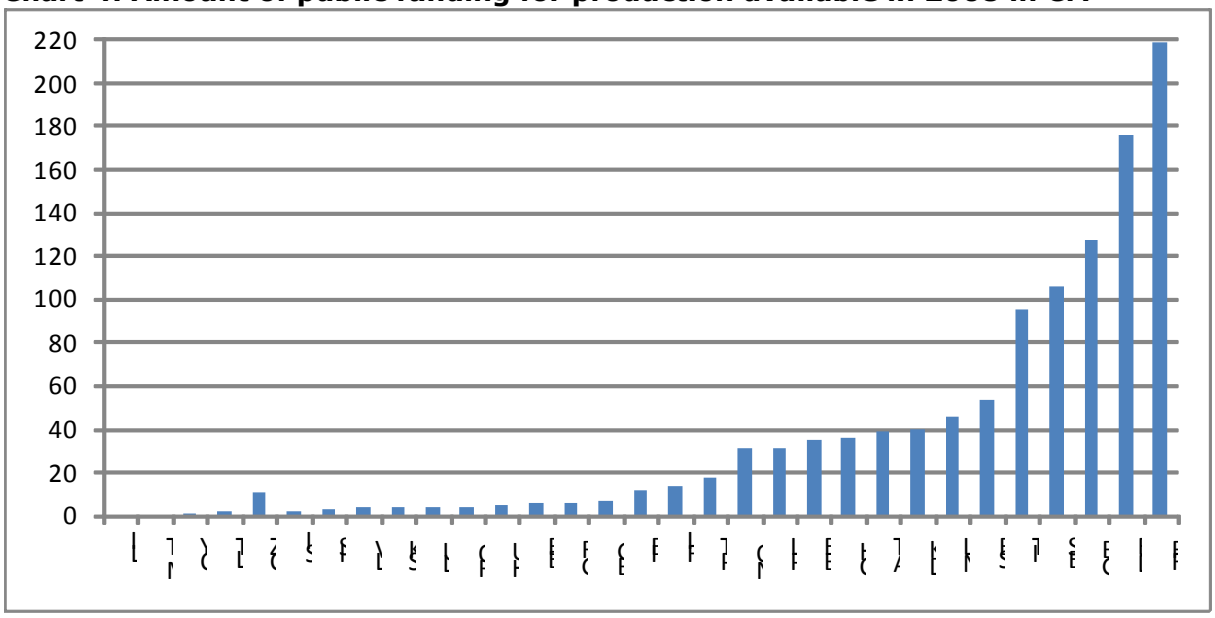
2.3 Impact of Public Funding

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



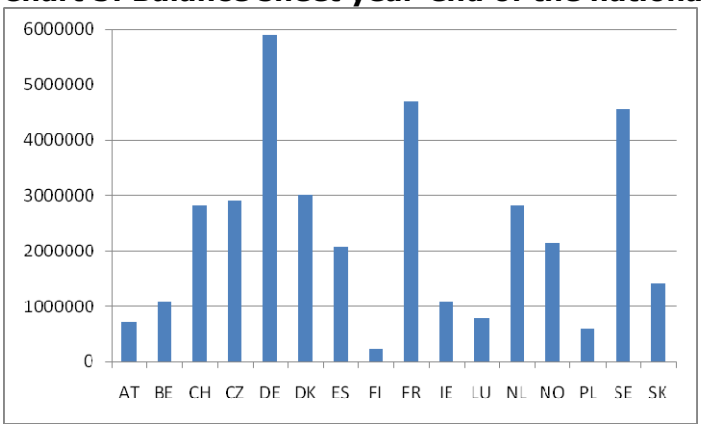
Source: peacefulfish (estimates based on Korda database and national info sources)

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 lead 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 insitituions. 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	Portgual	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

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

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

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

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

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

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.

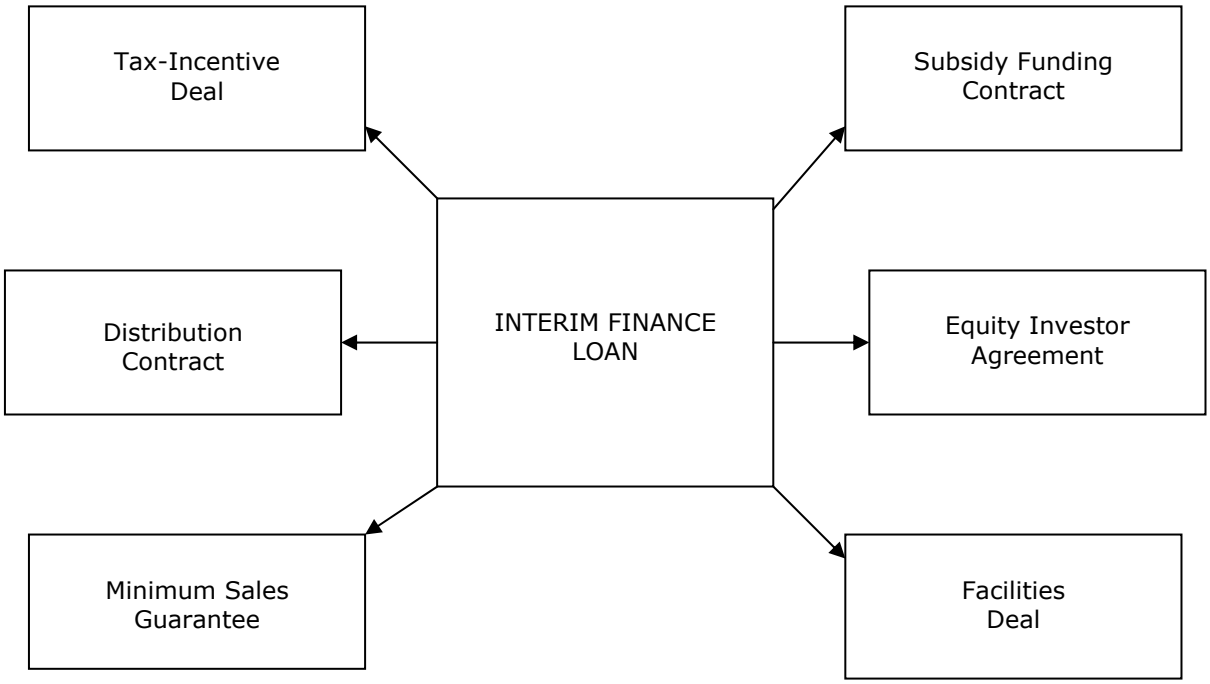


Figure 1: Interim Financing Structure

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 adminstrative 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.

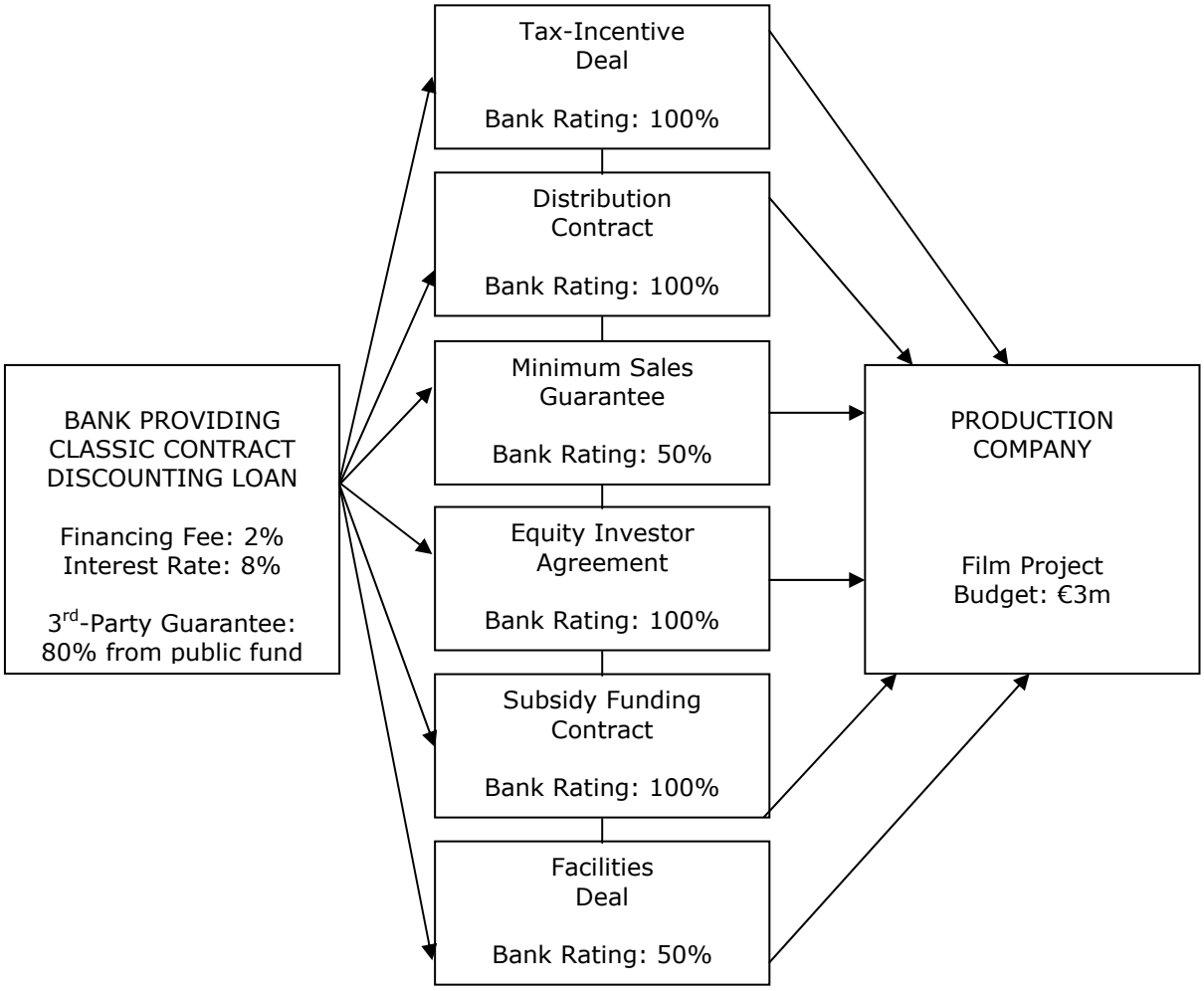


Figure 2: Classic Contract Discounting Model

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 3rd-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:

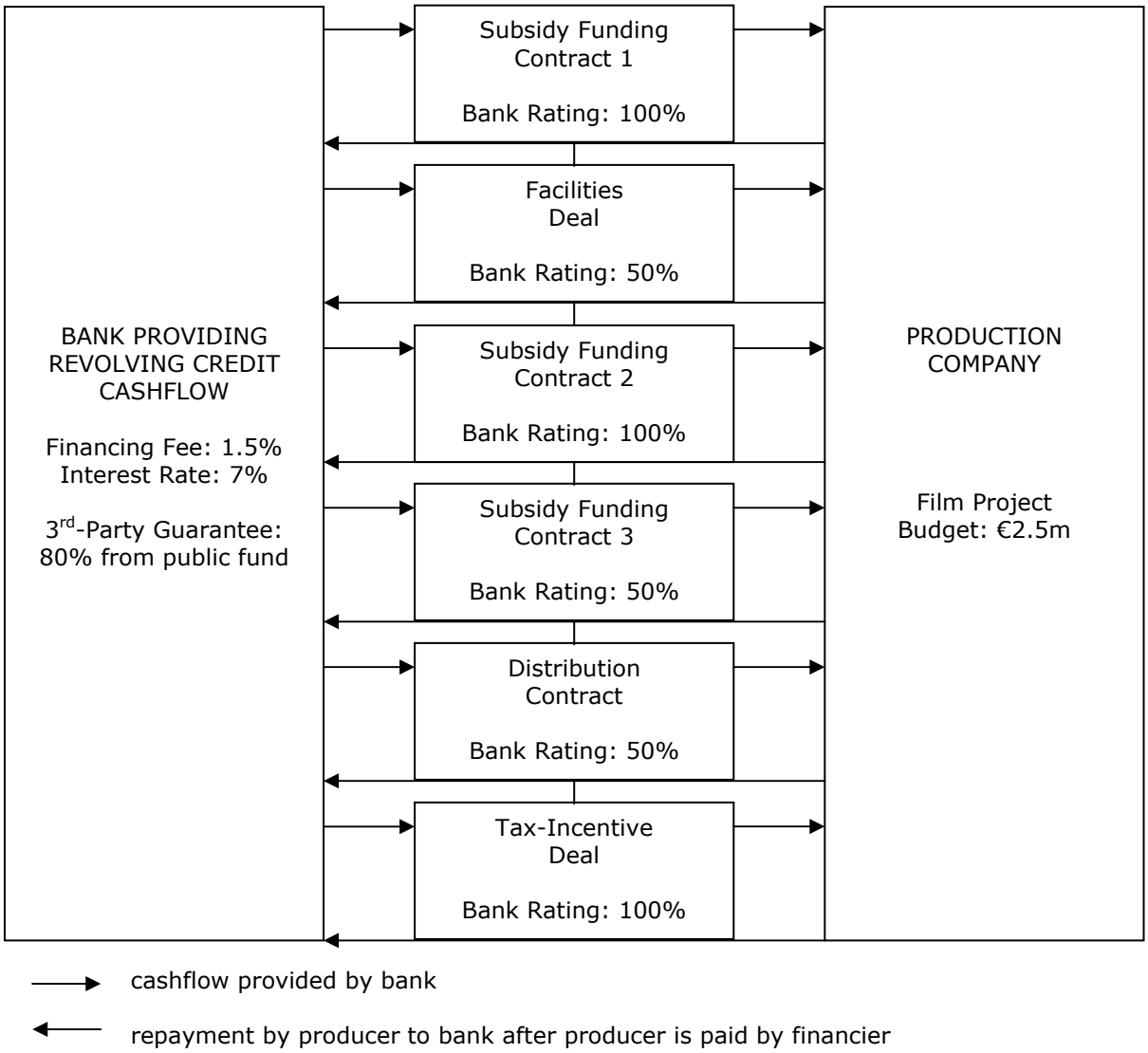


Figure 3: Revolving Credit Cashflow Model

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 institiutions 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.

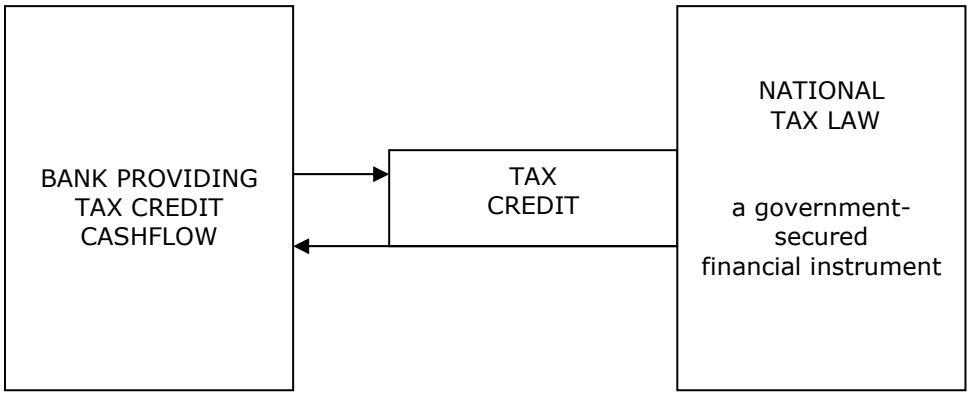
Sometimes the tax deal makes up one part of the overall interim financing for a production; however, more often than not, a tax incentive is at the core of the financial service that is being offered. Over 25% of the financial institutions interviewed for this study count tax-incentive financing as their 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 adminstrative 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 inteviewed 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 goverened 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:

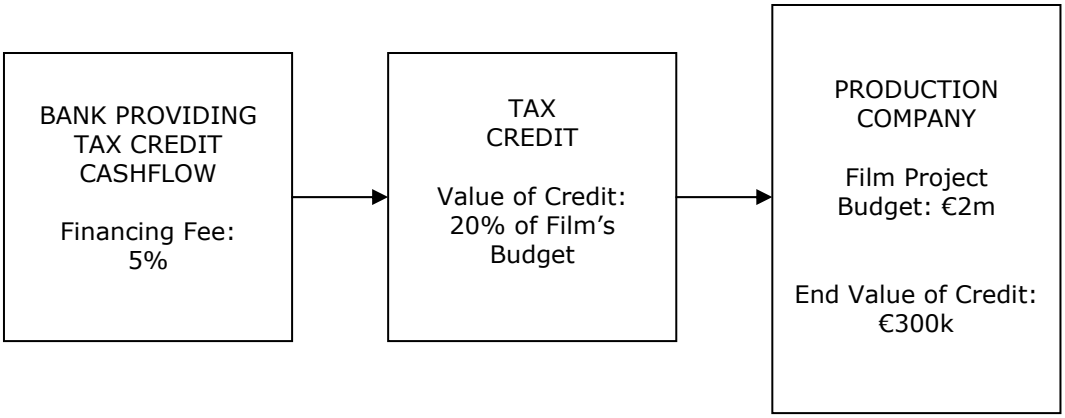


Figure 5: Tax Credit Cashflowing Model

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 authorties.

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:

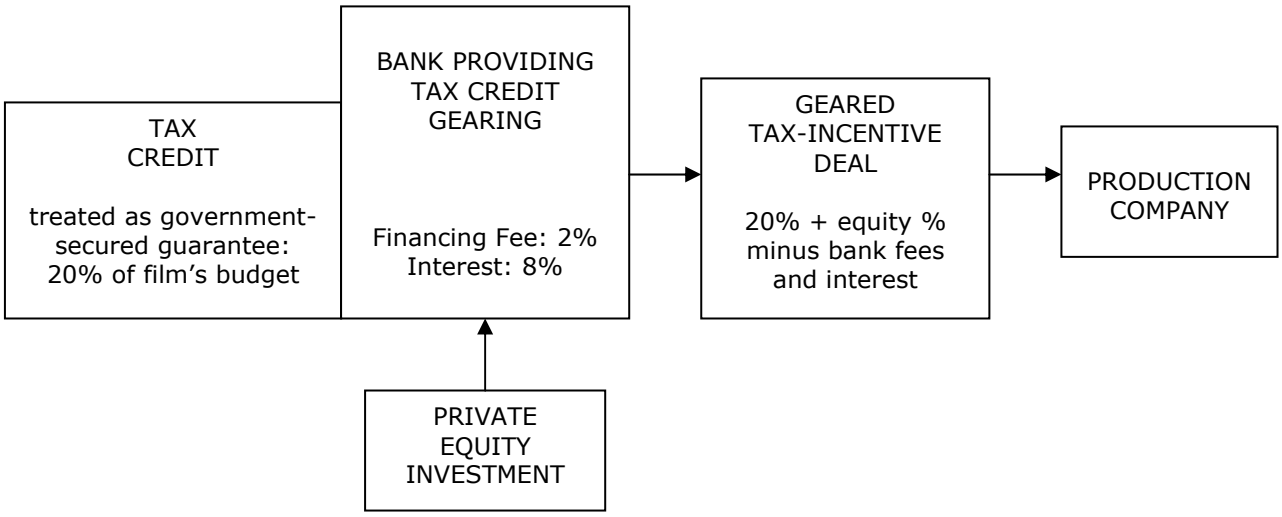


Figure 6: Tax-Incentive Gearing Model

The lenders—sometimes banks themselves and sometimes banks working in conjunction with a subsidiary organization or a private fund—manage the relationhip 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:

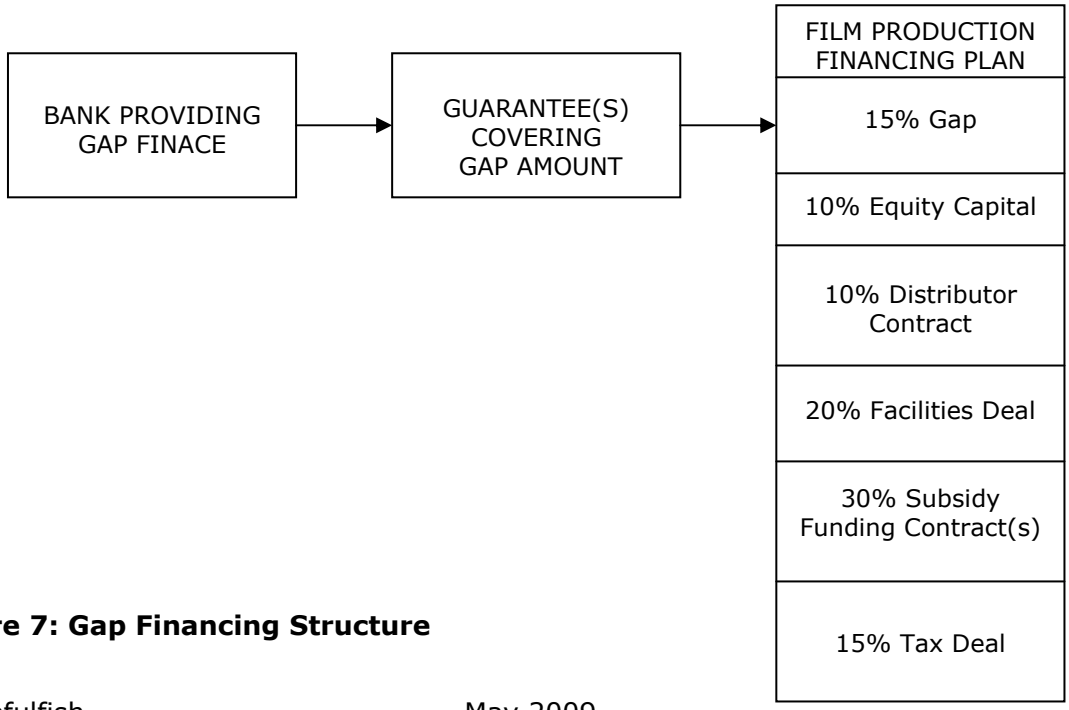


Figure 7: Gap Financing Structure

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 inteviewed 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 consitute 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:

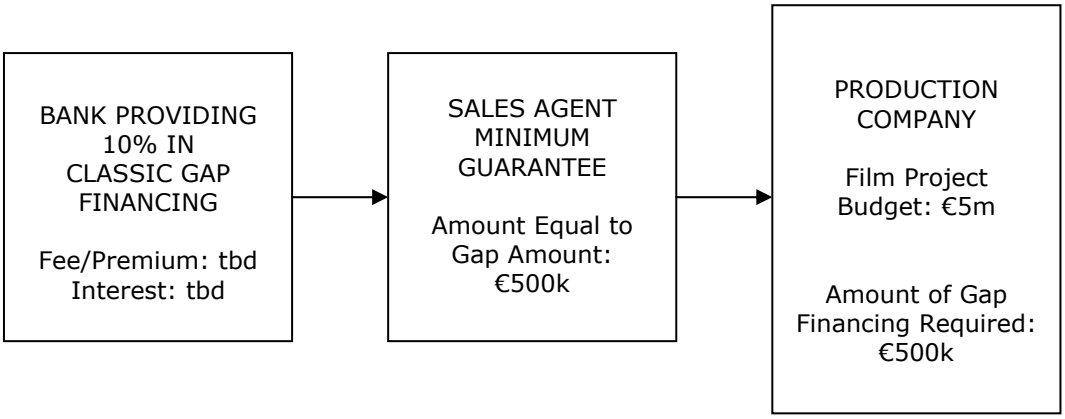


Figure 8: Classic Gap Financing Model

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 requiremets 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:

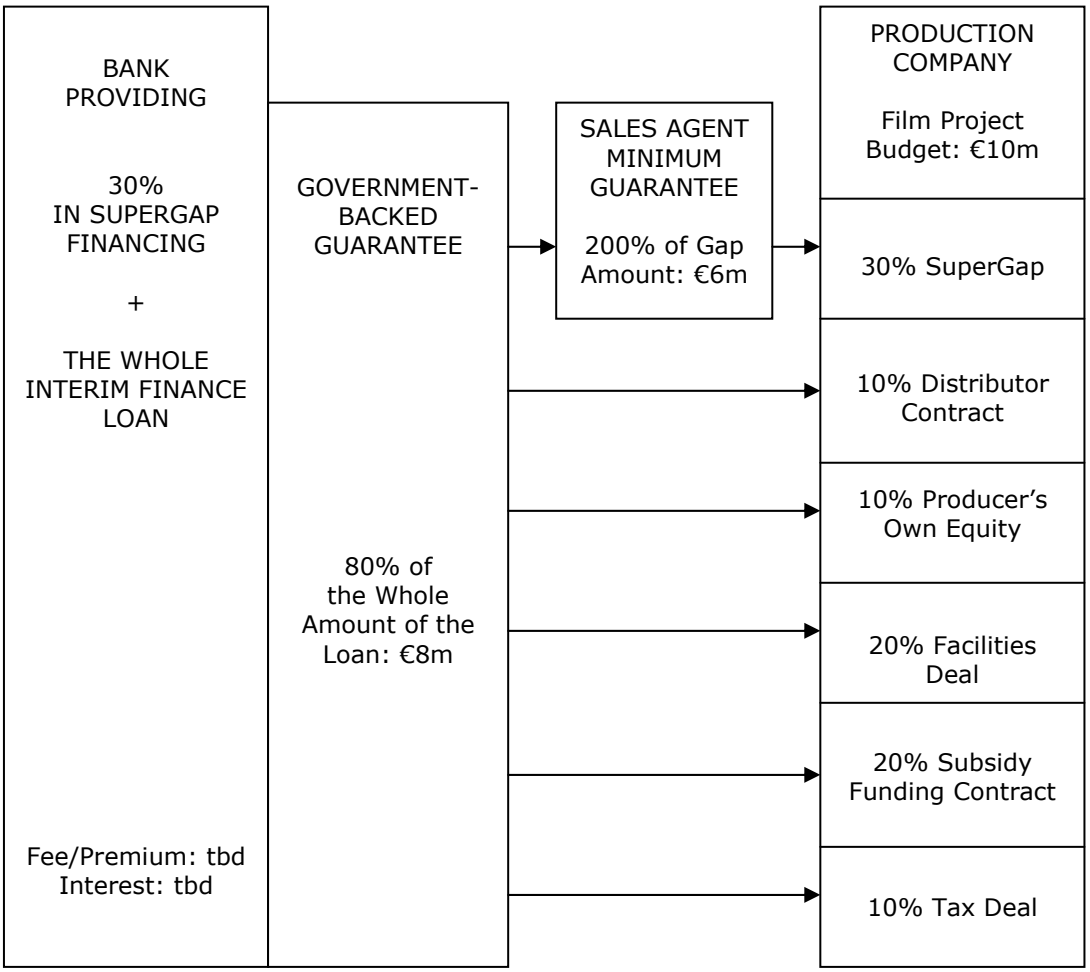


Figure 9: SuperGap Financing Model

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 assest 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.

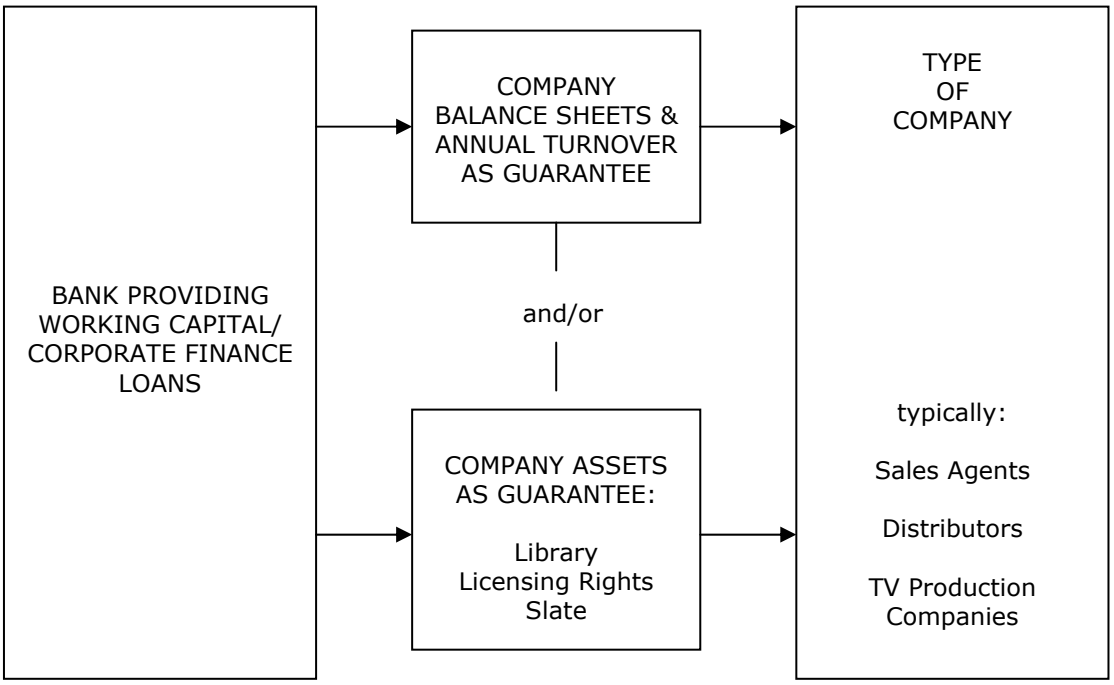


Figure 10: Working Capital/Corporate Finance Structure

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 inteviewed 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 facilties, 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 assests 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 assests, 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:

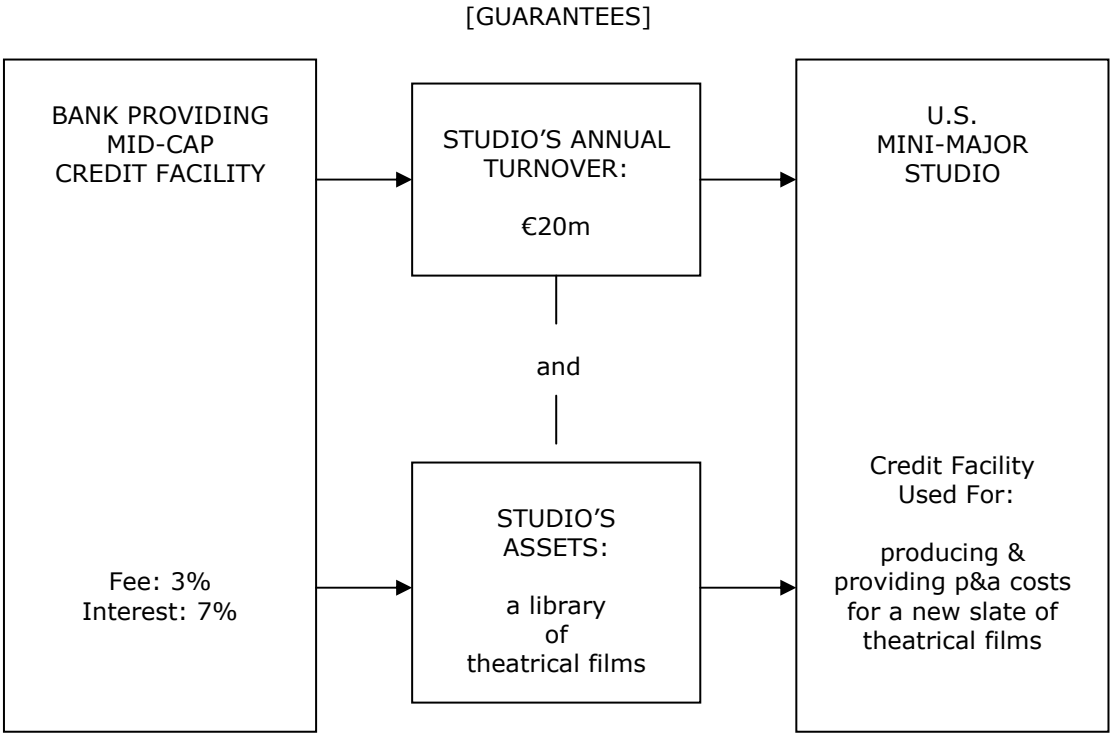


Figure 11: Mid-Cap Credit Facility Model

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:

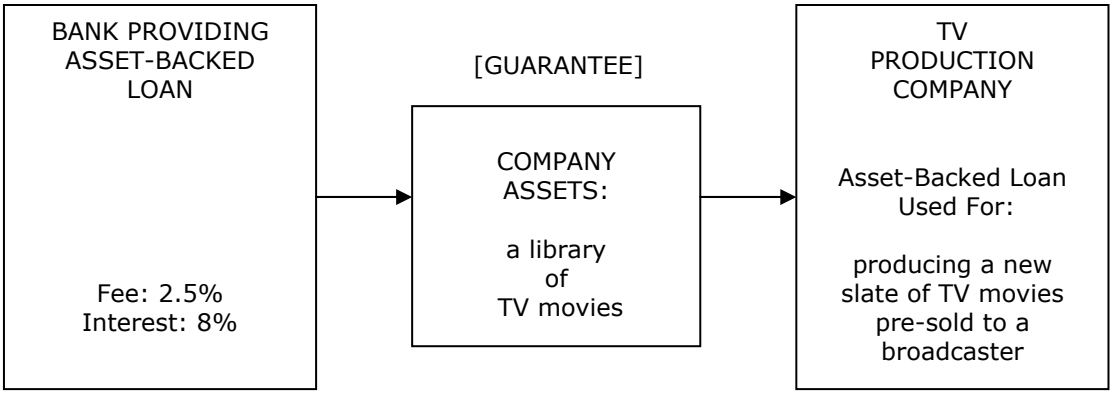


Figure 12: Asset-Backed Lending Model

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.

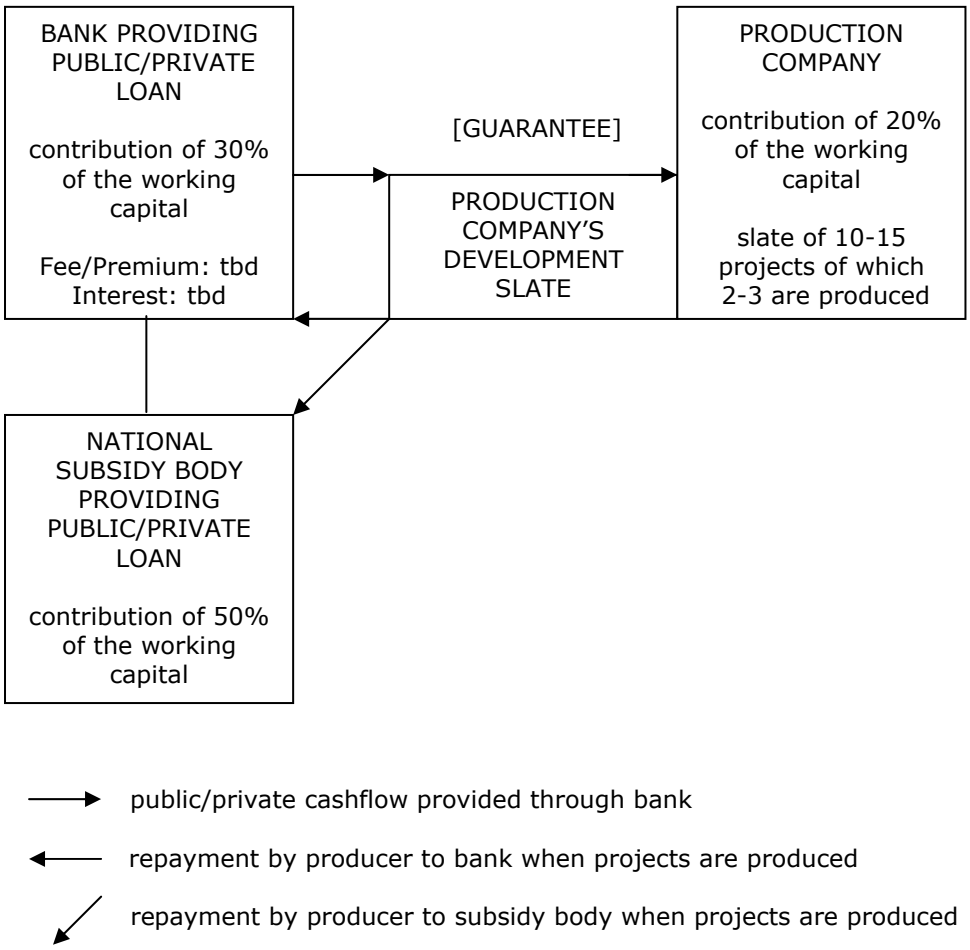


Figure 13: Public/Private Loan Model

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.

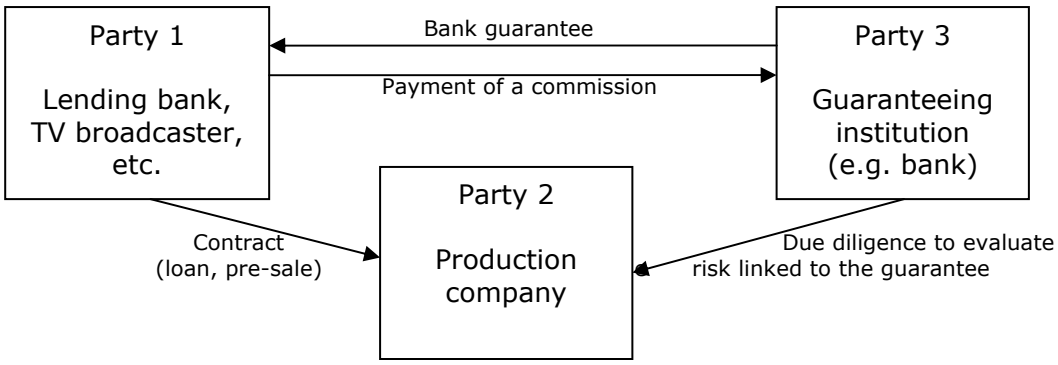


Figure 14: Bank Guarantee Structure

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.

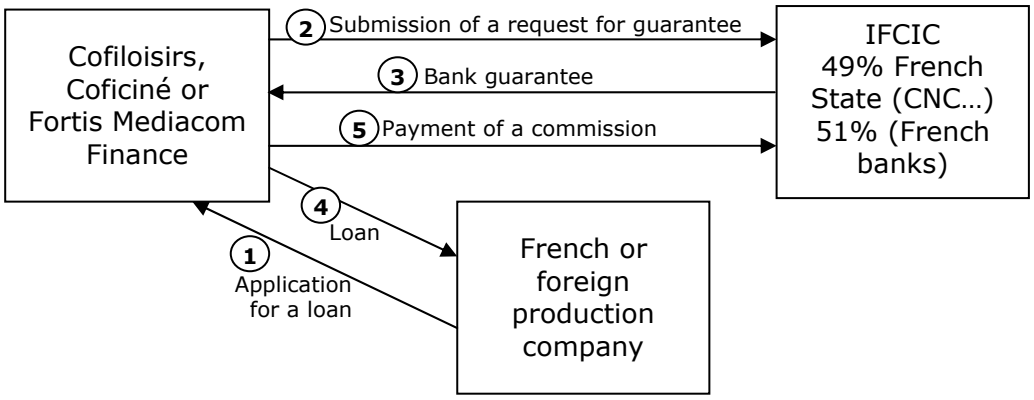


Figure 15: IFCIC Model

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 pratice, 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:
   - A 0.5% fee on the amount of the guarantee for evaluating the project and administering the transaction;
   - 1-1.5% annual commission over the course of loan;
   - 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.

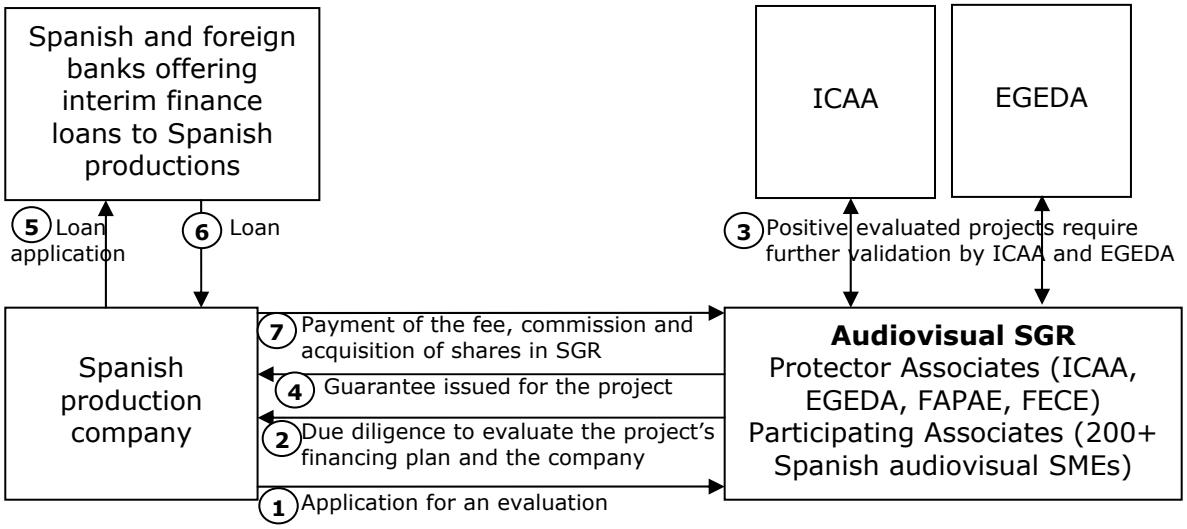


Figure 16: Audiovisual SGR Model

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 spport 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 fullfill 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 %.

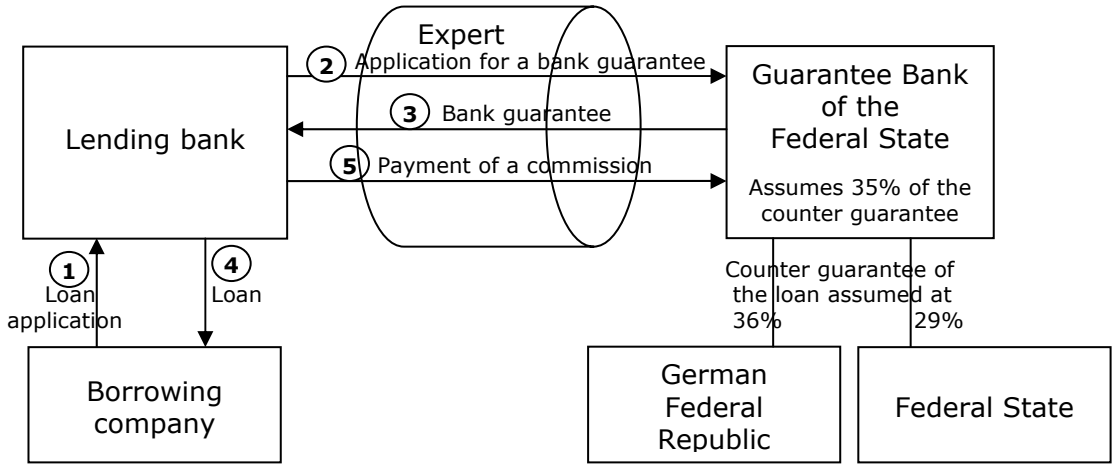


Figure 17: Landesbürgschaft Structure

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. It 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 the management. Long-term viability did not pan out in terms of an 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. 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 Neuflize 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 poject.

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 valuate 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[1].

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)

[1] 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 where 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%
		Total Country A	***991.732***	***57%***
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%
		Total Country B	***460.000***	***27%***
Sales Agent MG	Distribution Deal	Country A+B	30.000	2%
Eurimages	Subsidy	Country A+B	250.000	14%
		Total other	***280.000***	***16%***
		Total financing	**1.731.732**	
		Total subsidies	***1.469.579***	***85%***
		Total TV Deals	***70.000***	***4%***
		Total Distribution Deals	***192.153***	***11%***

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 banks decision committee.

1.3 Cashflow Plan of the Bilateral Co-production

					PRE-PROD	PRODUCTION												
					6 Months	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13
FINANCING	Type	Origine		*Discounted contracts*														
Production support	Subsidy	Country A	470.000	*470.000*											305.500			
Development support	Subsidy	Country A	12.500		12.500													
Regional support	Subsidy	Country A	300.000	*300.000*								133.333						
Production support	Subsidy	Country A	89.579												40.000			
TV co-production	TV Deal	Country A	24.800										18.600					
TV pre-sale	TV Deal	Country A	17.353															
Theatrical and video MG	Distribution Deal	Country A	30.000															
i2i	Subsidy	Country A	25.000															
MEDIA Support	Subsidy	Country A	22.500		22.500													
Production support	Subsidy	Country B	300.000							180.000			90.000				30.000	
Theatrical MG	Distribution Deal	Country B	10.000															
TV pre-sale	TV Deal	Country B	150.000															
Sales Agent MG	Distribution Deal	Country A+B	30.000															
Eurimages	Subsidy	Country A+B	250.000	*200.000*											150.000			
TOTAL FINANCING			**1.731.732**	*970.000*	**35.000**	**0**	**0**	**0**	**0**	**180.000**	**0**	**133.333**	**108.600**	**0**	**527.726**	**0**	**30.000**	**0**
CASHFLOW																		
EXPENSES			1.705.085		163.615	96.425	106.651	49.145	289.225	52.075	46.273	54.301	337.067	39.387	2.855	1.741	25.279	50.576
CUMMULATED EXPENSES			1.705.085		163.615	260.040	366.691	415.836	705.061	757.136	803.409	857.711	1.194.777	1.234.164	1.237.019	1.238.760	1.264.040	1.314.616
FINANCING TRANCHES			1.731.732		35.000	0	0	0	0	180.000	0	133.333	108.600	0	527.726	0	30.000	0
CUMMULATED FINANCING			1.731.732		35.000	35.000	35.000	35.000	35.000	215.000	215.000	348.333	456.933	456.933	984.660	984.660	1.014.660	1.014.660
REIMBURSEMENT OF CREDIT						0	0	0	0	0	0	-133.333	0	0	-455.500	0	0	0
CREDIT TRANCHES					150.000	90.000	110.000	50.000	300.000				190.000	40.000				
CREDIT BALANCE					150.000	240.000	350.000	400.000	700.000	700.000	700.000	566.667	756.667	796.667	341.167	341.167	341.167	341.167
Maximum credit facility (for 180 days periods)					*285.000*	*800.000*	*800.000*	*800.000*	*800.000*	*800.000*	*800.000*	*800.000*	*800.000*	*800.000*	*800.000*	*800.000*	*800.000*	*800.000*
FINANCIAL COSTS					4.031	7.724	473	541	2.838			766	1.023	1.077	3.623			
- Handling fees (fixed fee)					*2.000*	*3.000*												
- Commission (1,5% of max. credit facility for pre-production, 1,1% after - based on 180 days periods)					*2.031*	*4.400*												
- Interests (6,85%)					*299*	*324*	*473*	*541*	*2.838*			*766*	*1.023*	*1.077*	*3.623*			
CUMULATED AMOUNT					4.031	12.054	12.527	13.068	15.906	15.906	15.906	16.671	17.694	18.771	22.393	22.393	22.393	22.393
CUMMULATED CASHFLOW					**17.355**	**2.906**	**5.782**	**6.096**	**14.033**	**141.958**	**95.685**	**40.618**	**1.129**	**665**	**66.414**	**64.673**	**69.393**	**18.817**

Chart 7: Pre-production and Production Cashflow Plan of the Bilateral Co-production

					POST-PRODUCTION						EXPLOITATION
					Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Longer period
FINANCING	Type	Origine		*Discounted*							
				contracts							
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	
TOTAL FINANCING			**1.731.732**	*970.000*	**229.895**	**0**	**17.500**	**83.333**	**3.720**	**137.771**	**244.853**
CASHFLOW											
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
Maximum credit facility (for 180 days periods)					*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*			
CUMULATED AMOUNT					22.417	22.417	25.292	26.647	26.647	26.647	26.647
CUMMULATED CASHFLOW					**7.939**	**32.716**	**34.357**	**33.002**	**7.806**	**28.403**	**0**

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 complexe 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 Coutry 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

					Contracts discounted by:	Bank Country D			Bank Country A
Financing	**Type**	**Origine**	**Amounts**	**Proportion**	**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%					
		Total Country A	***3.209.813***	***52%***					
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	
		Total Country B	***1.100.000***	***18%***					
Private equity	Investment	Country C	1.087.465	18%					
Producer's investment	Investment	Country C	37.425	0,6%					
		Total Country C	***1.124.890***	***18%***					
Development support	Subsidy	Country D	70.000	1%					
Producer's deferment	Investment	Country D	192.000	3%					
		Total Country D	***262.000***	***4%***					
Eurimages	Subsidy	Country A+B+C+D	500.000	8%	2 last tranches (20% each)		200.000		
		Total other	***500.000***	***8%***					
		Total financing	**6.196.703**		**Contracts discounted**	**400.000**	**350.000**	**124.520**	**2.135.206**
		Total subsidies	***2.905.206***	***47%***	***Maximum credit facility***	***300.000***	***350.000***	***124.520***	***750.000***
		Total TV Deals	***1.100.000***	***18%***					
		Total investments	***1.341.497***	***22%***					
		Gap loan	***850.000***	***14%***					

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 21st 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 3rd-party guarantee mechanisms in Europe: Audiovisual SGR in Spain, the Landesbürgschaften in Germany, and IFCIC in France
- in operatation 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, 3rd-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 3rd-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 intiative 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 intiative 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 3rd-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 governemnt 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.

BIBLIOGRAPHY AND SOURCES

Bibliography

Film Institut Österreich, 2008. Filmwirtschaftsbericht 2008 – Facts and Figures 07. Austria

Mundell, Ian, 2008. EU funder stays flush: European Investment avoids credit quagmire. USA: Variety (http://www.variety.com/article/VR1117985880.html)

Bulgarian Film Center, 2008. Bulgarian Film Situation, 2008. Bulgaria

Ewin, Jack, 2006. "Bulgaria goes Hollywood". Germany: BusinessWeek

Czech Film Center, 2007. Catalogue 2007. Czech Republic

Banking System, The Czech Republic. 2006. 15th BACEE Central and East European Bank. Budapest.

Estonian Film Foundation, 2007. Baltic Films Facts and Figures 2007. Estonia

Tere, Juhan, January 2009. "Estonian banks earned profits of 4 bln kroons in 2008". The Baltic Course

Eesti Pangaliit, 2007. Estonian Economy and financial sector. Estonia

National Film Center of Latvia. Brief historical Survey. Latvia

Febelfin, Fédération belge du secteur financier. "Les banques en 2006. Données individuelles". Belgium.

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]

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)

Danish Film Institute, 2008. Facts and Figures 2008. Denmark

European Audiovisual Observatory, 2007. Yearbook. Film and home video.France

Alanen, Aku, 2008. "The structure of Finnish Film production at enterprise level". Journal of Statstics Finland.

Irish Film Board, 2009. Irish Audiovisual Content Production Review. Ireland

Instituto do Cinema e do Audiovisual e Multimedia, 2008. Facts and figures 2008. Portugal

FICA, 2008. Projects approved by FICA, December 2008. Portugal

Polish Film Institute, 2008. Film Production Guide 2008. Poland

Sources

www.cineuropa.org	Cineuropa, Brussels
www.kftv.com	Kemps, The search engine for international production services. Reed Business Information, UK
www.imdb.com	Internet Movie Database, USA
stats.oecd.org	OECD Statistics, Paris
www.fsa.gov.uk	Financial Services Authority (FSA), London

APPENDICES

Appendix 1: Country Codes

Country codes	Country
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

Production			
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
Distribution and cinema audience in 2007			
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 Counterfeisters		
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[2], ranging from films such as *Funny Games* ($15M[3]) to films like *Days of the Devils* (€400,000[4]).

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[5].

[2] Cineuropa
[3] imdb
[4] imdb
[5] 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[6] about 2,026 production companies (including service companies). We used the estimation of the database Kemps[7] 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
Amour Fou Filmproduktion				
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
Allegro Film				
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	
Coop 99				
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	
Dor Filmproduktionsgesellschaft				
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	

[6] Film Institut Österreich, 2008
[7] www.kftv.com

Joseph Aichholzer Filmproduktion				
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	
Lotus Film				
Malibran 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	
Wega Film				
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

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

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[8].

According to the Austrian Film Institute[9], 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

[8] Film Institut Österreich, 2008. Filmwirtschaftsbericht 2008 – Facts and Figures 07. Austria

[9] 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"[10].

1.2 Banking Landscape

1.2.1 Overview of the banking landscape

Table 6: Banking Landscape in Austria in 2005

General data	
Inhabitants	8 334 325
Gross domestic product (in €M)	270 836
Eurozone since	1999
Bank profitability statistics	
Number of institutions	865
Number of branches	4266
Balance sheet	
Assets (in €M)	
Cash and balance with Central bank	5 967
Interbanks deposits	182 500
Loans	306 406
Securities	134 182
Other assets	20 619
Liabilities (in €M)	
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
End-year total	718 147

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.

[10] 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 lended 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, entrepreneuship, growth, internationalisation, and environment.

2 Belgium

2.1 Production Landscape

2.1.1 Feature film production

Table 7: Key film industry indicators for Belgium

Production			
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
Distribution and audience in 2007			
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[11].

[11] 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
Artémis Productions				
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	
Vatanen'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
Banana Films				
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
Entre Chien et loup				
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	
MMG Film & TV Production				
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
Studio 100				
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	
Tarantula				
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
Versus Production				
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	
TOTAL	35.00

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 companie'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 governement, 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 lead 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

General data	
Inhabitants	10,584,534
Gross domestic product (in € million)	334,917
Eurozone since	1999
Bank profitability statistics	
Number of institutions	54
Number of branches	9,207
Balance sheet	
Assets (in € M)	
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
Liabilities (in € M)	
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'a 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[12].

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 Blegium: 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"[13]. 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

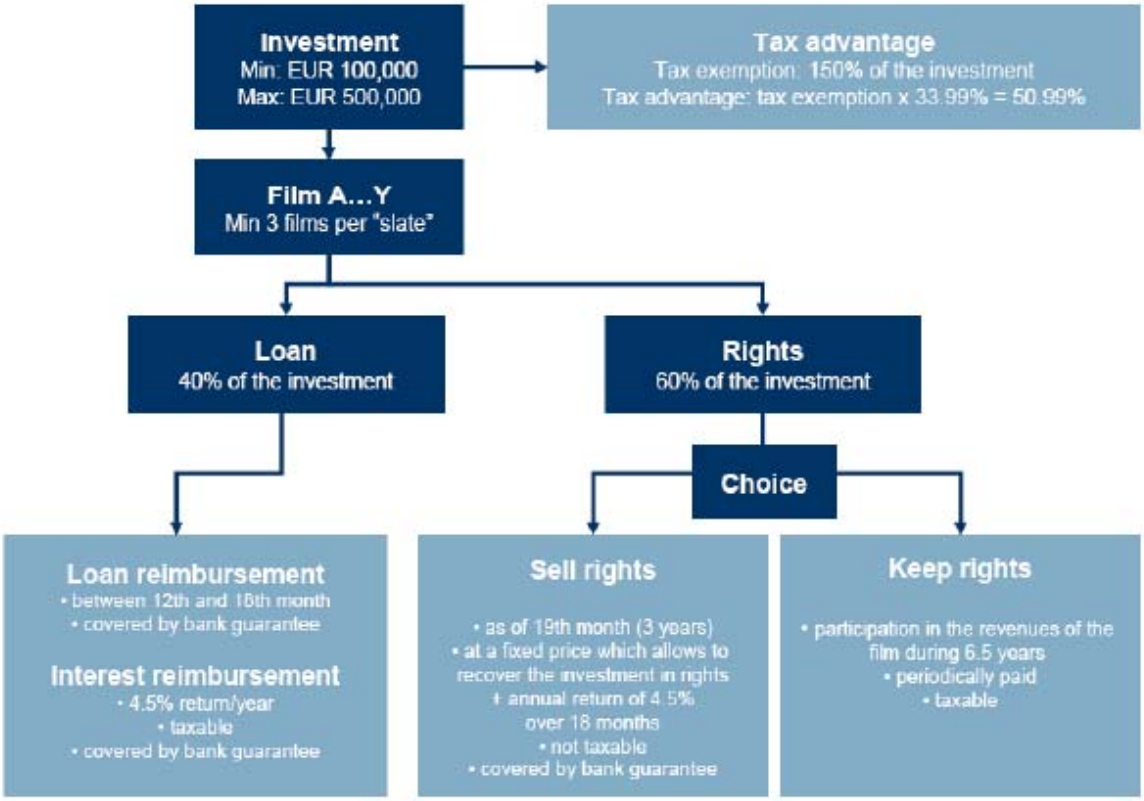
Fortis was active in banking, insurance and investment in the Benelux countries until 2007. It was one of the 20th largest businesses in the world by revenue in 2007 but most of the parts of the company were sold in 2007. In Belgium, Fortis's parts were sold to BNP Paribas.

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 beneficiate 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.

[12] Febelfin, Fédération belge du secteur financier. "Les banques en 2006. Données individuelles". Belgium.
[13] 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[14]

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).

[14] 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 rising, the research of investors and the follow-up of the investments and Casa Kafka Pictures with manage the catalogue and the selection of projects.

d. Casa Kafka Pictures

Casa Kafka Pictures is an intermediary company for Tax Shelter manages 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-producted 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 beneficiate 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"[15].

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 rised €65M and invested in 46 films worth over €450M[16].

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

[15] www.lepole.be
[16] 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"[17].

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 compay 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 Shleter focused on SMEs. Since its creation in 2003, it has rised funds from 90 investors, investing an average of €100,000 per film[18] in more than 30 films. In 2007, Scope Invests' 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.
- *Cowbow*, 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

[17] www.migroup.be

[18] 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)

3 Bulgaria

3.1 Production Landscape

3.1.1 Feature film production

Table 11: Key film industry indicators for Bulgaria

Production			
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
Distribution and cinema audience in 2007			
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[19]. 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
Art Fest				
Which Way Today	Feat.	2007	BG	
Guca!	Feat.	2006	SR/BG/AT/DE	
Lost and Found	Feat.	2005	BA/CS/BG	
Camera				
Captive	Feat.	2008	BG/RU	
Nightmare City 2035	Feat.	2007	USA/BG	
Warden of the Dead	Feat.	2006	BG	
Hindemidth	Feat.	2006	BG	
Nosht i den	Feat.	2006	BG	
The Ships are Full	Doc.	2005	BG	
Klas Film				
Blind	Feat.	2007	NL/BE/BG	
Investigation	Feat.	2006	BG/DE/NL	
Christmas Tree Upside Down	Feat.	2006	BG	
Profilm				
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 tantzuvashti mechki	Doc.	2005	BG	
Recovery Rehearsal	Doc.	2005	BG	
Nu Boyana Film Studio / Nu Image Films				
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)

BNT				
The World is Big and salvation 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 tantzuvashti mechki	Doc.	2005	BG	
Recovery Rehearsal	Doc.	2005	BG	

[19] 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
TOTAL	6.49

Source: Korda, Bulgarian Film Center

According to the Bulgarian Film Center[20], 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[21], 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.

[20] Bulgarian Film Center, 2008. Bulgarian Film Situation, 2008. Bulgaria
[21] 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 personnaly 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

Production			
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
Distribution and audience in 2007			
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
Inter Film				
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	
Jadran Film				
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	
Porta Produkcija				
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	
Propeler Film				
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).

Hrvatska Radiotelevizija				
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 Croatioan Audiovisual Centre supported feature films production with a total amount of HRK 27,850,000 (€3.75M). Alltogether, 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 Känten und Steiermark, Commerbank Aktiengesellschaft, Deutsche Bank, Kommercijalna Banks AD Beograd, LHB Internationale Hendelsbank 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 minorty 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
Cyprus Broadcatsing Corporation			
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 Committe	0.88
TOTAL	0.88

Source: Korda

5.2 Banking Llandscape

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"[22] 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.

[22] 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

Production			
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
Distribution and audience in 2007			
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[23].

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..

[23] 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
Axman Production				
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	
Negativ				
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	
První veřejnoprávní				
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	
Total Helpart T.H.A.				
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)

Ceska televize				
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	
Gympl	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 plácackou	Feat.	2006	CZ	
FAMU				
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
TOTAL	11

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

General data	
Inhabitants	10 259 017
Gross domestic product (in € million)	127 100
Eurozone since	
Bank profitability statistics	
Number of institutions	36
Number of branches	1 931
Balance sheet	
Assets (in CZK M)	
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
Liabilities (in CZK M)	
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%)
- Komercní 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%)[24]

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

[24] 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 stutio
- 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

Production			
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
Distribution and audience in 2007			
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[25]. 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.

[25] 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[26].

Zentropa Entertainment is one of the largest Danish and Scandinavian film production companies, with an annual turnover that has reached $30M[27]. 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
Cosmo Film				
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	
Final Cut Productions				
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
M & M Productions				
The Lost Treasure of the Knights Templar III: The Mystery of the Snake Crown	Feat.	2008	DK	
The Lost Treasure of the Knights Templar II	Feat.	2007	DK	
The Lost Treasure of the Knights Templar	Feat.	2006	DK	
True Spirit	Feat.	2005	DK	
Nimbus Film Productions				
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	
Blodsbånd	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	

[26] www.nordiskfilm.com
[27] www.zentropa.dk

The Prize of the Pole	Doc.	2006	DK	€645,000
En Soap	Feat.	2006	SE/DK	
Nordisk Film				
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	
Tusenbröder - Återkomsten	Feat.	2006	SE	
After the Wedding	Feat.	2006	DK/SE	
Johnny Was	Feat.	2006	UK	$4,300,000
Thura Film				
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
Zentropa Entertainment				
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 Tívoli	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
Rezgalibas 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	
TOTAL	39.85

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%[28].

7.2 Banking Landscape

7.2.1 Overview of the banking landscape

Table 27: Banking landscape in Denmark in 2005

General data	
Inhabitants	5,500,000
Gross domestic product (in € million)	226,500
Eurozone since	
Bank profitability statistics	
Number of institutions	104
Number of branches	1,975
Balance sheet	
Assets (in DKK M)	
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
Liabilities (in DKK M)	
Capital and reserves	172,105.914
Borrowing from central bank	
Interbank deposits	
Customer deposits	1,179,064.817
Bonds	318,542.674

[28] 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 10th largest bank in Denmark on market cap and 6th on total assets[29].

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).

[29] www.forbank.dk

8 Estonia

8.1 Production Landscape

8.1.1 Feature film production

Table 28: Key film industry indicators for Estonia

Production			
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
Distribution and audience in 2007			
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)[30].

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.

[30] 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
Allfilm				
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
Exitfilm				
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	
Kuukulgur Film				
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	
Ruut Pictures				
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)

Eesti Televisioon				
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
TOTAL	6.02

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[31]. The main source of public funding for film production is the Estonian Film Foundation, created in 1997 by the Government of

[31] Estonian Film Foundation, 2007. Baltic Films Facts and Figures 2007. Estonia

Estonai 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)[32], 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 insitutions. 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[33].

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.

[32] www.eestipanl.info/frontpage/en/
[33] 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

Production			
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
Distribution and audience in 2007			
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 fFnnish 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 Christams 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[34] 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

[34] Alanen, Aku, 2008. "The structure of Finnish Film production at enterprise level". Journal of Statstics 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
Blind Spot				
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
Helsinki -filmi Oy				
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
Kinoproduction Oy				
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
MRP Matila Röhr Productions Oy				
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
TOTAL	13.89

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, T´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[35].

9.2 Banking Landscape

9.2.1 Overview of the banking landscape

Table 34: Banking landscape in Finland in 2005

General data	
Inhabitants	5,200,000
Gross domestic product (in € million)	179,734
Eurozone since	1999
Bank profitability statistics	
Number of institutions	342
Number of branches	1,225
Balance sheet	
Assets (in € M)	
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
Liabilities (in € M)	
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
End-year total	227,003.017

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.

[35] Alanen, Aku, 2008. "The structure of Finnish Film production at enterprise level". Journal of Statstics 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 Investnment Bank in Finland for SME financing is Aktia Savings Bank. In 2005, EIB lended €25M to Aktia to support investments made by small and medium size enterprises. This agreement complemented existing relashionships 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

Production			
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
Distribution and audience in 2007			
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 a 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
2. EuropaCorp	**Operating revenu 2006 (in €M):**			**166,763**
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
3. Pathé Renn Production	**Operating revenu 2006 (in €M):**			**145,292**
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	
4. Gaumont	**Operating revenu 2006 (in €M):**			**131,100**
Maurice Pialat, l'amour existe...	Doc.	2007	FR	
Vatanen'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
7. Les Films Christian Fechner	**Operating revenu 2005 (in €M):**			**83,803**
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	
18. R.P. Productions	**Operating revenu 2005 (in €M):**			**35,140**
Oliver Twist	Feat.	2005	UK/CZ/FR/IT	€50,000,000

The Pianist	Feat.	2002	FR/DE/UK/PL	$35,000,000
23. Fidélité Productions	**Operating revenu 2006 (in €M):**			**31,938**
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	
25. MK2 Productions	**Operating revenu 2006 (in €M):**			**30,530**
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	
28. Centre Européen Cinématographique Rhône-Alpes	**Operating revenu 2006 (in €M):**			**28,482**
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	
30. UGC Images	**Operating revenu 2006 (in €M):**			**26,687**
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	
35. UGC YM	**Operating revenu 2006 (in €M):**			**23,812**
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
38. Chez Wam	**Operating revenu 2006 (in €M):**			**20,694**
Un monde à nous	Feat.	2008	FR	
Me Two	Feat.	2008	FR	
Baby(ies)	Doc.	2008	FR	
I Do	Feat.	2006	FR	
40. Alicéléo	**Operating revenu 2005 (in €M):**			**19,261**
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	
41. Pan Européenne Production	**Operating revenu 2005 (in €M):**			**19,089**
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	
47. Les Productions du 3ème Etage	**Operating revenu 2005 (in €M):**			**17,068**
Mean Spirit	Feat.	2003	FR/ES	
48. Square Productions International	**Operating revenu 2005 (in €M):**			**16,722**
Jacquou le croquant	Feat.	2007	FR	
53. Les Films Pelléas	**Operating revenu 2006 (in €M):**			**15,689**
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	
54. Ce Qui Me Meut Motion Pictures	**Operating revenu 2005 (in €M):**			**15,620**
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
56. Hirsch	**Operating revenu 2006 (in €M):**			**15,257**
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	
57. SBS Films	**Operating revenu 2006 (in €M):**			**15,140**
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	
58. Gémini Films	**Operating revenu 2005 (in €M):**			**14,678**
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	
61. Nord-Ouest Productions	**Operating revenu 2005 (in €M):**			**14,431**
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
62. Les Productions du Trésor	**Operating revenu 2005 (in €M):**			**14,287**
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	
63. Miroir Magique!	**Operating revenu 2006 (in €M):**			**14,143**
Big City	Feat.	2007	FR	
Once Upon a Time in the Oued	Feat.	2005	AL/FR	
64. Bel Ombre Films	**Operating revenu 2006 (in €M):**			**13,907**
Odette Toulemonde	Feat.	2006	FR/BE	
65. Galatée Films	**Operating revenu 2006 (in €M):**			**13,545**
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	
67. Why Not Productions	**Operating revenu 2006 (in €M):**			**13,316**
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	
69. Flach Film	**Operating revenu 2006 (in €M):**			**12,941**
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
75. Reperage	**Operating revenu 2006 (in €M):**			**12,235**
His Majesty Minor	Feat.	2007	FR/ES	$46,000,000
Minor, un drôle de film	Doc.	2007	FR	€100,000
79. Peninsula Films	**Operating revenu 2006 (in €M):**			**11,906**
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
82. Hugo Films	**Operating revenu 2005 (in €M):**			**10,888**
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
84. Outsider Productions	**Operating revenu 2005 (in €M):**			**10,690**
Sky Fighters	Feat.	2005	FR	€20,000,000
Duplicity	Feat.	2005	FR/BE	
85. Mosca Films	**Operating revenu 2006 (in €M):**			**10,673**
Grand Meaulnes, Le	Feat.	2006	FR	
Nouvelle chance	Feat.	2006	FR	
Dans tes rêves	Feat.	2005	FR	
88. A.J.O.Z. Films	**Operating revenu 2006 (in €M):**			**10,369**
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
89. Elzévir Films	**Operating revenu 2006 (in €M):**			**10,347**
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	
90. Les Films Français	**Operating revenu 2006 (in €M):**			**10,294**
Crime est notre affaire, Le	Feat.	2008	FR	

Heure zéro, L'	Feat.	2007	FR	
Grand appartement, Le	Feat.	2006	FR	
92. Maïa Films	**Operating revenu 2005 (in €M):**			**10,236**
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	
95. Les Films de la Suane	**Operating revenu 2006 (in €M):**			**9,969**
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	
98. Noé Productions	**Operating revenu 2006 (in €M):**			**9,268**
Kalach	Feat.	2009	FR	
3 petites filles	Feat.	2004	BE/FR	
Madame Edouard	Feat.	2004	FR/BE/LU	
99. Les Films du Losange	**Operating revenu 2006 (in €M):**			**9,010**
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
TOTAL	219.08

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

General data	
Inhabitants	63 573 000
Gross domestic product (in € million)	1 892 241
Eurozone since	1999
Bank profitability statistics	
Number of institutions	373
Number of branches	26 267
Balance sheet	
Assets (in € M)	
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
Liabilities (in € M)	

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 billion	in % of total French foreign 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[36]

The last striking operations were[37] :

- 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 4th Greek bank – for € 2.1 billion)
- Societe Generale's acquisition of Splitska Banka (the 5th Croatian Bank) ofr € 1 billion in April 2006, the acquisition of 20% of the capital of Rosbank (2nd 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 Neuflize 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.

[36] http://www.cepii.fr/anglaisgraph/publications/lettre/pdf/2007/let273ang.pdf
[37] 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

Production			
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
Distribution and audience in 2007			
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 Ochsenknecht, 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
1. Constantin Film	**Operating revenu 2006 (in €M):**			**270,206**
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	
13. Mediastream Vierte Film GmbH & Co. Vermarktungs KG	**Operating revenu 2005 (in €M):**			**53,095**
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
19. Senator Film Produktion	**Operating revenu 2006 (in €M):**			**34,765**
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
19. X-Filme Creative Pool	**Operating revenu 2006 (in €M):**			**8,500**
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	
21. Odeon Film	**Operating revenu 2006 (in €M):**			**33,371**
Run for Your Life!	Feat.	2008	DE	
Fata Morgana	Feat.	2007	DE	
The Wild Chicks	Feat.	2006	DE	

78. Boll Kino Beteiligungs GmbH & Co. KG	**Operating revenu 2006 (in €M):**			**12,000**
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
94. ApolloMedia	**Operating revenu 2005 (in €M):**			**10,000**
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)
Beauftrager 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 Schleswigholstein	0.17
Kulturelle Filmförderung Thüringen	0.40
Mecklenburg-Vorpommern-Film E.V	0.20
Medienboard Berlin-Brandenburg	25.00
Medien-und-Filmgesellschaft Baden-Würtemberg	10.00
TOTAL	176.60

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 incurrered 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

General data	
Inhabitants	82 260 693
Gross domestic product (in € million)	2 422 900
Eurozone since	1999
Bank profitability statistics	
Number of institutions	1 934
Number of branches	41 235
Balance sheet	
Assets (in € M)	
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
Liabilities (in € M)	
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 4th biger 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[38]. 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 KöllnBonn 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 it 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 guaranties specifically targeted at loans provided to the film industry. The federal State guanrantee (Landesbürgschaft) system is detailed in D6.4, page 65.

[38] 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

Production			
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
Distribution and audience in 2007			
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 leat 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
Argonauts Productions				
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	
Cinegram				
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/GR/USA	$24,000,000
CL Productions				
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
Graal				
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	
Inkas Film & TV Productions				
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 coomercial 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 avalaible 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[39].

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.

[39] www.piraeusbank.gr

13 Hungary

13.1 Production Landscape

13.1.1 Feature film production

Table 47: Key film industry indicators for Hungary

Production			
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
Distribution and audience in 2007			
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
Eurofilm Studio				
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
Filmpartners				
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
Hunnia Filmstudio				
Lányok	Feat.	2007	HU	
Hasutasok	Feat.	2007	HU	€437,000
Noah's Ark	Feat.	2007	CA/HU	
Ópium: Egy elmebeteg nö naplója	Feat.	2007	HU/DE/USA	
De kik azok a Lumnitzer növérek?	Feat.	2006	HU	
Four Seasons in Space	Feat.	2005	HU/CA/IT	
Le a fejjel!	Feat.	2005	HU	
Inforg Studio				
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	
Herminamezö - Szellemjárás	Feat.	2006	HU	
Madárszabadító, felhö, szél	Feat.	2006	HU	
Magyarfutball, a 91. perc	Feat.	2006	HU	
Megafilm				
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	
Idegölö	Feat.	2006	HU	€1,500,000
Tibor vagyok, de hódítani akarok	Feat.	2006	HU	
A Herceg haladéka	Feat.	2006	HU	
Next Station Productions				
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
Új Budapest Filmstudió				
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	
TOTAL	4.88

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 Eszközfinaszirozas Magyarorszag Rt. In 2004, the EBRD lended €10M to this bank in the frame of the program SME Finance Facility. SG

Eszközfinaszirozas Magyarorszag Rt is the Hungarian branch of the Societe Generale and is primarily focuses ond 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
Nine Miles Down	2008	UK/USA/HU/AT	Silverback Film (Prod) Filmefex Studio (Special effects) Abacus Consult (Audit)	$22M
The Moon and the stars	2007	HU/IT/UK	Abacus Consult (Audit)	
The Boy in a striped pajamas	2008	UK/USA	Abacus Consult (Audit)	
Treasured Island	2007	FR/UK/HU	Abacus Consult (Audit)	€24M
Metamorphosis	2007	DE/HU/UK/AT/CA	FilmArt (prod,) Abacus Consult (Audit)	$6M
Copying Bethoven	2006	USA/DE/HU	Eurofilm Studio (prod) Abacus Consult (Audit)	$11M
Joy Division	2006	UK/DE/HU	Hungarian Film Connection (prod) Abacus Consult (Audit)	€5M

14 Iceland

14.1 Production Landscape

14.1.1 Feature film production

Table 50: Key film industry indicators for Iceland

Production			
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
Distribution and audience in 2007			
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
Blueeyes Productions				
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
Kisi Productions				
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
Poppoli pictures				
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
The Icelandic Filmcompany				
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
Zik Zak Kvikmyndir				
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
TOTAL	3.20

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[40].

- **KB Banki**

KB Banki made the banking services for the documentary *Rockville* released in 2004 and produced by the Icelandic company Kvikmynd.

[40] www.imdb.com

15 Ireland

15.1 Production Landscape

15.1.1 Feature film production

Table 53: Key film industry indicators for Ireland

Production			
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
Distribution and audience in 2007			
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 pent in Ireland.

Feature films represent 76% of the overall sector value in Ireland, that is to say €283.7M[41].

15.1.2 Film production companies

The Irish Film Board[42] 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

[41] Irish Film Board, 2009. Irish Audiovisual Content Production Review. Ireland
[42] 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 form 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
Fastnet Films				
Princess	Feat.	2009	SE	
Kisses	Feat.	2008	IE/SE	
The Investigator	Feat.	2008	HU/SE/IE	€437,000
Tonight Is Cancelled	Feat.	2007	IE	
Bórd Scannán na hÉireann				
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	
Element Films				
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
Parallel Film Productions				
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	
Samson Films				
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	
Green Park Films				
Kings	Feat.	2007	IE/UK	
Middletown	Feat.	2006	UK/IE	€1,100,000
The Mighty Celt	Feat.	2005	IE	€2,800,000

Subotica Entertainment				
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).

Radio Telefís Éireann (RTÉ)				
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	
TOTAL	11.40

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[43], 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

General data	
Inhabitants	4 109 086
Gross domestic product (in € million)	190 602
Eurozone since	1999

[43] Irish Film Board, 2009. Irish Audiovisual Content Production Review. Ireland

Bank profitability statistics	
Number of institutions	42
Number of branches	910
Balance sheet	
Assets (in € M)	
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
Liabilities (in € M)	
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 or 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

Production			
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
Distribution and audience in 2007			
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
6. Filmauro	**Operating revenu 2005 (in €M):**			**96,824**
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		
17. Cattleya	**Operating revenu 2006 (in €M):**			**35,556**
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	
24. Fandango	**Operating revenu 2006 (in €M):**			**31,292**
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
26. Italian International Film	**Operating revenu 2006 (in €M):**			**29,258**
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	
46. Melampo Cinematografica	**Operating revenu 2006 (in €M):**			**17,340**
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	
74. Cecchi Gori Group Tiger Cinematografica	**Operating revenu 2005 (in €M):**			**12,500**
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
TOTAL	95.13

Source: Korda

16.2 Banking Landscape

16.2.1 Overview of the banking landscape

Table 60: Banking landscape in Italy in 2005

General data	
Inhabitants	58 751 711
Gross domestic product (in € million)	1 535 540
Eurozone since	1999
Bank profitability statistics	
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
Liabilities (in € M)	
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
End-year total	2 680 351

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

Production			
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
Distribution and audience in 2007			
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[44]. 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.

[44] 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
Kaupo Filma				
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
TOTAL	3.36

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[45]. 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 namk 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 beneficiated from a €10M EBRD credit line in 2000 and a €5M credit line in 2002.

[45] 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, Liechstenstein 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[46]. 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 Liechstenstein.

There is no bank involved in film financing in Liechtenstein.

[46] www.liechtenstein.li

19 Lithuania

19.1 Production Landscape

19.1.1 Feature film production

Table 64: Key film industry indicators for Lithuania

Production			
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
Distribution and audience in 2007			
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 criterial 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
Lietuvos Kinostudija				
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
TOTAL	1.60

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 Minstry 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 Lthuania 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

Production			
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
Distribution and audience in 2007			
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
Delux Productions				
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	
Iris Productions				
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	
Samsa Film				
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	
The Carousel Picture Company				
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	
Thema Production				
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
TOTAL	3.93

Source: Korda

The main source of public funding for film productions in Luxembourg is the Lexembourg Film Fund, an official body supervised by the Ministery 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

General data	
Inhabitants	486,000
Gross domestic product (in € million)	36,277
Eurozone since	1999
Bank profitability statistics	
Number of institutions	155
Number of branches	29
Balance sheet	
Assets (in € M)	
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
Liabilities (in € M)	
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'Epargne de l'Etat**

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 amovie 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
- T*he 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

Production			
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
Distribution and audience in 2007			
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., Zepprs 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
Bos Bros. Film & TV Productions				
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
Column Productions				
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
Fu Works				
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
IdtV Film & Video Productions				
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	
Kasander Film Company				
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	
Lemming Film				
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	
Motel Films				
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	

Nijenhuis & de Levita Film & TV B.V.				
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	
Phanta Vision Film International B.V.				
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	
Shooting Star Filmcompany BV				
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	
Submarine				
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	
Ultra Vista prod.				
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	
Zepprs Film & TV				
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).

Egmond Film & Television				
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	
RTL Entertainment				
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
VPRO Television				
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

National institutions and funding bodies	Budget (in €M)
Dutch Film Fund	14.74
Hubert Bals Fund	1.25
Jan Vrijman Fund	0.34
Regional institutions and public funding bodies	Budget (in €M)
Rotterdam Film Fund	2.70
TOTAL	46.05

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

General data	
Inhabitants	16 570 613
Gross domestic product (in € million)	567 066,0
Eurozone since	1999
Bank profitability statistics	
Number of institutions	91
Number of branches	3 748
Balance sheet	

Assets (in € M)	
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
Liabilities (in € M)	
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
End-year total	2 813 840.073

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 Verienigung 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
Largo Winch	2008	FR	€24M	
Eichmann	2007	HU / UK	$8M	
The Da Vinci Code	2006	USA	$125M	$757M
Munich	2005	USA	$75M	$112M
Troy	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

Production			
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
Distribution and audience in 2007			
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 Mistery		
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 ws €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, posseissing high competence, that have the capacities and resources to deliberate an act in the longer perspective."[47]
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, regardint 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
Exposed Film Production as				
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	
Filmkameratene				
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
Maipo Film & TV Produksjon				
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	
Motlys				
The Man Who Loved Ynge	Feat.	2008	NO	
Everlasting Moments	Feat.	2008	DK/FI/NO/SE/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	
Nordisk Film				
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
Paradox Film AS				
Fatso	Feat.	2008	NO	
Troubled Water	Feat.	2008	NO	€2,500,000
Andre omgang	Feat.	2007	NO	
Pitbullterje	Feat.	2005	NO	

[47] www.filmfondet.no

The Giant	Doc.	2005	NO	€500,000
Piraya Film				
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
Speranza Film				
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
Spillefilmkompaniet 4 1/2				
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	
Blodsbånd	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
TOTAL	31.05

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 prolicy 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

General data	
Inhabitants	4,737,200
Gross domestic product (in € million)	389,457
Bank profitability statistics	
Number of institutions	148
Number of branches	1,106
Balance sheet	
Assets (in NOK M)	
Cash and balance with Central bank	47,756
Interbanks deposits	80,841
Loans	1,726,379
Securities	181,982
Other assets	100 736
Liabilities (in NOK M)	
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

Production			
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
Distribution and audience in 2007			
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 stabalised 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[48]. 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

[48] Polish Film Institute, 2008. Film Production Guide 2008. Poland

Perspektywa, Studio Filmowe Zebra, Wytwórnia Filmów Dokumentalnych i Fabularnych, Zespol 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
Agencja Produkcji Filmowej				
Tryptyk rzymski	Feat.	2007	PL	
Co slonko widzialo	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	
Akson Studio				
Katyn	Feat.	2008	PL	€4,200,000
Statysci	Feat.	2006	PL	
Ode to Joy	Feat.	2005	PL	
Solidarnosc, Solidarnosc ...	Feat.	005	PL	
Apple Film Productions				
Strawberry Wine	Feat.	2008	PL/SK	
Benek	Feat.	2007	PL/AT	
Solidarnosc, Solidarnosc ...	Feat.	2005	PL	
Gremi Film Production				
Carmo, Hit the Road	Feat.	2008	ES/BR/PL	
Hania	Feat.	2007	PL	
Nightwatching	Feat.	2007	CA/FR/DE/PL/NL/UK	$7,500,000
The Underneath	Feat.	2006	PL	
Opus Film				
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	
Ozumi Films				
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	
SPI International				
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	

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	
Studio Filmowe Everest				
Ada Gallery	Doc.	2008	PL	
A Lesson of Belorussian	Doc.	2006	PL	
Krasnoludki jada na Ukraine	Doc.	2005	PL	
Studio Filmowe Kalejdoskop				
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	
Studio Largo				
Kocham Polske	Doc.	2008	PL	€57,000
Dworzec Gdanski	Doc.	2007	PL	
Corpus Christi	Doc.	2006	PL	
Studio Filmowe Perspektywa				
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	
Studio Filmowe Zebra				
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	
Wytwórnia Filmów Dokumentalnych i Fabularnych				
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	
Zespol Filmowy "Tor"				
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).

Telewizja Polska				
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	
TVN				
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	
TOTAL	31.46

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 maxium 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 fundied 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	
Bank profitability statistics	
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

Thera 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 lended 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[49].

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.

[49] www.ebrd.com

25 Portugal

25.1 Production Landscape

25.1.1 Feature film production

Table 83: Key film industry indicators for Portugal

Production			
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
Distribution and audience in 2007			
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[50].

Between 2004 and 2007, 74 Portuguese films were released, of which 30 were distributed by Atlanta Filmes and 23 by Lusomundo Audiovisuals[51].

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.

[50] Instituto do Cinema e do Audiovisual e Multimedia, 2008. Facts and figures 2008. Portugal
[51] 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
Clap Filmes				
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	
Costa do Castelo Filmes				
The Heart of the Earth	Feat.	2007	ES/UK	$16,000,000
Encontros	Doc.	2006	PT/FR	
Manô	Feat.	2005	PT	
Fado Filmes				
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	
Filbox Produções				
Nadine	Feat.	2007	FR/PT	
Belle toujours	Feat.	2006	PT/FR	
Magic Mirror	Feat.	2005	PT	€2,200,000
Filmes de Fundo				
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	
Filmes do Tejo				
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	
Madragoa Filmes				
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	
MGN Filmes				
Call Girl	Feat.	2007	PT	
20.13: Purgatory	Feat.	2006	PT	€1,300,000
Um Tiro no Escuro	Feat.	2005	PT/BR	€37,500
Stopline Films				
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[52] (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

[52] Instituto do Cinema e do Audiovisual e Multimedia, 2008. Facts and figures 2008. Portugal

Eurozone since**	
Bank profitability statistics (2005)* **	
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[53].

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

[53] 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

Production			
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
Distribution and audience in 2007			
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
Mobra Films				
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	
Media Pro Pictures				
Week-end cu mama	Feat.	2008	RO	
Taková normální rodinka	Feat.	2008	CZ	
Supravietuitorul	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).

Castel Film Romania				
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
TOTAL	4.28

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

Production			
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
Distribution and audience in 2007			
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
Trigon Productions				
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
ALEF Film & Media Group				
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).

Slovenská Televízia				
Half Breakdown	Feat.	2007	SK	€993,000
Two Syllables Behind	Feat.	2005	SK/CZ	€360,000
Konecná 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
TOTAL	3.8

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

General data	
Inhabitants	5,439,000
Gross domestic product (in € million)	54,900
Eurozone since	2009
Bank profitability statistics	
Number of institutions	23
Number of branches	1,142
Balance sheet	
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 Sporitel'ña (Slovak Savings Bank), VUB - Vseobecna Uverova Banka (General Credit Bank), Tatra Banka, Ceskoslovenská obchodná banka (Czechoslovak Merchant Bank) and Prvá stavebná sporitel'ña.

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 Commecrail 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 Financna 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

Production			
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
Distribution and audience in 2007			
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
A Atalanta				
Prehod	Feat.	2008	SI	€1,600
Heidi	Feat.	2005	UK	
Awaking from the Dead	Feat.	2005	CS	€50,000
Studio Arkadena				
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
Vertigo/Emotionfilm				
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
Gustav Film				
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
TOTAL	2.33

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[54]. For example in 2005: Gravehopping (total budget: € 944,622), L…. Like Love (total budget: € 937,087) and Tuning (total budget: € 1,230,689).

[54] Slovenian Film Fund, 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 Vipa, 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-Banl
- Nova Lubljanska 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

Production			
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
Distribution and audience in 2007			
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
27. Castelao Producciones	**Operating revenu 2005 (in €M):**			**28,992**
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	
51. El Deseo S.A.	**Operating revenu 2005 (in €M):**			**16,197**
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	
68. Lolafilms	**Operating revenu 2004 (in €M):**			**13,280**
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	
96. Amiguetes Entertainment	**Operating revenu 2006 (in €M):**			**9,937**
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	
100. Sociedad General de Cine (SOGECINE)	**Operating revenu 2005 (in €M):**			**8,818**
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 Communidad de Madrid	0.40
Communidad de Aragon	0.06
Communidad 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
Goviernos 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
TOTAL	106.28

Source: Korda

29.2 Banking Landscape

29.2.1 Overview of the banking landscape

Table 100: Banking landscape in Spain in 2005

General data	
Inhabitants	44 200 737
Gross domestic product (in € million)	1 050 595
Eurozone since	1999
Bank profitability statistics	
Number of institutions	269
Number of branches	41 599
Balance sheet	
Assets (in € M)	
Cash and balance with Central bank	23 713
Interbanks deposits	299 326
Loans	1 217 639
Securities	392 646
Other assets	134 176
Liabilities (in € M)	
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
End-year total	2 067 500

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 Gemrany, 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

Production			
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
Distribution and audience in 2007			
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 decrased (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, Filmlance 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 (Norwy, 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
Svensk Filmindustri				
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	
Hepp Film				
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	
Memfis Film				
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
Filmlance International AB				
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	
Trollhättan Film AB				
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
Film i Skåne				
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	

Mother of Mine	Feat.	2005	FI/SE	€2,900,000
Sonet Film AB				
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
Breidablick Film AB				
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	
Anagram Produktion				
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
Tre Vänner Produktion AB				
One Eye Red	Feat.	2007	SE	
Kid Svensk	Feat.	2007	FI/SE	€1,900,000
7 Millionaires	Feat.	2006	FI/SE	€1,848,000
Steget 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).

Filmpool Nord				
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
Film i Väst				
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/ 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/ NO/FI	€3,000,000
Bunny Chow	Feat.	2006	ZA	
Den Enskilde medborgaren	Feat.	2006	SE	
Sveriges Television (SVT)				
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
TV4 Sweden				
Arn: The Kingdom at Road's End	Feat.	2008	DK/SE/FI/UK/NO/ 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/ 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	
TOTAL	53.54

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

General data	
Inhabitants	9,100,000
Gross domestic product (in € million)	331,00
Eurozone since	
Bank profitability statistics	
Number of institutions	124
Number of branches	2,046
Balance sheet	
Assets (in SEK M)	
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
Liabilities (in SEK M)	
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
End-year total	4,539,904

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 FöreningsSparbenken (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 rregion with banks in Sweden, Finland, Denmark and Norwy. SEb also developed international activities though 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 Babrielsson 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

Production			
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
Distribution and audience in 2007			
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
Amka Films Productions				
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		
CAB Productions				
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	
Carac Films				
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	
C-Films AG				
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
Dschoint Ventschr Filmproduktion AG				
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	
Saga-Productions				
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	
T&C Film AG				
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	

Teleclub AG				
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
Vega Film AG				
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).

Radiotelevisione Svizzera Italiana (RTSI)				
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	
Schweizer Fernsehen				
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	

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	
SRG SSR idée suisse				
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	
Teleclub AG				
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
Télévision Suisse Romande				
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
TOTAL	35.99

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

General data	
Inhabitants	7,544,000
Gross domestic product (in € million)	329,088
Eurozone since	
Bank profitability statistics	
Number of institutions	295
Number of branches	3,453
Balance sheet	
Assets (in CHF M)	
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 Switerland. 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

Production			
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
Distribution and audience in 2007			
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 nimber 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 foreigh 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
10. Runteam	**Operating revenu 2005 (in €M):**			**71,812**
Oliver Twist	Feat.	2005	UK/CZ/FR/IT	€50,000,000
The Pianist	Feat.	2002	FR/DE/UK/PL	$35,000,000
16. Aardman	**Operating revenu 2006 (in €M):**			**37,188**
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
22. Samuelson Productions	**Operating revenu 2006 (in €M):**			**32,485**
Alex Rider: Operation Stormbreaker	Feat.	2006	DE/USA/UK	$40,000,000
Things to Do Before You're 30	Feat.	2004	UK	
34. Archer Street Productions	**Operating revenu 2005 (in €M):**			**24,413**
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	
37. Mrs. Henderson Productions Ltd.	**Operating revenu 2006 (in €M):**			**20,873**
Mrs Henderson Presents	Feat.	2005	UK	$20,000,000
39. Lunar Films	**Operating revenu 2004 (in €M):**			**19,385**
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
50. Inside Track 2	**Operating revenu 2005 (in €M):**			**16,386**
Millions	Feat.	2004	UK	
Shaun of the Dead	Feat.	2004	UK/FR	$4,000,000
72. Working Title Films	**Operating revenu 2004 (in €M):**			**12,752**
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
76. Iberville Productions	**Operating revenu 2006 (in €M):**			**12,139**
Cassandra's Dream	Feat.	2007	USA/UK/FR	$19,000,000
77. Future Films	**Operating revenu 2005 (in €M):**			**12,064**
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 /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	
83. Skyline (Baker St)	**Operating revenu 2006 (in €M):**			**10,717**
The Bank Job	Feat.	2008	UK	$20,000,000

Sources: European Audiovisual Observatory (Yearbook 2007), Imdb

14. Ingenious Film Partners	**Operating revenu 2006 (in €M):**			**47,015**
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	
42. Pathé Pictures International	**Operating revenu 2006 (in €M):**			**18,096**
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
TOTAL	127.93

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 31st 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 fim 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-incetive 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 withdrawl 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

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
Past experience 1	Discouting Gap Corporate Other (please specify below)	<€250k €250k-1m €1-5m €5-10m >€10m Other (please specify below)	<0.5% 0.5-1.5% 1.5-3% >3% Other (please specify below)	<1% 1-3% >3% Other (please specify below)
Past experience 2	Discouting Gap Corporate Other (please specify below)	<€250k €250k-1m €1-5m €5-10m >€10m Other (please specify below)	<0.5% 0.5-1.5% 1.5-3% >3% Other (please specify below)	<1% 1-3% >3% Other (please specify below)
Past experience 3	Discouting Gap Corporate Other (please specify below)	<€250k €250k-1m €1-5m €5-10m >€10m Other (please specify below)	<0.5% 0.5-1.5% 1.5-3% >3% Other (please specify below)	<1% 1-3% >3% Other (please specify below)
Past experience 4	Discouting Gap Corporate Other (please specify below)	<€250k €250k-1m €1-5m €5-10m >€10m Other (please specify below)	<0.5% 0.5-1.5% 1.5-3% >3% Other (please specify below)	<1% 1-3% >3% Other (please specify below)
Past experience 5	Discouting Gap Corporate Other (please specify below)	<€250k €250k-1m €1-5m €5-10m >€10m Other (please specify below)	<0.5% 0.5-1.5% 1.5-3% >3% Other (please specify below)	<1% 1-3% >3% 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
Company information		Production company Sales agent Distributor Production/Post production facility Other (please specify below)	Freelancer Less than 8 employees 8 to 20 employees 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