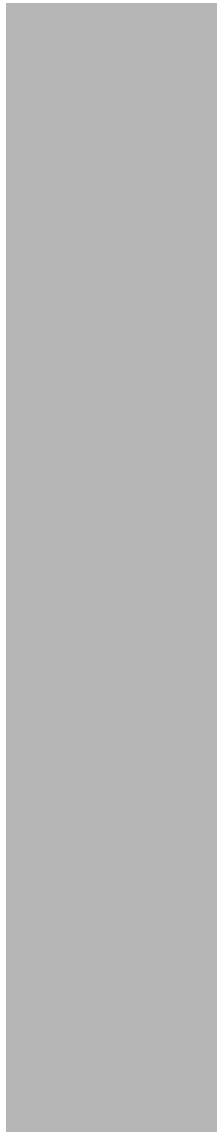




Marc Schublin



**European Investment
Fund**

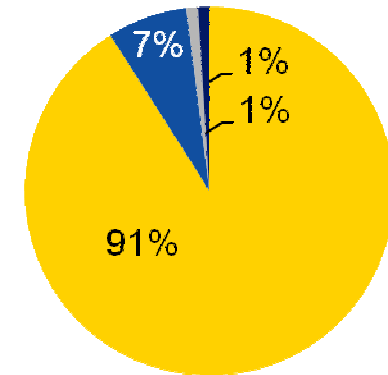


**Europe's Leading Developer of Risk Financing for Entrepreneurship
&
Innovation**

This presentation was prepared by EIF. The information included in this presentation is based on figures available for March 2010. Any estimates and projections contained herein involve significant elements of subjective judgment and analysis, which may or may not be correct.

The Challenge: Financing Innovation amongst SMEs in Europe

- SMEs account for a large proportion of **Europe's economic activity**
- **Micro-businesses dominate** employment in countries such as Italy (48%) and Greece (57%)
- Successive EU summits put issues of **growth, employment, innovation and competitiveness** high on agenda
- **Support to SMEs**: one of the top six EIB Group priorities
- **EIF** is the **SME risk financing** arm of the EIB Group



- Micro-enterprises 1 to 9 employees
- Small firms 10 to 49 employees
- Medium-sized firms, 50 to 250 employees
- Large enterprises

Source: Eurostat, Commission Communication on Modern SME policy for Growth and Employment

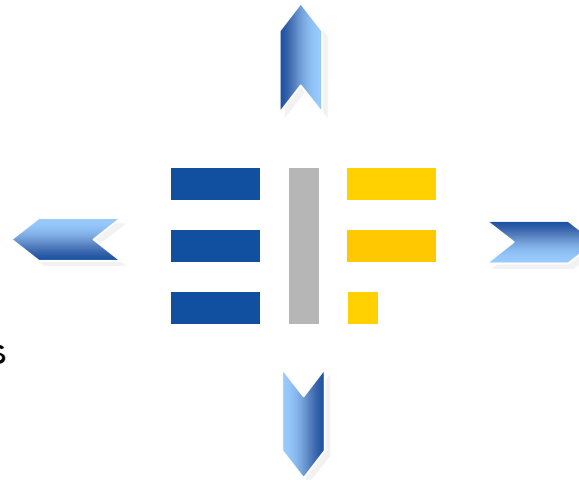
**Importance of SMEs as the Foundation
Stone for Tomorrow's Prosperity**

EIF at a Glance

EU specialised institution for SMEs, risk financing
Venture Capital and Mezzanine (fund of funds)
Structuring and Guaranteeing portfolios of SME and microfinance loans/leases

Geographic Focus / Intermediaries

EU 27, EFTA,
 Candidate Countries
 Distributing through Banks
 and Funds



Authorised Capital

€ 3bn

EIB: 61%

EU: 29%

Fin. institutions: 9%

To be issued: 1%

AAA rated

Dual Objective

Meeting EU Policy Goals

Generating a Satisfactory Return on Equity

EIF's Shareholders*



- EIB: Main shareholder **(61%)**
 - European Investment Bank's shareholders: 27 EU Member States



- European Community represented by the European Commission **(29%)**



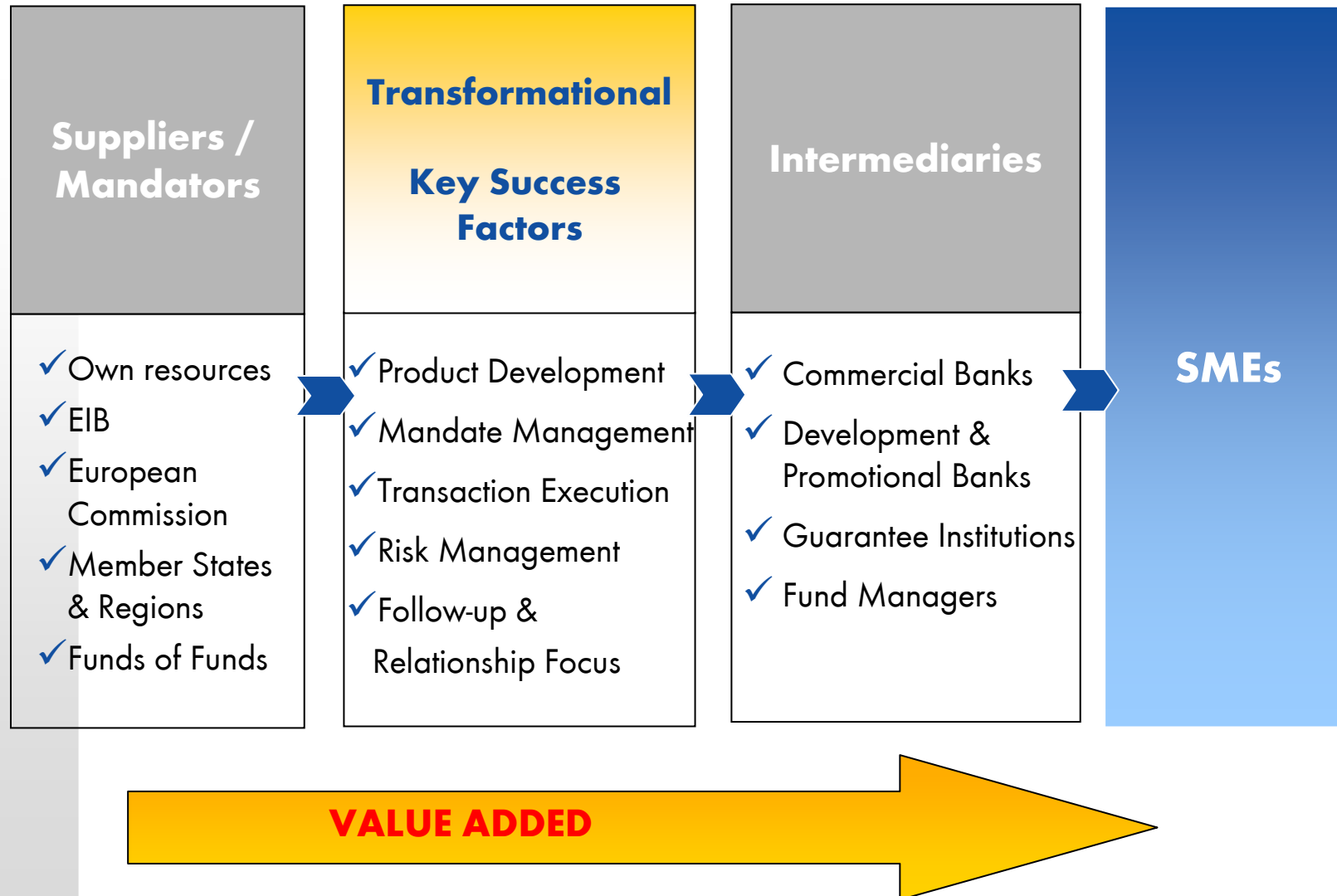
- 30 public and private financial institutions from 17 countries **(9%)** including:



* 1% of EIF's shares are still to be issued

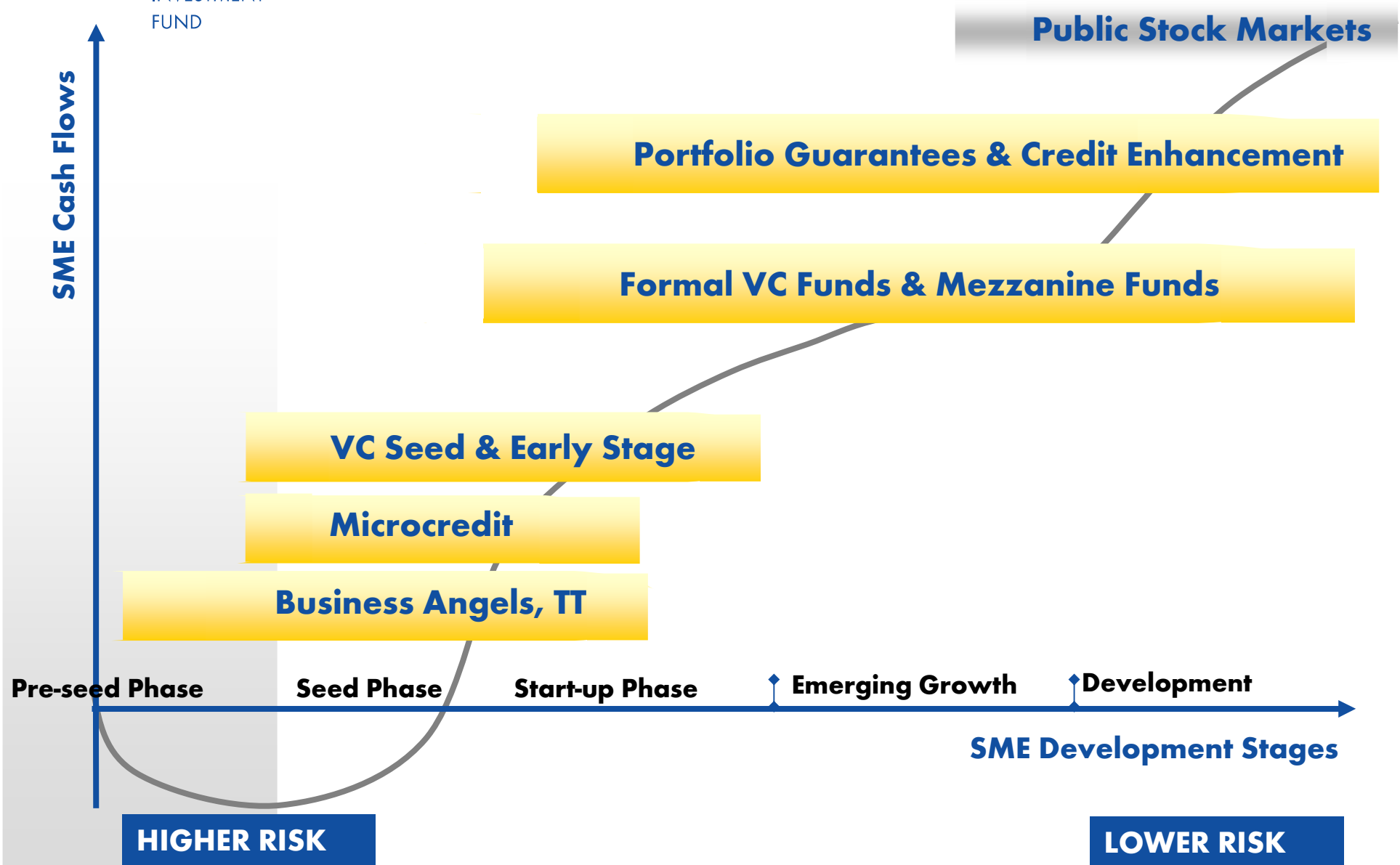
Operating Model of EIF

Transformational Role of EIF



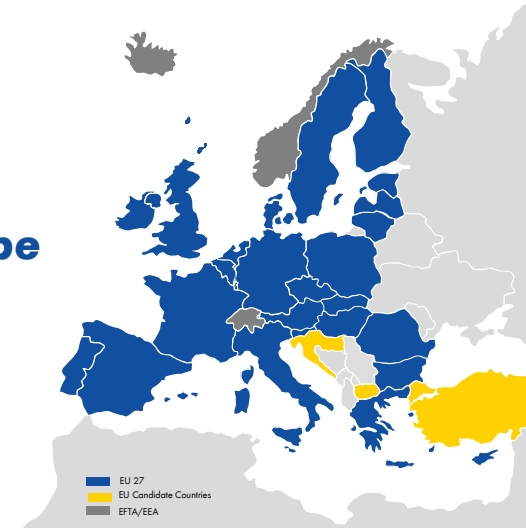


EIF Tool Kit for SMEs

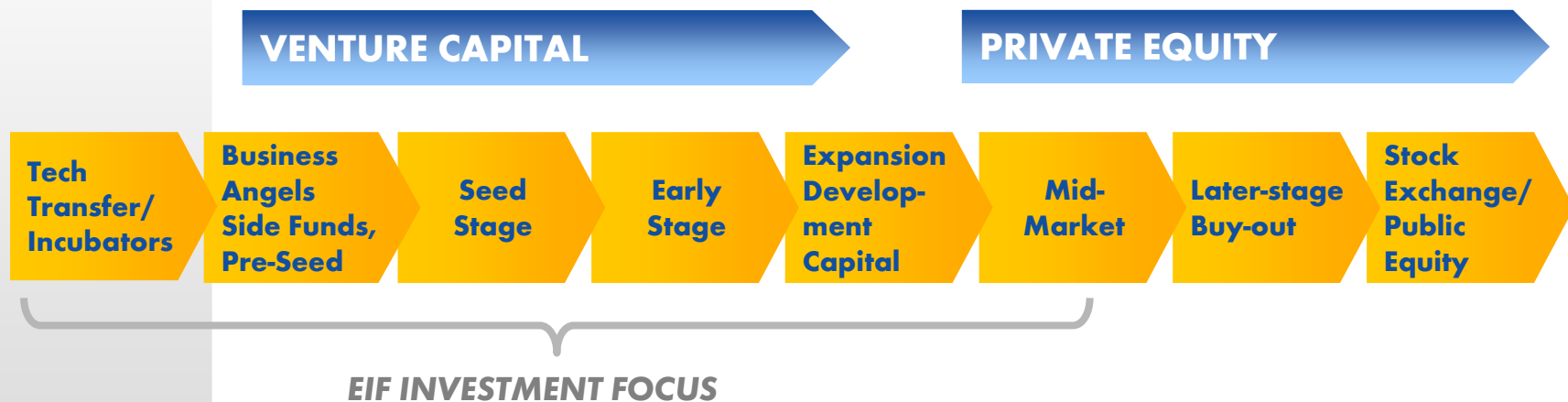


One of the Core Activities : Venture & Growth Capital

**€ 4.1bn Net Equity Commitment across Europe
at 31.12.09 in more than 300 funds**



PE/VC Market Covered by EIF



**Key Investor in Major Markets
Increased Finance to Support less Developed Markets**

Primary Fund-of-Funds Investor

- As Primary FoFs investor
 - Biggest Fund-of-Funds investing in European Venture Capital
 - Repeat cornerstone investor in top quartile teams in Europe
 - Catalytic role through recognised thoroughness of its due diligence process
 - Backing first time funds managed by tomorrow's top quartile teams



mercapital



iris capital

wellingtonpartners



Amadeus Capital Partners Limited

Long-term Relationship with best GPs in Europe



Manager of Regional Fund of Funds

■ ERP

Co-investment 50/50: EIF/ERP (administered by German Ministry BMWi)

■ Size: € 500m - 16 funds signed with a total volume of € 2.1bn

■ LfA-EIF

Co-investment Bavarian Ministry of Economics LfA Förderbank, Bayern EIF.

■ Size € 50m - 4 funds signed since early 2009

■ NEOTEC: Spanish Technology Fund-of-Funds

Tech fund in partnership with CDTI (TMT, ICT, clean-tech, bio-tech and LS)

■ Size: € 183m - **€ 106m in 10 Funds and co-investment agreements**

■ Istanbul Venture Capital Initiative

Turkish generalist VC investment vehicle for institutional investors

■ Size: € 160m - 2 funds signed for a total of € 21m

■ Portuguese Venture Capital Initiative

Generalists funds, ICT, Life Sciences, Healthcare, Environmental & Energy Technology

■ Size: € 111m - 2 transactions approved by board

■ Dahlia: Pan-European Fund-of-Funds

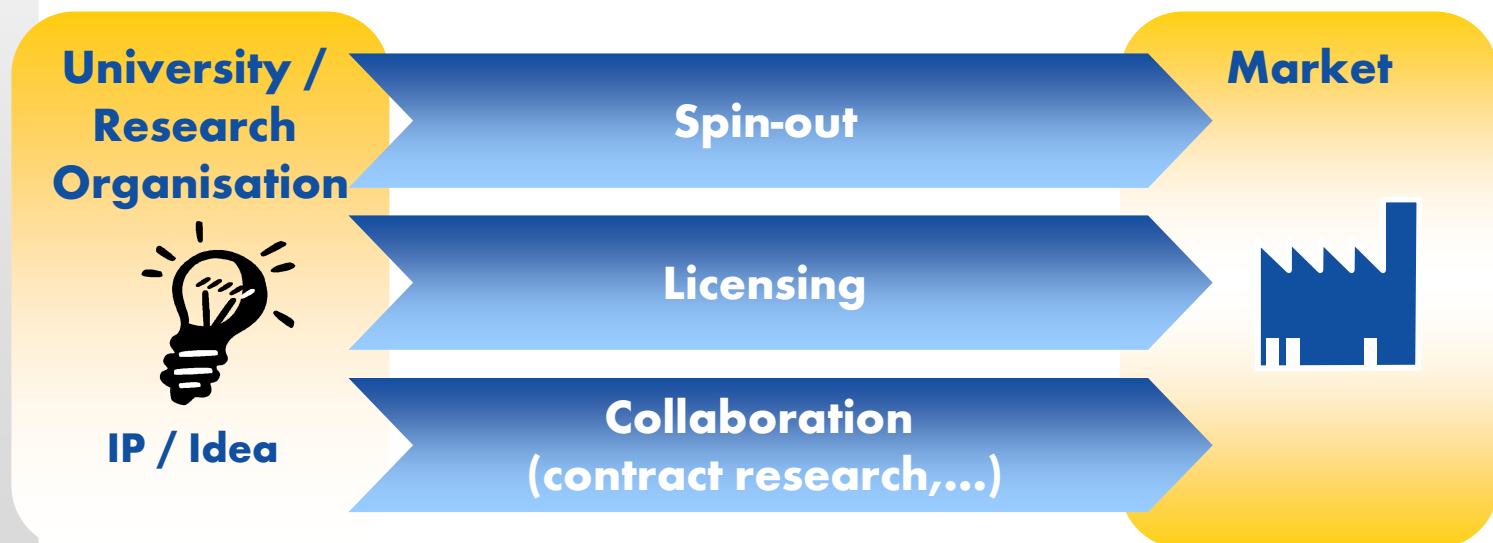
Joint initiative between EIF and Natixis Private Equity (NPE)

■ Size: € 300m - over 60% of Dahlia funding has now been committed

Public private leveraging of EIF capacity and experience

Tech Transfer to Improve Commercialisation of Research

- Since 2005, EIF has been able to invest resources to understand Tech Transfer, to create awareness and to develop new TT initiatives with leading research universities
- Focus is on research organisations which are leaders in their respective fields and act in an entrepreneurial environment
- Accelerated process through framework agreements (covering issues such as company valuations, shareholder structure, etc..)
- Several transactions in which EIF has had a key role
 - Chalmers Innovation
 - Leuven CD3
 - UMIP Premier fund with Manchester University
 - IP venture fund UK
 - Karolinska Development Co-Investment Fund



Competitiveness & Innovation Framework Programme (CIP)

- Purpose
 - Encourage the competitiveness of European enterprises
 - Support innovation and entrepreneurship activities
 - Provide better access to finance
 - Promote the increased use of renewable energies and energy efficiency
- The European Commission has mandated the management of the CIP financial instruments to EIF
- CIP budget - total envelope € 1.1 bn split between VC and guarantees and to be invested over a period 2007-2013



16 VC Deals Signed for Over € 174m
Guarantee Agreements Signed with 19 F.I. for Over € 3.5bn

Mezzanine Facility for Growth

EUR 1bn EIB fund-of funds mandate (2009-2012) to promote hybrid debt/equity finance to European SMEs

- Strengthen growth prospects of established companies with a temporary financial shortfall
- Support changes in ownership, transmission, succession and spin-offs of companies with long term growth prospects

EIF already has experience of investing in mezzanine funds through investments in Nordic technology mezzanine funds

Since April 2009, signed commitments of EUR 160m in 4 funds managed by leading independent mezzanine players

At least 2x aggregate EIF commitments will be mobilised in support of SME

JEREMIE: Increasing the Deployment of Self-Sustaining Financial Instruments for SMEs

The Joint European Resources for Micro to Medium Enterprises

- Joint initiative of the EU (DG Regio & EIB Group) launched in October 2005
- **Joint** also because it potentially combines resources from the EU, National Public Authorities, EIF, EIB and/or other financial institutions
- Participation in JEREMIE **optional** for each country – Holding Fund Management or Technical Assistance
- Uses European Regional Development Funds for enhancing SME access to finance in New Member States and in Regional Development areas through sustainable and “revolving” financial instruments
- Creates leverage
- Encourages move away from grant dependency



EVALUATION



IMPLEMENTATION

DISBURSEMENT

PROCESS

JEREMIE Tool Kit

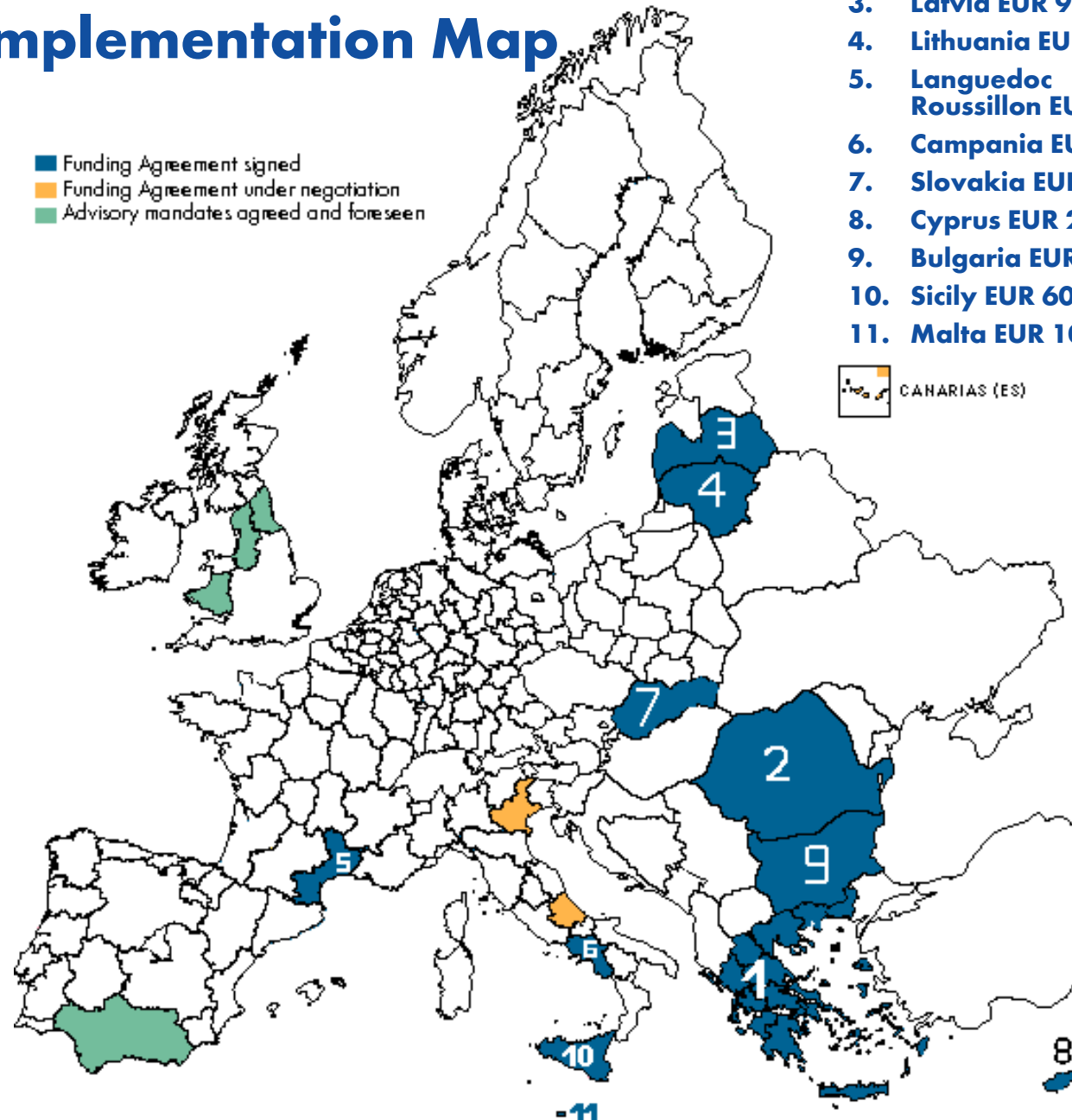
	Start-up	Early stage	Expansion
Equity	Venture Capital		
Debt	Micro Finance/ Funded Risk-Sharing products		
	Guarantee/Refinancing Operations		
Quasi-equity	Participating Loans	Mezzanine Funds	
Other instruments	Technology Transfer Funding		

JEREMIE Implementation Map

- Funding Agreement signed
- Funding Agreement under negotiation
- Advisory mandates agreed and foreseen

1. Greece EUR 100m
2. Romania EUR 100m
3. Latvia EUR 91.5m
4. Lithuania EUR 290m
5. Languedoc Roussillon EUR 30m
6. Campania EUR 90m
7. Slovakia EUR 100m
8. Cyprus EUR 20m
9. Bulgaria EUR 200m
10. Sicily EUR 60m
11. Malta EUR 10m

 CANARIAS (ES)



EIF Activity in Spain

- Total outstanding Guarantee commitment **EUR 1.6bn**
 - 12% of EIF total outstanding Guarantee portfolio
- Total Equity net commitment **EUR 288m**
 - 7% of EIF total net Equity portfolio
- One **JEREMIE** holding fund in negotiation with a Spanish region

Contact

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