

SME Finance Forum  
6<sup>th</sup> May 2010

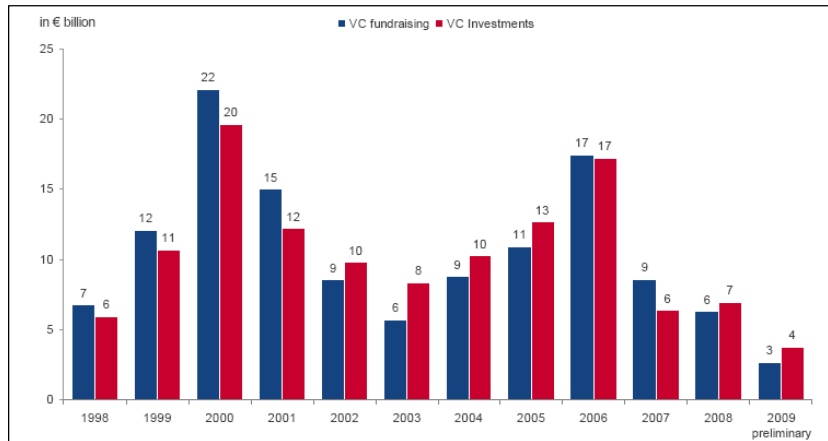
Intervention of Richard Pelly – CEO European Investment Fund

EUROPEAN  
INVESTMENT  
FUND

### Equity Markets and Guarantees for Smart Growth

- n The equity gap
  - n Trends in VC fund raising and investment
  - n Suggested solutions and actions of EIF in context of 2020 vision
- n Catalysing loan capacity through banks
  - n Analysis of lending data
  - n EIF guarantee support

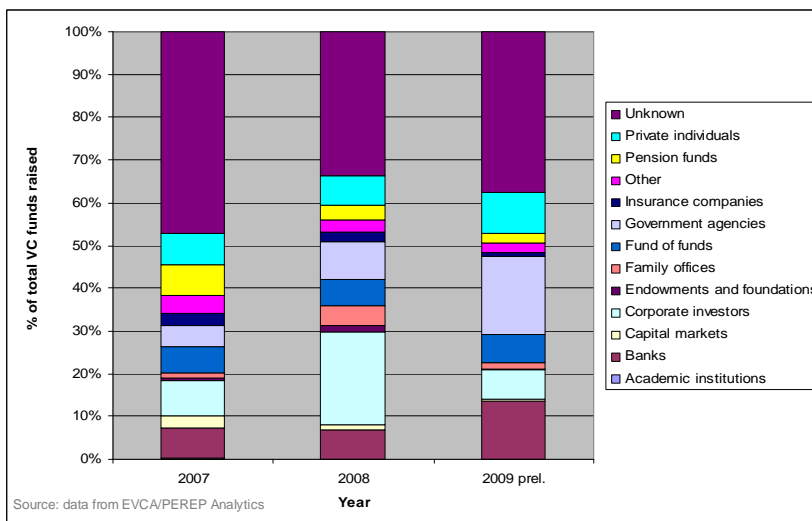
## VC Funds Raised and VC Investments in Europe



Source: EVCA/PEREP Analytics for 2007-2009  
EVCA/Thomson Reuters/PwC for previous years

## Evolution of VC LP Base (% of total VC funds raised)

Share of Government agencies rose from 4.7% (2007), via 8.7% (2008) to 18% (2009)



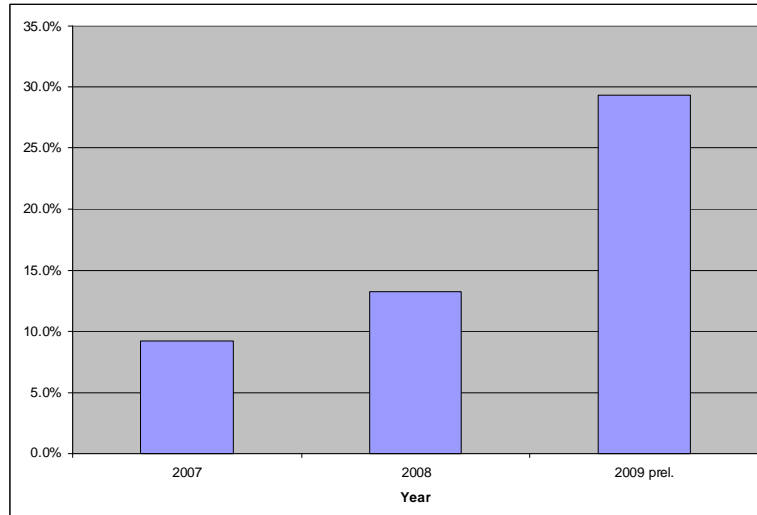
Source: data from EVCA/PEREP Analytics



EUROPEAN  
INVESTMENT  
FUND

## Share of Government Agencies in Total « known » VC funds raised

Rises to 30% If we exclude the « unknown » data (LP data cannot be classified):



Source: data from EVCA/PEREP Analytics



EUROPEAN  
INVESTMENT  
FUND

## Suggested Solutions and EIF Action

- n Intensify current and future levels of public support
  - n EIF co-investing in national Government schemes
    - n ERP, UKFTF etc.
  - n Extend EIB Risk Capital Mandate
  - n Ensure planned 2020 Instruments are fully funded
    - n Innovative start up facility €2.8bn
    - n European Growth and Innovation Facility €5bn+
  - n Explore new models of leveraging public funds
- n Engage private sector, institutional and corporate venture investors
  - n Build on success factors

## Catalysing Loan Capacity Through Banks

- n Current market feedback
  - n Banks
    - n Credit standards continue to tighten
    - n Demand is low
  - n SMES
    - n Mixed picture of credit availability
    - n Cost of finance increasing
- n EIF actions
  - n Targeted support for risk sharing, liquidity and capital relief
  - n Harmonizing guarantee instruments with national schemes
  - n Key role in re-launching securitisation market