Supporting Innovation in Finland

Helsinki, 5 February 2015
Welcome addresses:

Petri Peltonen
Director General, Ministry of Employment and the Economy

Jonathan Taylor
Vice-President, European Investment Bank
Overview of the EIB Group financing options

Tilman Seibert
Director for Lending in Northern Europe, EIB

Marjut Santoni
Deputy Chief Executive, EIF
The EIB Group

provide finance and expertise for sound and sustainable investment projects

specialist provider of risk finance to benefit innovative SMEs
The European Investment Bank, the EU Bank

• Financing partner for the EU Member States and institutions since 1958;

• More than 90% of lending is within the EU (EUR 76bn);

• Financial support to projects outside the EU amounted to **EUR 13bn**, just over 10% of EIB lending;

• Shareholders: 28 EU Member States;

• The EIB contributes to the realization of investment projects that further the economic, social and political priorities of the EU;

• More than 55 years of experience in financing projects;

• Around 2 100 staff – not only finance professionals, but also engineers, sector economists and socio-environmental experts.
A strong response to the crisis

<table>
<thead>
<tr>
<th>Year</th>
<th>Signatures</th>
<th>Disbursements</th>
<th>Exceptional signatures</th>
<th>EIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>55</td>
<td>48</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>2013</td>
<td>75</td>
<td>75</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>2014</td>
<td>69-74</td>
<td>46</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>2015</td>
<td>70-75</td>
<td>46</td>
<td>46</td>
<td>46</td>
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</table>

EUR bn

80
70
60
50
40
30
20
10
0

+37%
We help catalyse investment

<table>
<thead>
<tr>
<th>LENDING</th>
<th>BLENDING</th>
<th>ADVISING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>Combining EIB finance with EU budget (Project Bond Initiative)</td>
<td>Prepare &amp; implement projects (JASPERS)</td>
</tr>
<tr>
<td>But also:</td>
<td>Higher risk projects for innovation (RSFF)</td>
<td>Support for public / private partnerships (EPEC)</td>
</tr>
<tr>
<td>Guarantees (trade financing)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity participation</td>
<td></td>
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</tbody>
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Attracting FUNDING for long-term growth
EIB Group products for SMEs and Midcaps

<table>
<thead>
<tr>
<th>Sector</th>
<th>Micro enterprises</th>
<th>SMEs</th>
<th>Midcaps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form</td>
<td>indirect</td>
<td>indirect</td>
<td>indirect/direct</td>
</tr>
</tbody>
</table>

- **EIB Intermediated Loans**
- **EIB Mid-cap Initiative loans & guarantees, InnovFin**
- ** EIF Guarantees and Securitisation**
- **EIF RCR Mezzanine for Growth**
- **EIF Venture and Growth Capital Funds of Funds, Tech Transfer, Business Angels**

**EIF Products**

**EIB Products**
EIB - Activity in Finland

In the last 5 years (2010-2014) EIB lending in Finland totalled **EUR 4.9bn**
Highlights of activity in Finland 2013 and after

Private sector:

- Support of industrial R&D and innovation projects for Kemira, Kone, Stora Enso, Rovio, Valmet, Wärtsilä, AGCO, Oxford Instruments and Borealis
- Investment in Dasos Timberland Fund
- Construction of premises for companies and institutes (Technopolis)
- A new industrial CHP plant (Raahen Voima)

Intermediated loans:

- SME and mid-cap loans to Pohjola Bank, Aktia and Nordea
- Global loan in support of municipalities (Pohjola Bank)

Public sector:

- Building, refurbishment and extension of health care facilities in the Helsinki, Kuopio and Pirkanmaa regions as well as Espoo
- Building, refurbishment and extension of university premises (Helsinki, Aalto and University Premises Finland)
- Investments in municipal infrastructure and urban development in Helsinki, Lahti and Oulu
What is the EIF?

"We provide risk financing to stimulate entrepreneurship and innovation in Europe."

Making finance more accessible and helping SMEs to innovate and grow.

Offering a large array of targeted products to support SMES ranging from venture capital to guarantees and microfinance to SMEs.

Working with financial intermediaries across the EU-28 EFTA countries, candidate & potential candidate countries.

Supporting the market in a countercyclical way.
EIF’s counterparts

We work with a wide range of counterparts to support SMEs.

Resources and Mandators
- European Investment Bank
- EIF own resources
- European Commission
- Member States/regions
- Managing Authorities
- Corporates/private
- Public institutions
- Other third parties

Intermediaries and counterparts
- Fund Managers
- Commercial Banks
- Development & Promotional Banks
- Guarantee Institutions
- Leasing Companies
- Corporates
- Business Angels
- Microfinance Institutions

micro-enterprises, SMEs and small mid-caps
Helping businesses at every stage of their development

SME Development Stages

- PRE-SEED PHASE
- SEED PHASE
- START-UP PHASE
- EMERGING GROWTH
- DEVELOPMENT

Higher Risk Lower Risk

Business Angels, Technology Transfer

Microcredit

VC Seed & Early Stage

Social Impact Funds

Formal VC Funds & Mezzanine Funds

Portfolio Guarantees & Credit Enhancement

Public Stock Markets

13
New EU Programmes helping businesses at every stage

- SME Development Stages
  - PRE-SEED PHASE
  - SEED PHASE
  - START-UP PHASE
  - EMERGING GROWTH
  - DEVELOPMENT

- HIGHER RISK
- LOWER RISK

Guarantees & Debt Programmes
- InnovFin SME Guarantee
- SME Initiative*
- COSME Loan Guarantee Facility
- Cultural and Creative Sector Guarantee Facility*
- InnovFin Tech Transfer*
- ERASMUS+ Student loans

Equity Programmes
- InnovFin SME Venture Capital*
- EaSI* (Employment & Social Innovation)
- COSME Equity Facility for Growth
- InnovFin SME Guarantee
- InnovFin SME Venture Capital*
- InnovFin Tech Transfer*
- InnovFin Large Projects

Public Stocks
- EIB InnovFin products**
- COSME Equity Facility for Growth
- InnovFin SME Guarantee
- SME Initiative*
- COSME Loan Guarantee Facility
- Cultural and Creative Sector Guarantee Facility*
- InnovFin SME Venture Capital*
- InnovFin Tech Transfer*
- ERASMUS+ Student loans

* Not yet signed
** InnovFin MidCap Guarantee
InnovFin MidCap Growth Finance
InnovFin Large Projects
EIF’s exposure in Finland and Sweden

Notable success stories exist both in **Equity** and **Guarantees** and we are open and ready for more to come…

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### Guarantees & Microfinance exposure (in EURm)

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalysed amount</td>
<td>115</td>
<td>193</td>
</tr>
<tr>
<td>Committed amount</td>
<td>997</td>
<td>211</td>
</tr>
</tbody>
</table>

### Equity exposure (in EURm)

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalysed amount</td>
<td>956</td>
<td>280</td>
</tr>
<tr>
<td>Committed amount</td>
<td>1,679</td>
<td>211</td>
</tr>
</tbody>
</table>

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**Guarantees transactions and Equity Funds in Finland**

- FINNVERA
- ELL
- ROVIO
- OPEN OCEAN

**Guarantees transactions and Equity Funds in Sweden**

- Spotify
- klarna
- iZettle
- true
- SPARBANKEN ÖRESUND
- ABN-AMRO
- ALMI
Scope and opportunities of the InnovFin Programme

Steve Rogers, European Commission
Marc D’hooge, EIB
Vincent van Steensel, EIF
Stefan Acsinte, EIB
InnovFin: A quantum leap

InnovFin builds on the success of RSFF but will be much larger and broader.

**EU and EIB Group Contributions**

![Graph showing EU and EIB Group Contributions]

- **RSFF**: 1.20 EUR bn
- **InnovFin**: 3.00 EUR bn

**Loans and guarantees**

![Graph showing Loans and guarantees]

- **RSFF**
  - Guarantees: 1.40 EUR bn
  - Loans (EUR bn): 11.30 EUR bn
- **InnovFin**
  - Guarantees: 5.50 EUR bn
  - Loans (EUR bn): 18.50 EUR bn
InnovFin product overview

- **SMEs**
  - InnovFin SME Guarantee
  - InnovFin SME Venture Capital
  - SMEs and small Mid-Caps (500 Employees)
  - Intermediated SME/Mid-Cap Financing

- **Mid-Caps**
  - InnovFin MidCap Guarantee
  - InnovFin MidCap Growth Finance
  - Mid-Caps (3,000 Employees)
  - Intermediated and/or direct Corporate lending

- **Large Caps**
  - InnovFin Large Projects
  - InnovFin Advisory
  - Large Caps (Typically > 3,000 Employees)
  - Direct Corporate Lending

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direct products
indirect products
InnovFin SME Guarantee

This guarantee instrument covers the risk related to losses of a portfolio

Key Points:
- Coverage up to 50% of the losses resulting from a financing of innovative SMEs or Small Mid-caps
- Reduction of the credit risk, as well as regulatory capital relief
- Financial Intermediaries transfer the benefit of the guarantee to the final beneficiaries
- Financial Intermediaries are selected on a “first come, first processed” basis

Eligibility Criteria:
- Debt instruments: loans, credit lines, leases and bonds
- Purpose of financing: tangible and intangible assets, working capital and business transfers
- Loan amount: min EUR 25k – max EUR 7.5m (only Senior Debt)
- Maturity: min 1 year – max 10 years
- Currency: EUR and local currency

Price and Portfolio Volume:
- Guarantee Fee: 0.5% p.a. for SMEs and 0.8% for Small Mid-caps on the guaranteed amount
- Portfolio Volume: max portfolio amount is EUR 400m per intermediary and EUR 1bn per intermediary group
InnovFin product overview

- **SMEs**
  - InnovFin SME Guarantee
  - InnovFin SME Venture Capital
  - SMEs and small Mid-Caps < 500 Employees
  - Intermediated SME/Mid-Cap Financing

- **Mid-Caps**
  - InnovFin MidCap Guarantee
  - InnovFin MidCap Growth Finance
  - Mid-Caps < 3,000 Employees
  - Intermediated and/or direct Corporate lending

- **Large Caps**
  - InnovFin Large Projects
  - Large Caps Typically > 3,000 Employees
  - Direct Corporate Lending

- **Advisory**
  - InnovFin Advisory

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**Legend**
- Direct products
- Indirect products
Facilitate access to RDI Finance

Project advisory work

- Improve the bankability and investment readiness of large, complex R&I projects
- Advise specific public-private consortia, R&I driven companies (midcaps or larger), Joint Technology Initiatives, PPPs, R&I clusters, EC and MS

Horizontal activities

- Improve framework conditions for access to finance (web-based portal, criteria notes)
- Prepare studies to improve effectiveness of H2020 FI to address specific sectors/R&I projects needs
- Develop “business case” for new financing mechanisms to support specific R&I policy objectives
New web tool
Case study: Matching the needs of growth companies

Herkko Soininen, CFO, Rovio Entertainment Limited
Roundtable: How can we support innovative and growing companies in Finland?

**Marjut Santoni, EIF**

**Päivi Jääskeläinen, Pohjola Bank**

**Pekka Soini, Tekes**

**Janne Huhtala, Nexstim Oy**

**Jouni Hakala, Industry Investment**