

What is InnovFin SME Guarantee?

InnovFin SME Guarantee provides guarantees and counter-guarantees on debt financing in order to improve access to finance for innovative small and medium-sized enterprises and small mid-caps (up to 499 employees). This facility is implemented by the European Investment Fund, and will be rolled out through financial intermediaries – banks and other financial institutions – in EU Member States and Associated Countries*.

InnovFin – EU Finance for Innovators is a joint initiative by the EIB Group and the European Commission under Horizon 2020, the EU framework for research and innovation (“R&I”) 2014-2020. InnovFin builds on the success of the Risk-Sharing Finance Facility developed under the seventh EU framework for research and technological development (FP7), which for the period 2007-2013 financed 114 R&I projects of EUR 11.3bn and provided loan guarantees for another EUR 1.4bn.

Indicative Term Sheet and Eligibility Criteria

Financial guarantee instrument covering credit losses (principal and interest) on the portfolio

Transaction Highlights:

- Guarantee covers up to 50% of the credit losses of new debt instruments (loans , leases, guarantees and bonds) to innovative SMEs and Small Mid-caps
- Reduced credit risk and lower capital consumption through the guarantee
- Financial intermediaries transfer the financial benefit to the final recipient
- Financial intermediaries selected on a first-come-first-assessed basis

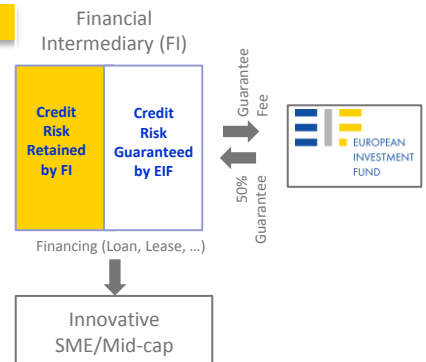
Eligibility Criteria:

- Debt instruments: loans , leases, guarantees and bonds
- Purpose: investments (tangible or intangible assets) and/or working capital
- Amount: from EUR 25,000 up to a maximum of EUR 7.5m
- Maturity: at least 1 year up to a maximum of 10 years
- Currency: EUR or local currency

Pricing and Capacity:

- Guarantee fee: 0.5% for SMEs and 0.8% for small mid-caps on guaranteed portion
- Guarantee amount: Up to EUR 200m per transaction, up to EUR 500m per Financial Intermediary Group overall

Example:



What are the benefits for Financial Intermediaries?

- Attractive and fixed guarantee fees payable on the outstanding amount of the guarantee
- Full delegation to financial intermediaries (origination, credit decision, servicing, etc.)
- No capital charge (0% Risk-Weighted Assets) on the covered part of the portfolio thanks to EIF’s AAA rating and Multilateral Development Bank status
- Automatic coverage of up to 50% of losses
- Guarantee payments upon default with a pro-rata sharing of recoveries
- Competitive offer to financial intermediaries to increase their business activity / market share in the innovative SMEs and small mid-cap segment
- Quarterly reporting to EIF in a pragmatic and lean way

* For Associated Countries please check http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/hi/3cpart/h2020-hi-list-ac_en.pdf