



What is InnovFin MidCap Guarantee?

InnovFin MidCap Guarantee (MCG) enables the EIB to provide a **50% guarantee on a portfolio** (max EUR 500m) of new loans granted by financial intermediaries (FIs) to **innovative companies** with fewer than 3 000 employees at group level.*

InnovFin – EU Finance for Innovators is a joint initiative of the EIB Group and the European Commission under Horizon 2020 (H2020), the EU framework programme 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 programme for research and technological development (FP7), which over the period 2007-2013 financed 114 R&I projects totalling EUR 11.3bn and provided loan guarantees for another EUR 1.4bn.

Indicative Features and Eligibility Criteria?

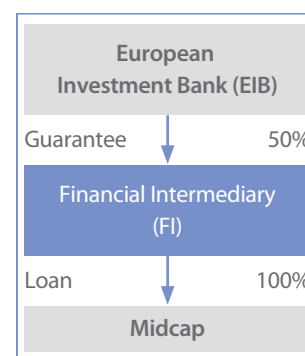
Eligibility Criteria:

- ✓ Midcap companies in EU-28 and Associated Countries**
- ✓ Innovative midcaps investing in a project
- ✓ Minimum midcap rating limit

Key Structural Features:

- ✓ Risk-sharing instrument covering credit losses (principal and interest) on each loan
- ✓ Guarantee payment upon default; pro-rata sharing of recoveries
- ✓ Alignment of interests between the EIB and the FI under a *pari passu* agreement
- ✓ Full delegation to the FI for the loan inclusions (quarterly reports), based on eligibility criteria
- ✓ One exception: EIB pre-approval for the financed R&I project (above a threshold) under a streamlined process
- ✓ Loan size from EUR 7.5m (or EUR 1m if not eligible under the SME Guarantee) to EUR 50m
- ✓ Maturity from two to ten years, with a fixed repayment schedule
- ✓ Market-based pricing: aligned with the FI's loan margin and fees.
- ✓ Midcap portfolio to be built-up over a three-year period (typically)

Exemple →



What are the benefits for Financial Intermediaries?

- ✓ MCG can either be set up as a straight guarantee or combined with a funding element
- ✓ Indirect EIB participation of up to EUR 250m (guarantee amount) per transaction
- ✓ MCG is expected to provide capital relief on the guaranteed exposure allowing the FI to take larger ticket sizes***
- ✓ Delegation of midcap loan inclusions to the FI, no pre-approval from EIB (except for certain larger RDI projects)
- ✓ Loan administration delegated to the FI

*The companies shall not perform RDI activities which are related to human cloning, genetic heritage of human beings, human embryos, human stem cells, nuclear energy and/or military applications.

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

*** The analysis of the treatment of the Guarantee in respect of regulatory capital relief is to be carried out by the FI together with its regulator. The fulfilment of the regulatory requirements that enable the FI to use the Guarantee as a credit risk mitigation tool remains ultimately subject to the scrutiny and interpretation of the FI's regulator