Higher Risk Category 1

This category shall comprise of Guarantee Transactions, as applicable, with financing features and/or with a focus on one or more categories of SMEs, which are not provided for at all by the Financial (Sub-) Intermediary, or only in exceptional cases, in light of the Financial (Sub-) Intermediary’s current credit/guarantee policy and/or financing/guarantee practice, as applicable.

Financial (Sub-) Intermediaries should target one or more of the following:

1) Debt Financing to Start-ups or categories of Start-ups that were previously excluded; and/or

2) Debt Financing with existing features to previously excluded categories of SMEs; and /or

3) Debt Financing with new features not currently provided by the Financial (Sub-) Intermediary (e.g. increased maturities and/or reduced collateral requirements); and/or

4) Debt Financing which have previously not been offered by the Financial (Sub-) Intermediary due to their perceived high credit risk (including Subordinated Debt Transactions or participating loans).
Higher Risk Category 2

This category shall cover Final Recipient Transactions or Intermediary Transactions, as applicable, which comprise the most risky Debt Financing in the Financial (Sub-) Intermediary’s SME loan book.

This option allows the Financial (Sub-) Intermediary to substantially increase its Debt Financing or guarantee volume, as applicable.

However, the (Counter-) Guarantee will be conditional on reaching a pre-defined minimum volume of Guarantee Transactions, as applicable, included in the Portfolio during the course of the Inclusion Period.
Higher Risk Category 3

This category will support subordinated lending to SMEs negatively affected by the COVID-19 pandemic, to facilitate their recapitalization needs (including by refinancing existing borrowings).

Consequently, this category will exclusively cover Guarantee Transactions, qualifying as or, as applicable, covering Solvency Support Final Recipient Transactions.

The Solvency Support Final Recipient Transactions shall be in the form of a Subordinated Debt Transaction which will comply additionally with the following eligibility criteria:

1) The Final Recipient was established prior to 31 December 2019;

2) The Final Recipient’s turnover in the financial year 2020, or in the financial year 2021, was at least 5% lower than the turnover in the preceding financial year.