Solvency Loan

The Solvency Loan is an offer for companies that need to strengthen their equity ratio. It is suited for smaller investments and is often used as leverage in discussions with the bank.
The loan is offered as part of EIFO's self-service platform.

Examples of Financing Purposes

Financing of **development activities**, e.g., product development or establishing a new business line.	Financing of **capital investments**, such as new production facilities or equipment for capacity expansion.	Capital injection into healthy companies that want to **strengthen** their position in **discussions with investors or lenders.**
Strengthening equity in connection with **generational or ownership transfers.**	Improving the balance sheet to meet **requirements from new customers, suppliers, or partners.**	**Capital readiness** to respond quickly to **strategic opportunities**, such as acquisitions or partnerships.

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Customer Characteristics

1. The company must have positive equity and be creditworthy.
2. The company and affiliated group companies may have a maximum of 249 employees and must be independent of larger companies.
3. Must have an annual turnover of max. DKK 373 million or a balance of max. DKK 320 million at group level.
4. Must not be used for refinancing and must meet accounting and credit requirements (1).

(1) Requirements incl: No auditor reservations or 'going concern' uncertainty in the latest financial year; No OIV flag in the financial institution; Max 1 year with a deficit in the 2 most recently published financial statements.

Terms and Conditions

Facility size
DKK 100,000 – DKK 1,000,000.

Co-financing
Minimum 50% from a financial institution.

Establishment fee
Fixed fee of DKK 10,000.

Interest rate
CIBOR3 plus a surcharge (6–12%) determined based on the financial institution's individually assigned rating.

Term
Maximum of 8 years. Interest is accrued for three years. Repayment typically begins after year 3 and continues until the loan matures (2).

Declarations and collateral
Personal guarantee as primary obligor covering an aggregate of 25% of the principal from the ultimate beneficial owners. Subordination agreement from the owners and an agreement on a duty to inform with the financing institution. For sole proprietorships, no personal guarantee as primary obligor or dividend restriction declaration is required.

Self-service solution
Applications are submitted via EIFO's customer portal. Please note that EIFO's self-service products can only be applied for by financial institutions.

(2) It is possible to agree on an alternative repayment schedule and to adjust the repayment plan no later than in year 3. Repayment must always begin if the co-financing from the financial institution has been repaid.