

## Annex II: Direct Guarantee Termsheet

(updated on 17 November 2023)

- 1 | Overview**
- 2 | Indicative terms of the direct guarantee**
  - 2.1 | General Provisions
  - 2.2 | Provisions for Final Recipient Transactions
  - 2.3 | Miscellaneous provisions
  - 2.4 | Specific provisions for the Capped Guarantee
  - 2.5 | Specific provisions for the Uncapped Guarantee
- 3 | InvestEU Portfolio Guarantee Products Eligibility Criteria**

## 1 | Overview

The portfolio Guarantee shall be issued by EIF as guarantor, to offer risk protection to selected Financial Intermediaries originating Debt Financing, which comply with the criteria set out in this Call, including:

1. This document setting out the indicative terms of the Guarantee,
2. The terms applicable to each relevant InvestEU Portfolio Guarantee Product, and
3. Any additional criteria set out in the Individual Guarantee Agreement (as described below).

The Guarantee shall partly cover the credit risk associated with a Financial Intermediary's new Debt Financing transactions which are included in the relevant Portfolio(s).

The Financial Intermediary may select a Capped Guarantee and/or an Uncapped Guarantee, as applicable, depending on the relevant InvestEU Portfolio Guarantee Product.

The Guarantee shall constitute a financial guarantee and shall cover Defaulted Amounts, on a transaction by transaction basis, incurred by the Financial Intermediary in respect of each defaulted eligible Final Recipient Transaction.

The origination, due diligence, documentation and servicing of the Final Recipient Transactions shall be performed by the Financial Intermediary in accordance with its standard origination and servicing procedures. In this context, the Financial Intermediary will originate each Final Recipient Transaction based on the pre-defined eligibility criteria listed below, set out in the InvestEU Portfolio Guarantee Product and as may be further set out in the relevant Individual Guarantee Agreement.

In order to include a Final Recipient Transaction in a Portfolio (to be covered by the Guarantee) a Financial Intermediary must send an Inclusion Notice on a quarterly basis, in accordance with the terms of the Individual Guarantee Agreement.

## 2 | Indicative terms of the Guarantee

The terms below apply to the portfolio guarantee issued by EIF and to all Final Recipients and Final Recipient Transactions, unless otherwise provided in the terms of the relevant InvestEU Portfolio Guarantee Product.

### 2.1 | General Provisions

<b>Type of Guarantee</b>	The Guarantee provided by EIF may be either a Capped Guarantee or an Uncapped Guarantee, as further specified in the terms of the relevant InvestEU Portfolio Guarantee Product.
<b>Language and Governing Law</b>	The terms of the Individual Guarantee Agreement shall be in the English language and shall be governed by the laws of Luxembourg.
<b>Applicability of the Base Currency</b>	<p>Final Recipient Transactions shall be denominated in (i) EUR, (ii) another tradeable currency that is the legal tender of the Member State, or Other Participating Country as applicable, where the Final Recipient is established, or (iii) currencies other than the legal tender of the Member State, or Other Participating Country as applicable, where the Final Recipient is established and other than EUR, only when there is a strong economic rationale for doing so.</p> <p>If the Portfolio consists of Final Recipient Transactions denominated in EUR and another currency, the Base Currency shall typically be EUR.</p> <p>If the Portfolio consists only of Final Recipient Transactions denominated in currencies other than EUR, the Base Currency shall be either one of such currencies or EUR.</p> <p>The Committed Guarantee Volume shall be expressed in the Base Currency.</p> <p>Payments made under Payment Demands and Recovery notices shall typically be made in the Base Currency, as further specified in the Individual Guarantee Agreement.</p>
<b>Inclusion Process</b>	<p>In order for Final Recipient Transactions to be covered by the Guarantee, these must be signed during the Inclusion Period (or as otherwise agreed in the Individual Guarantee Agreement) and reported to EIF by way of inclusion notices sent by the Financial Intermediary on a quarterly basis.</p> <p>The Inclusion Period typically starts on the date of the signature of an Individual Guarantee Agreement with a Financial Intermediary<sup>1</sup>.</p>

<sup>1</sup> Where a Financial Intermediary has signed an Individual Guarantee Agreement covering several Portfolios (i.e. several InvestEU Portfolio Guarantee Products), the Inclusion Period start date for a second or subsequent Portfolio will typically be the effective date of the amendment to the Individual Guarantee Agreement incorporating the relevant Portfolio under the Individual Guarantee Agreement.

	<p>The Inclusion Period for each of the covered Portfolios will be set out in the Individual Guarantee Agreement and will typically last 2 to 3 years (and may be extended from time to time).</p> <p>The Inclusion Period cannot extend beyond 31 December 2030.</p> <p>The Financial Intermediary shall not include the same Final Recipient Transaction in more than one portfolio supported by the InvestEU Fund.</p>
<b>Individual Guarantee Termination Date</b>	<p>The Guarantee shall terminate on the earlier of the following dates:</p> <ol style="list-style-type: none"> <li>a) the date on which an Early Termination Event has occurred;</li> <li>b) the date (if any) on which EIF is no longer liable to effect further payments to the Financial Intermediary and the EIF has no further Guarantee Fee claims against the Financial Intermediary;</li> <li>c) 6 months following the last scheduled maturity date of the Final Recipient Transaction; and</li> <li>d) the date falling 12 years after the Inclusion Period end date<sup>2</sup> as defined in the Individual Guarantee Agreement.</li> </ol>
<b>Trigger Event</b>	<p>EIF may include Trigger Events in the Individual Guarantee Agreement, in order to manage Portfolio ramp-up and credit quality.</p> <p>The occurrence of a Trigger Event entitles but does not oblige EIF to end the Inclusion Period for the relevant Portfolio.</p> <p>Trigger Events may include, without limitation:</p> <ol style="list-style-type: none"> <li>a) A Cumulative Default Rate Trigger Event whereby a Trigger Event occurs on one or more specific date(s) as specified in the Individual Guarantee Agreement if, the aggregate outstanding principal amount of defaulted Final Recipient Transactions already included in the Portfolio exceeds a predetermined level.</li> <li>b) A Portfolio Trigger Event whereby a Trigger Event occurs if on a predefined date the ratio between (i) the Actual Guarantee Volume and (ii) the Committed Guarantee Volume is below a predetermined level as set out in the Individual Guarantee Agreement.</li> </ol>
<b>Early Termination Event</b>	<p>The Individual Guarantee Agreement contains certain events of default, including non-payment, breach of obligation, insolvency, unlawfulness, sanctions and misrepresentation.</p>

<sup>2</sup> Where a Financial Intermediary has signed an Individual Guarantee Agreement covering several Portfolios (i.e. several InvestEU Portfolio Guarantee Products), and where such Portfolios have different Inclusion Periods, the Inclusion Period with the latest end date shall be considered.

	<p>The occurrence of an event of default, if it has not been remedied within the relevant grace period (if any), may result in the termination of the Guarantee before the scheduled Individual Guarantee Termination Date.</p>
<p><b>Guarantee Fee Payment Mechanics<sup>3</sup></b></p>	<p>The Guarantee Fee amount will be expressed in the Base Currency and will be payable by the Financial Intermediary to the EIF, with respect to each Final Recipient Transaction included in the relevant Portfolio, on a quarterly basis, calculated as the sum of the product, for each Final Recipient Transaction, of:</p> <ul style="list-style-type: none"> <li>a) the applicable Guarantee Fee divided by 360; and</li> <li>b) the sum of the outstanding principal amount of the Final Recipient Transaction on each day during the calendar quarter on which Final Recipient Transaction was a Performing Final Recipient Transaction; and</li> <li>c) the Guarantee Rate.</li> </ul> <p>EIF may agree to the upfront payment of the Guarantee Fee, on the basis of the expected scheduled repayment profile of each Final Recipient Transaction and of an appropriate discount factor.</p> <p>The Guarantee Fee is non-refundable, unless otherwise agreed in the Individual Guarantee Agreement.</p>
<p><b>Level of Guarantee Rate</b></p>	<p>The Guarantee Rate shall typically be set at each Portfolio level as further described in the terms of the relevant InvestEU Portfolio Guarantee Product. However, the EIF may agree with the Financial Intermediary, at its discretion, to permit the application of different Guarantee Rates to the respective Final Recipients Transactions included in the relevant Portfolio(s), provided that they do not exceed the limits specified in the terms applicable to the relevant InvestEU Portfolio Guarantee Product.</p>
<p><b>Defaulted Amounts</b></p>	<p>Means :</p> <ul style="list-style-type: none"> <li>1. Any principal and/or interest amounts due, payable and outstanding (or, in the case of a Final Recipient Transaction subject to a Final Recipient Transaction Default, which would be due if that Final Recipient Transaction was accelerated at such time) under the terms of a Final Recipient Transaction following the occurrence of either a Final Recipient Transaction Default or a Final Recipient Transaction Acceleration, excluding: <ul style="list-style-type: none"> <li>a) Late payment or default interest, capitalised interest, fees and any other costs and expenses;</li> <li>b) In the case of Revolving Final Recipient Transactions, principal amounts exceeding the relevant Credit Limit Amount and any interest amounts which accrued thereon; and</li> </ul> </li> </ul>

<sup>3</sup> In case, the Financial Intermediary applies, as per internal procedures, a different market standard calculation methodology for charging the interest rate to Final Recipients Transactions, the Financial Intermediary can request to apply the same calculation methodology for the purpose of the Guarantee Fee amount. For the avoidance of doubt, the Financial Intermediary will not retain any benefit from applying such different calculation methodology and such calculation convention will be described in the Individual Guarantee Agreement. In addition, should the application of the Guarantee Fee Payment Mechanics be impossible or unreasonably difficult to apply for the Financial Intermediary, inter alia, due to its technical or systems limitations, the formula may be adjusted or simplified to take into account such limitations.

	<ul style="list-style-type: none"><li>c) any interest amounts which accrued and are payable after the earlier of (i) ninety (90) calendar days from the first missed payment, (ii) the Final Recipient Transaction Default, and (iii) the Final Recipient Transaction Acceleration; and</li><li>d) notwithstanding paragraph c) above, any interest accrued and unpaid for a period exceeding twelve (12) months;</li></ul> <p>2. Any reduction in principal and/or interest amounts written off as a result of a Final Recipient Transaction Restructuring, excluding:</p> <ul style="list-style-type: none"><li>a) Late payment or default interest, capitalised interest, fees and any other costs and expenses;</li><li>b) Any interest amounts that accrued after the date of the Final Recipient Transaction Restructuring; and</li><li>c) Any interest amount accrued and unpaid for a period exceeding twelve (12) months.</li></ul> <p>The Individual Guarantee Agreement may specify deviations from the above definition of Defaulted Amount taking into account the specificities of certain types of Debt Financing and Subordinated Debt Transactions.</p>
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## 2.2 | Provisions for Final Recipient and Final Recipient Transactions

<p><b>Final Recipient</b></p>	<p>A Final Recipient shall be an entity or a natural person that receives financial support under a Final Recipient Transaction and that is:</p> <ul style="list-style-type: none"> <li>a) established and operating in at least one of the Eligible Countries or, in the case of natural persons, a resident of at least one of the Eligible Countries, save in respect of the: <ul style="list-style-type: none"> <li>i. Microfinance and Social Entrepreneurship Portfolio Guarantee Product as set out in Annex IV (e), where a Final Recipient shall be established and operating in at least one Member State or OCT, in the case of natural persons, a resident of at least one Member State or OCT; and</li> <li>ii. Skills and Education Portfolio Guarantee Product, as otherwise set out in Annex IV(f);</li> </ul> </li> <li>b) a Target Final Recipient, as defined in the terms and conditions of the relevant InvestEU Portfolio Guarantee Product; and</li> <li>c) not a Restricted Final Recipient.</li> </ul> <p>The Final Recipient shall not:</p> <ul style="list-style-type: none"> <li>a) use a grant from a Union programme to reimburse the relevant Final Recipient Transaction, and</li> <li>b) use the Final Recipient Transaction to pre-finance a grant from a Union programme.</li> </ul>
<p><b>Final Recipient Transaction Eligibility Criteria</b></p>	<p>Each Final Recipient Transaction shall comply with each of the following eligibility criteria:</p> <ol style="list-style-type: none"> <li>1. It shall not be in the form of a refinancing (i.e. replacing existing indebtedness) other than: <ul style="list-style-type: none"> <li>a) in the case of Final Recipient Transactions in the form of working capital facility, which may be used to refinance an existing working capital facility provided that: <ul style="list-style-type: none"> <li>(i) the Final Recipient Transaction is signed within less than 4 months prior to the maturity date of the existing working capital transaction which is refinanced, and</li> <li>(ii) the entire principal amount of the Final Recipient Transaction is used for the purpose of new working capital expenditures, or</li> </ul> </li> <li>b) where the amount allocated to the refinancing of the existing transaction(s) does not exceed 10% of the initial principal amount of the Final Recipient Transaction , or</li> </ul> </li> </ol>

	<p>c) a Final Recipient Transaction in the form of a Solvency Support Final Recipient Transaction as described in Annex IV(a).</p> <ol style="list-style-type: none"> <li>2. It shall be signed during the Inclusion Period<sup>4</sup>;</li> <li>3. It shall be in the form of a Debt Financing;</li> <li>4. If it is a subordinated debt, it shall be in the form of Subordinated Debt Transaction;</li> <li>5. If it is covered by an Uncapped Guarantee, it shall comply with the provisions on Transfer of Financial Benefit;</li> <li>6. It shall comply with the provisions on Enhanced Access to Finance Measures Implementation;</li> <li>7. Its purpose shall be:             <ol style="list-style-type: none"> <li>a) an investment in tangible or intangible assets;</li> <li>b) working capital;</li> <li>c) business transfers;</li> <li>d) any form of performance guarantees; or</li> <li>e) as set out in the respective terms of the relevant InvestEU Portfolio Guarantee Product;</li> </ol> </li> <li>8. It shall comply with the relevant Minimum and Maximum Principal Amount as set out in the terms of the relevant InvestEU Portfolio Guarantee Product;</li> <li>9. It shall comply with the relevant Minimum and Maximum Maturity as set out in the terms of the relevant InvestEU Portfolio Guarantee Product;</li> <li>10. It shall comply with relevant Product Eligibility Criteria as set out in the terms of the relevant InvestEU Portfolio Guarantee Product;</li> <li>11. It shall not support any of the InvestEU Excluded Activities<sup>5</sup>.</li> <li>12. It shall comply with the requirements set under the Sustainability Proofing; and</li> <li>13. It shall comply with any additional Final Recipient Transaction eligibility criteria that may be specified in the relevant Individual Guarantee Agreement.</li> </ol>
<p><b>Process for Payment Demands</b></p>	<p>The Financial Intermediary may call on the Guarantee for incurred Defaulted Amounts by sending a Payment Demand to EIF via email.</p> <p>A Payment Demand shall only be valid if it relates to the Defaulted Amounts and reported to EIF no later than the third Report Date following the calendar quarter in which the relevant credit event occurred.</p>

<sup>4</sup> Or in case of retroactive inclusions, during the period starting on the date falling within 6 months prior to the first day of the Inclusion Period for the relevant Portfolio (but in no event prior to the date of publishing the Call) and ending on the last date of the Inclusion Period for the respective Portfolio, subject to further provisions of the Individual Guarantee Agreement.

<sup>5</sup> For the purpose of compliance with this eligibility criterion the Financial Intermediary may rely on representations or undertakings from the Final Recipient.



	<p>One Payment Demand may be sent by Financial Intermediaries for each calendar quarter, provided that it is sent no later than the Report Date following the end of such calendar quarter.</p> <p>Subject to receiving valid Payment Demands, the EIF shall pay any amounts claimed thereunder within 60 calendar days of receipt of the relevant Payment Demand.</p>
<p><b>Process for Recoveries</b></p>	<p>Where the Financial Intermediary receives Recoveries, a Recovery notice document must be sent to EIF in order to notify Recoveries recovered or received by the Financial Intermediary in relation to the Final Recipient Transaction included in the relevant Portfolio(s).</p> <p>The Financial Intermediary shall send to the EIF at any relevant time, but not later than 30 days after the end of each calendar quarter a Recovery notice with accompanying Recoveries schedule and shall pay to the EIF any relevant amount, within three months of the end of each calendar quarter in which Recoveries are recovered or received by the Financial Intermediary.</p> <p>For the avoidance of the doubt, the obligation for the Financial Intermediary to share Recoveries shall continue, including following the Individual Guarantee Termination Date, until such time as the Financial Intermediary, acting in good faith and in a commercially reasonable manner may determine at any time in accordance with its internal guidelines and recovery procedures that the recovery period for the relevant defaulted Final Recipient Transactions shall be terminated. The Financial Intermediary shall notify EIF once the recovery periods for all defaulted Final Recipient Transactions in a given Portfolio have been terminated.</p>
<p><b>Exclusion Process</b></p>	<p>At any time, the EIF may verify (and/or ask information to the Financial Intermediary) whether a Final Recipient Transaction included in the relevant Portfolio is an eligible Final Recipient Transaction and whether its inclusion in the relevant Portfolio is in compliance with the terms of the Individual Guarantee Agreement. At any time, the EIF may notify the Financial Intermediary of a non-eligible Final Recipient Transaction by sending an exclusion notice.</p> <p>If a Financial Intermediary becomes aware that a Final Recipient Transaction is or becomes a non-eligible Final Recipient Transaction or any other undertakings, requirements or requests of the Individual Guarantee Agreement are not complied with or satisfied in connection with such Final Recipient Transaction, the Financial Intermediary shall include such information in the immediately following Report delivered to the EIF and flag any such Final Recipient Transaction as excluded.</p> <p>If a Final Recipient Transaction does not comply with the Final Recipient Transaction Eligibility Criteria it shall be deemed to be excluded from the relevant Portfolio (and shall not be covered by the Guarantee). However, if an eligible Final Recipient Transaction is or becomes a non-eligible Final Recipient Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary after a Payment Demand relating to such Final Recipient Transaction was sent by the Financial Intermediary to the EIF and the Financial Intermediary could not, acting diligently, have become aware thereof prior to such date, such transaction shall be deemed to be covered by the Guarantee.</p> <p>Similarly, if an eligible Final Recipient Transaction becomes a non-eligible Final Recipient Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary but before a Payment Demand relating to such Final</p>

Recipient Transaction was sent by the Financial Intermediary to the EIF or the Financial Intermediary could, acting diligently, have become aware thereof prior to such date, then such Final Recipient Transaction shall be covered by the Guarantee if the Financial Intermediary accelerates payment of all amounts owed to it under such Final Recipient Transaction no later than on the Report Date immediately following the date on which it became aware of the same or could, acting diligently, have become aware thereof.

If a Final Recipient Transaction (including, without limitation, a Subordinated Debt Transaction) is or becomes a non-eligible Final Recipient Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary and the Financial Intermediary was upon the occurrence of a default under such Final Recipient Transaction, prevented from accelerating all amounts owed to it under such Final Recipient Transaction (either by application of the mandatory laws and regulations and/or by contract, in the case of Subordinated Debt Transactions) at that time, to the EIF, such transaction shall be deemed to be covered by the Guarantee provided that the Financial Intermediary accelerates the Final Recipient Transaction as soon as the applicable laws and regulations and/or the contractual terms, in the case of Subordinated Debt Transactions, allow for it.

However, if the Financial Intermediary is entitled to accelerate the Final Recipient Transaction but does not do so within the timeframe specified above, then the respective Final Recipient Transaction shall be excluded from the relevant Portfolio.

## 2.3 | Miscellaneous provisions

<p><b>Servicing</b></p>	<p>The Financial Intermediary shall perform the servicing of the Portfolio(s), including monitoring and recovery actions, in accordance with its internal policies and procedures.</p>
<p><b>Reporting</b></p>	<p>Financial Intermediaries shall provide EIF with the information in respect of that calendar quarter in a Report on the Report Date. An indicative <u>Reporting template</u> for Guarantees is attached to this Call.</p> <p>Other reporting may be required from the Financial Intermediary as specified in the Individual Guarantee Agreement.</p>
<p><b>Sustainability Proofing</b></p>	<p>In order to comply with the sustainability proofing requirements set out in the <u>Sustainability Proofing Guidance</u> for the InvestEU Portfolio Guarantee Products, the following requirements will apply:</p> <ul style="list-style-type: none"> <li>a. For any Final Recipient Transactions whose purpose covers anaerobic digestion of bio-waste, landfill gas capture and utilization, the Final Recipient must have in place a monitoring plan for methane leakage of these activities;</li> <li>b. For any Final Recipient Transaction whose purpose covers transport of CO<sub>2</sub> and underground permanent geological storage of CO<sub>2</sub>, the Final Recipient must have in place a detailed monitoring plan in line with the provisions of the EU CCS Directive 2009/31/EC and EU ETS Directive 2018/410;</li> <li>c. For Final Recipient Transactions whose purpose covers projects requiring an environmental impact assessments in accordance with applicable national legislation, the relevant assessments, permits and authorizations required under applicable laws with respect to the project have been obtained by the Final Recipient.</li> <li>d. The Final Recipient shall comply in all material respects with the national environmental, climate and social regulations to which it is subject.</li> <li>e. If the Final Recipient Transaction is granted/issued to a Final Recipient and with the specific purpose to finance<sup>6</sup> the acquisition of a vehicle for the purpose of transport<sup>7</sup>, the Final Recipient Transaction shall not finance any of the below listed mobile assets for transport vehicles:</li> </ul>

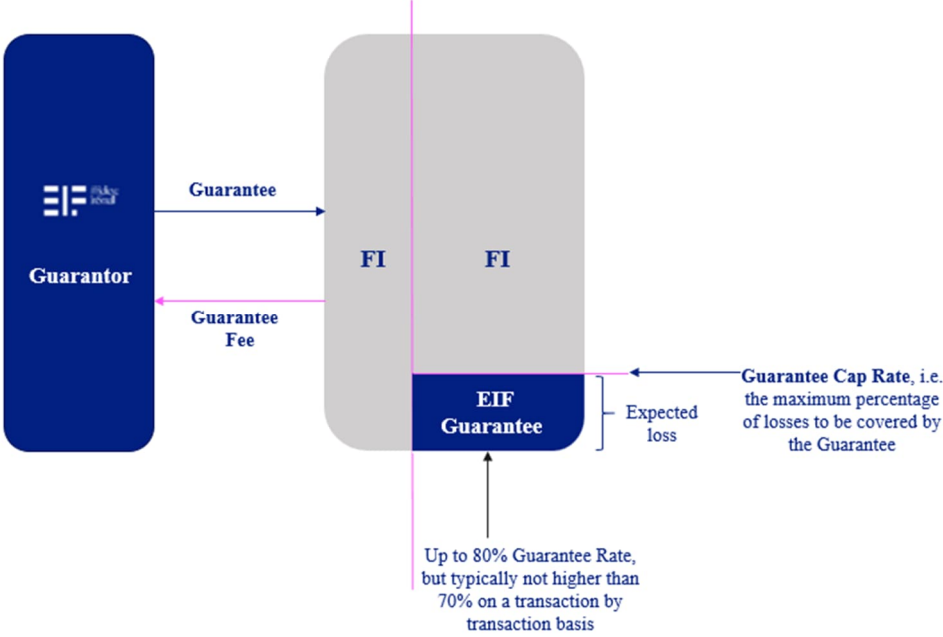
<sup>6</sup> For the avoidance of doubts, in the case of Finance Leases, the acquisition by a lessor of an existing Restricted Asset owned by the Final Recipient is allowed, provided that the relevant acquisition price paid by the lessor shall not be used by the Final Recipient to finance any Restricted Asset

<sup>7</sup> For the avoidance of doubt, mobile assets not acquired for the purpose of transport are not covered by these restrictions. These are, for instance, machinery for construction works, agriculture/forestry mobile assets, etc.

	<table border="1" data-bbox="472 295 1278 698"> <tr> <td data-bbox="472 295 810 398">Trucks/ Heavy duty vehicles (HDVs)</td> <td data-bbox="810 295 1278 398">vehicles dedicated to transport fossil fuels</td> </tr> <tr> <td data-bbox="472 398 810 501">Trains</td> <td data-bbox="810 398 1278 501">vehicles dedicated to transport fossil fuels</td> </tr> <tr> <td data-bbox="472 501 810 600">Inland water way vessels</td> <td data-bbox="810 501 1278 600">vessels dedicated to transport fossil fuels</td> </tr> <tr> <td data-bbox="472 600 810 698">Maritime vessels</td> <td data-bbox="810 600 1278 698">Maritime vessels dedicated to transport fossil fuels</td> </tr> </table> <p data-bbox="472 757 1481 864">For the purpose of the assessment of the eligibility criteria set out in (a), (b), (c) and (e) above, the Financial Intermediary may rely on representations of the Final Recipient.</p>	Trucks/ Heavy duty vehicles (HDVs)	vehicles dedicated to transport fossil fuels	Trains	vehicles dedicated to transport fossil fuels	Inland water way vessels	vessels dedicated to transport fossil fuels	Maritime vessels	Maritime vessels dedicated to transport fossil fuels
Trucks/ Heavy duty vehicles (HDVs)	vehicles dedicated to transport fossil fuels								
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Inland water way vessels	vessels dedicated to transport fossil fuels								
Maritime vessels	Maritime vessels dedicated to transport fossil fuels								
<b>Monitoring and Auditing</b>	Financial Intermediaries and the relevant Final Recipients covered by the Guarantee shall agree to allow and to provide access to documents and premises related to the relevant Guarantee for the representatives of the European Commission (including the European Anti-Fraud Office (OLAF)), the European Public Prosecutor’s Office (EPPO), the European Court of Auditors, EIF, agents of EIF, EIB and any other European Union institution or European Union body which is entitled to verify the use of the Guarantee and any other duly authorized body under applicable law to carry out audit or control activities. To that effect, the Financial Intermediaries shall also include appropriate provisions in each agreement with the Final Recipients.								
<b>Know your Customer</b>	The Financial Intermediary shall, prior to the signature of the Individual Guarantee Agreement, disclose to the EIF information on its Beneficial Ownership and at any time thereafter, promptly inform the EIF of any change in its Beneficial Ownership.								
<b>Record keeping</b>	<p data-bbox="472 1379 1481 1487">The Financial Intermediary shall maintain or be able to produce all the documentation related to the implementation of the Individual Guarantee Agreement for a period of five (5) years following the Individual Guarantee Termination Date.</p> <p data-bbox="472 1503 1481 1615">The Final Recipient shall maintain or be able to produce all the documentation related to the implementation of the Final Recipient Transaction for a period of five (5) years following the date of termination of the Final Recipient Transaction.</p>								
<b>State aid</b>	<p data-bbox="472 1637 1481 1744">Guarantee transactions complying with the conditions set out in this Annex II, the Individual Guarantee Agreement and the terms of the relevant InvestEU Portfolio Guarantee Product are considered as consistent with State aid rules.</p> <p data-bbox="472 1760 1481 1939">For the avoidance of doubt, in case of Final Recipient Transaction or Intermediary Transaction with State bodies or vehicles using State resources, such as National Promotional Banks and Institutions, the Financial (Sub-) Intermediary’s obligation to comply with State aid rules shall continue to apply notwithstanding the consistency of the relevant InvestEU Portfolio Guarantee Product with State aid rules.</p>								
<b>Publicity</b>	The Financial Intermediary shall explicitly inform Final Recipients that the Final Recipient Transaction benefits from EU support under the InvestEU Fund by								

	<p>including a statement (in the relevant language) in all financing agreements pertaining such transactions:</p> <p><b>“This operation benefits from support from the European Union under the InvestEU Fund”;</b></p>
<b>Risk Retention</b>	<p>The Financial Intermediary shall maintain at all times a relevant portion corresponding to an economic exposure of at least 20% of the outstanding principal amount of each Final Recipient Transaction included in the Portfolio(s), save in the case of the Microfinance and Social Guarantee Product and the Skills and Education Guarantee Product, where in duly justified cases, it may be lower.</p>
<b>Transfer</b>	<p>The Financial Intermediary shall not be entitled to transfer any or all of its rights and obligations under the Guarantee without the prior written consent of the EIF.</p>
<b>Restrictive Measures Implementation</b>	<p>Contractual provisions shall be included in the Individual Guarantee Agreement to ensure that no funds or economic resources are made available directly or indirectly to, or for the benefit of, persons or entities designated by Restrictive Measures.</p>

## 2.4 | Specific provisions for the Capped Guarantee

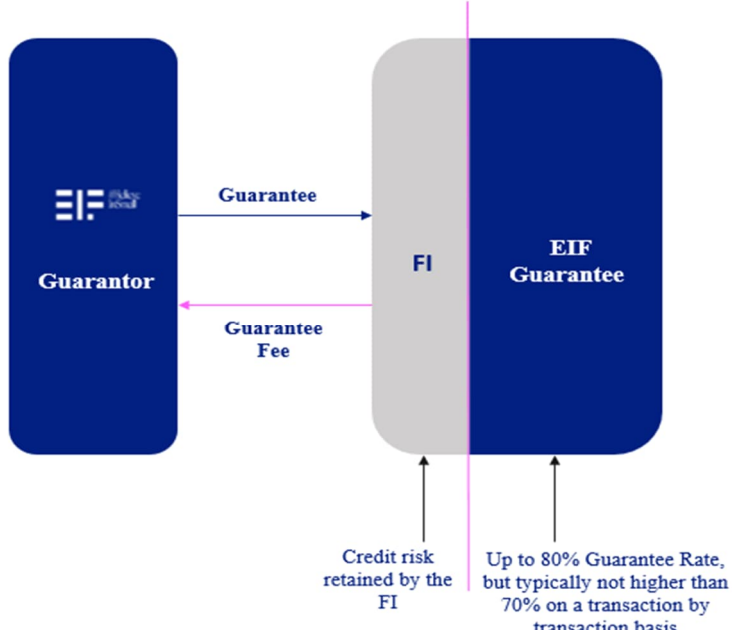
<p><b>Structure</b></p>	<p>The Guarantee shall cover Defaulted Amounts incurred by the Financial Intermediary at a Guarantee Rate subject to the Guarantee Cap Rate. The Defaulted Amounts, net of any Recoveries, covered by the Guarantee shall in aggregate not exceed the Cap Amount stipulated in the Individual Guarantee Agreement between EIF and the relevant Financial Intermediary.</p>  <p>The diagram shows a Guarantor (EIF) on the left and a Financial Intermediary (FI) on the right. An arrow labeled 'Guarantee' points from the Guarantor to the FI. A return arrow labeled 'Guarantee Fee' points from the FI to the Guarantor. The FI is represented by a large grey rounded rectangle. A vertical pink line separates the Guarantor from the FI. Below the FI, there is a smaller dark blue rounded rectangle labeled 'EIF Guarantee'. A bracket labeled 'Expected loss' spans the width of the EIF Guarantee. To the right of the EIF Guarantee, a text label says 'Guarantee Cap Rate, i.e. the maximum percentage of losses to be covered by the Guarantee'. Below the EIF Guarantee, a text label says 'Up to 80% Guarantee Rate, but typically not higher than 70% on a transaction by transaction basis'.</p>
<p><b>Determination of the Guarantee Cap Rate</b></p>	<p>It shall be determined by EIF after having performed its assessment and due diligence of the application and shall reflect EIF’s estimation at that time of the expected losses of each Portfolio of Final Recipient Transactions included in such Portfolio for cover. The Guarantee Cap Rate for each Portfolio shall be set in the Individual Guarantee Agreement.</p>
<p><b>Determination of the Cap Amount</b></p>	<p>The Cap Amount corresponds to the level, at which the obligation of the EIF to pay under the Guarantee is capped, which is the maximum liability under the Guarantee and is calculated at Financial Intermediary level as the product of the:</p> <ul style="list-style-type: none"> <li>i) Actual Guarantee Volume, and</li> <li>ii) the Guarantee Cap Rate.</li> </ul>
<p><b>Applicable Guarantee Fee</b></p>	<p>The Guarantee Fee for Capped Guarantees shall be 0.2% per annum, with the exception of the Microfinance and Social Portfolio Guarantee Product and the Skills and Education Portfolio Guarantee Product, which will be free of charge.</p>

<b>Enhanced Access to Finance Measures Implementation</b>	The Financial Intermediary will need to propose and implement, in relation to, the Final Recipient Transactions at least one <sup>8</sup> of the Enhanced Access to Finance Measures as further set out in the relevant InvestEU Portfolio Guarantee Product.
<b>Mutualisation of losses</b>	<p>Financial Intermediaries can opt for a Capped Guarantee in respect of more than one InvestEU Portfolio Guarantee Products and consequently may originate several distinct Portfolios under the same Individual Guarantee Agreement.</p> <p>In such cases, each Portfolio will have a distinct Cap Amount defined in the Individual Guarantee Agreement. Based on each Portfolio ramp-up, (i.e. the Actual Guarantee Volume(s) and each Portfolio’s Cap Rate), the individual Cap Amount for the relevant Portfolio will be calculated. The Cap Amounts can be aggregated across Portfolios, i.e. the EIF will pay to the Financial Intermediary the Defaulted Amounts up to the aggregate amount of all the individual Cap Amounts, for the mutualised Portfolios in which the defaulted Final Recipient Transaction was included for cover.</p> <p>The mutualisation of risk is applicable either:</p> <ol style="list-style-type: none"> <li>1. between all Portfolios originated under InvestEU Portfolio Guarantee Products defined in Annexes IV (a) – (d)<sup>9</sup>; or</li> <li>2. between all Portfolios originated under InvestEU Portfolio Guarantee Products defined in Annexes IV (e) – (f).</li> </ol> <p>The conditions for the mutualisation of losses will be detailed in the Individual Guarantee Agreement.</p>
<b>Recoveries sharing</b>	Recoveries shall be shared between the EIF and the Financial Intermediary pro-rata to the Guarantee Rate. However, if the amount of the losses exceeds the guarantee Cap Amount, a corresponding amount of recoveries may first be allocated to the Financial Intermediary as further specified in the Individual Guarantee Agreement.
<b>Right of clawback by the EIF</b>	EIF will be entitled to be repaid by the Financial Intermediary certain amounts in specified circumstances, including any amounts paid under the Guarantee by EIF in excess of the Defaulted Amounts, in excess of the Cap Amount, and any excess amount paid by EIF as a result of an exclusion of a Final Recipient Transaction from the relevant Portfolio.

<sup>8</sup> Any further Enhanced Access to Finance Measures proposed will positively contribute to the overall “impact scoring” of the application as set out in this Call.

<sup>9</sup> In the case of the Sustainability Portfolio Guarantee Product, only Portfolios comprising of Final Recipient Transactions where the Target Final Recipients are SMEs and/or Small Mid-Caps can be considered.

## 2.5 | Specific provisions for the Uncapped Guarantee

<p><b>Structure</b></p>	<p>The Guarantee, shall cover at the Guarantee Rate, all Defaulted Amounts incurred by the Financial Intermediary in respect of each defaulted eligible Final Recipient Transactions.</p>  <p>The diagram illustrates the relationship between the Guarantor, the Financial Intermediary (FI), and the EIF Guarantee. The Guarantor (EIF) provides a Guarantee to the FI. The FI pays a Guarantee Fee back to the Guarantor. The FI retains credit risk, while the EIF Guarantee covers up to 80% of the Guarantee Rate, typically not higher than 70% on a transaction basis.</p>
<p><b>InvestEU Portfolio Guarantee Products eligible for Uncapped Guarantee</b></p>	<p>The Uncapped Guarantee is available for all InvestEU Portfolio Guarantee Products, except for the SME Competitiveness Portfolio Guarantee, under Higher risk 1 and Higher risk 2 categories, Microfinance and Social Portfolio Guarantee Product and Skills and Education Portfolio Guarantee Product, as further described in Annex IV (a), Annex IV (e) and Annex IV (f), respectively.</p>
<p><b>Applicable Guarantee Fee</b></p>	<p>The Guarantee Fee for Uncapped Guarantees shall be:</p> <ul style="list-style-type: none"> <li>(i) 0.75% per annum for any Final Recipient Transaction that is not in the form of Subordinated Debt Transaction, or</li> <li>(ii) 1.2% per annum for Subordinated Debt Transactions, including for the avoidance of doubt Solvency Support Final Recipient Transactions.</li> </ul>
<p><b>Transfer of Financial Benefit</b></p>	<p>The interest rate applicable to the relevant eligible Final Recipient Transaction included in the relevant Portfolio shall take into account the Financial Benefit, if any.</p>
<p><b>Enhanced Access to Finance Measures Implementation</b></p>	<p>In case the Financial Benefit is above zero, the Transfer of Financial Benefit will be considered to comply with the measure set out under point (a) of Enhanced Access to Finance Measures.</p> <p>In case the Financial Benefit is not above zero, or the Financial Intermediary does not charge a credit risk spread to the relevant Final Recipient Transaction, the Financial</p>



	<p>Intermediary will ensure that at least one of the Enhanced Access to Finance Measures, as further set out in the relevant InvestEU Portfolio Guarantee Product, shall apply to such Final Recipient Transaction.</p> <p>In addition, the Financial Intermediary is invited to propose as part of its application further Enhanced Access to Finance Measures and such proposal will positively contribute to the overall “impact” scoring of the application as set out in this Call.</p>
<b>Recoveries sharing</b>	Recoveries shall be shared between the EIF and the Financial Intermediary pro-rata to the Guarantee Rate
<b>Right of clawback by the EIF</b>	EIF will be entitled to be repaid by the Financial Intermediary certain amounts in specified circumstances, including any amounts paid under the Guarantee by the EIF in excess of the Defaulted Amounts, any excess amount paid by EIF as a result of an exclusion of a Final Recipient Transaction from the relevant Portfolio.
<b>Upside Sharing</b>	Any Upside realised by the Financial Intermediary shall be shared with the EIF as set out in the Individual Guarantee Agreement.

### 3. InvestEU Portfolio Guarantee Products Eligibility Criteria

The specific terms and conditions of each InvestEU Portfolio Guarantee Product and the underlying product eligibility criteria are described in the following annexes of the Call:

1. ***Annex IV (a): SME Competitiveness Portfolio Guarantee Product***
2. ***Annex IV (b): Sustainability Portfolio Guarantee Product***
3. ***Annex IV (c): Innovation and Digitalisation Portfolio Guarantee Product***
4. ***Annex IV (d): Cultural and Creative Sectors Portfolio Guarantee Product***
5. ***Annex IV (e): Microfinance and Social Portfolio Guarantee Product***
6. ***Annex IV (f): Skills and Education Portfolio Guarantee Product***