

Annex III: Counter-Guarantee Termsheet

(updated on 17 November 2023)

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1 | Overview

The portfolio Counter-Guarantee¹ shall be issued by EIF as counter-guarantor, to offer risk protection to selected Financial Intermediaries offering guarantees to Sub-Intermediaries that are originating Debt Financing, which comply with the criteria set out in this Call, including:

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

The Counter-Guarantee shall partly cover the credit risk associated with the guarantees provided by the Financial Intermediary covering directly or indirectly new Debt Financing transactions granted by Financial Sub-Intermediaries which are included in the relevant Portfolio(s).

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

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

The origination, due diligence, documentation and servicing of the Intermediary Transactions shall be performed by the Financial Intermediary in accordance with its standard origination and servicing procedures. In, this context, the Financial Sub-Intermediary(ies) will originate each Final Recipient Transaction (to be) covered by the Intermediary Transactions 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 Counter-Guarantee Agreement.

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

¹ EIF may issue Counter-Guarantees covering on-lending structures or issue counter-counter guarantees covering a portfolio of counter-guarantees. For transactions under the on-lending business model, some adaptations to the terms applicable to Counter-Guarantees would be required to cater for the specificities of these transactions. Some of these deviations are indicated in this term sheet.

2 | Indicative terms of the Counter-Guarantee

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

2.1 | General Provisions

Type of Counter-Guarantee	The Counter-Guarantee provided by EIF may be either a Capped Counter-Guarantee or an Uncapped Counter-Guarantee, as further specified in the terms of the relevant InvestEU Portfolio Guarantee Product.
Language and Governing Law	The terms of the Individual Counter-Guarantee Agreement shall be in the English language and shall be governed by the laws of Luxembourg.
Applicability of the Base Currency	<p>The Intermediary Transaction currency shall be in the relevant underlying Final Recipient Transaction currency.</p> <p>If the Portfolio consists of Intermediary Transactions denominated in EUR and another currency, the Base Currency shall typically be EUR.</p> <p>If the Portfolio consists only of Intermediary Transactions denominated in currencies other than EUR, the Base Currency shall be either one of such currencies or EUR.</p> <p>The Committed Counter-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 Counter-Guarantee Agreement.</p>
Inclusion Process	<p>In order for Intermediary Transactions to be covered by the Counter-Guarantee, these must be signed during the Inclusion Period (or as otherwise agreed in the Individual Counter-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 Counter-Guarantee Agreement with a Financial Intermediary².</p> <p>The Inclusion Period for each of the covered Portfolios will be set-out in the Individual Counter-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>

² Where a Financial Intermediary has signed an Individual Counter-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 Counter-Guarantee Agreement incorporating the relevant Portfolio under the Individual Counter-Guarantee Agreement.

	<p>The Financial Intermediary shall not include the same Intermediary Transaction or Final Recipient Transaction covered by an Intermediary Transaction in more than one portfolio supported by the InvestEU Fund.</p>
<p>Individual Counter-Guarantee Termination Date</p>	<p>The Counter-Guarantee shall terminate on the earlier of the following dates:</p> <ol style="list-style-type: none"> a) the date on which an Early Termination Event has occurred; 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; c) 9 months following the last scheduled maturity date of the Final Recipient Transaction; and d) the date falling 12 years after the Inclusion Period end date³ as defined in the Individual Counter-Guarantee Agreement.
<p>Trigger Event</p>	<p>EIF may include Trigger Events in the Individual Counter-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"> 1. A Cumulative Default Rate Trigger Event whereby a Trigger Event occurs on one or more specific date(s) as specified in the Individual Counter-Guarantee Agreement if the aggregate outstanding principal amount of defaulted Intermediary Transactions already included in the Portfolio exceeds a predetermined level. 2. A Portfolio Trigger Event whereby a Trigger Event occurs if on a predefined date the ratio between (i) the Actual Counter-Guarantee Volume and (ii) the Committed Counter-Guarantee Volume is below a predetermined level as set out in the Individual Counter-Guarantee Agreement.
<p>Early Termination Event</p>	<p>The Individual Counter-Guarantee Agreement contains certain events of default, including non-payment, breach of obligation, insolvency, unlawfulness, sanctions and misrepresentation.</p> <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 Counter-Guarantee before the scheduled Individual Counter-Guarantee Termination Date.</p>

³ Where a Financial Intermediary has signed an Individual Counter-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.

Counter-Guarantee Fee Payment Mechanics⁴	<p>The Counter-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 Intermediary Transaction included in the relevant Portfolio, on a quarterly basis, calculated as the sum of the product, for each Intermediary Transaction, of:</p> <ul style="list-style-type: none"> a) the applicable Counter-Guarantee Fee divided by 360; and 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 covered by the Intermediary Transaction(s) was a Performing Final Recipient Transaction; and c) the relevant guarantee rate⁵ of the Intermediary Transaction; and d) The Counter-Guarantee Rate <p>EIF may agree to the upfront payment of the Counter-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 Counter-Guarantee Fee is non-refundable, unless otherwise agreed in the Individual Counter-Guarantee Agreement.</p>
Level of Counter-Guarantee Rate	<p>The Counter-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 Counter-Guarantee Rates to the respective Intermediary 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>
Defaulted Amounts	<p>Means, any amounts due to be paid⁶ by the Financial Intermediary to the Financial Sub-Intermediary under the terms of a covered Intermediary Transaction in respect of a Final Recipient Transaction covered by such Intermediary Transaction, as agreed between EIF and the Financial Intermediary and specified in the Individual Counter-Guarantee Agreement, following the occurrence of either a Final Recipient Transaction Default, Final Recipient Transaction Acceleration or Final Recipient Transaction Restructuring.</p>

⁴ In circumstances where the Financial Sub-Intermediary applies, as per internal procedures, a different market standard calculation methodology for charging the interest rate to Final Recipients Transactions, the Financial Sub-Intermediary can request to apply the same calculation methodology for the purpose of the Counter-Guarantee Fee Amount. For the avoidance of doubt, the Financial Sub-Intermediary will not retain any benefit from applying such different calculation methodology and such calculation convention will be described in the Individual Counter-Guarantee Agreement. In addition, should the application of the above Counter-Guarantee Fee Payment Mechanics be impossible or unreasonably difficult for the Financial Intermediary, inter alia due to its technical or systems limitations or reporting arrangements with Financial Sub-Intermediaries, the formula may be adjusted or simplified to take into account such limitations.

⁵ Or risk sharing rate in case of on-lending intermediary transactions, or taking into account the risk sharing rate of the FI.

⁶ For transactions under the on-lending business model the notion of "paid" shall be the risk sharing portion under a Final Recipient Transaction covered by the Financial Intermediary.

2.2 | Provisions for Final Recipients, Financial Sub-Intermediaries, Intermediary Transactions and Final Recipient Transactions

<p>Financial Sub-Intermediary</p>	<p>Financial Sub-Intermediaries shall comply with each of the following eligibility criteria:</p> <ul style="list-style-type: none"> a) It shall be established or operating in at least one of the Eligible Countries⁷; b) It is duly authorised, if applicable, to carry out Debt Financing activities or to issue guarantees according to the applicable legislation; c) It shall not be in an Exclusion Situation; d) Any additional Financial Sub-Intermediary eligibility criteria that may be specified in the relevant Individual Counter-Guarantee Agreement.
<p>Final Recipient</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"> 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"> a. 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 b. Skills and Education Portfolio Guarantee Product, as otherwise set out in Annex IV(f); b) a Target Final Recipient, as defined in the terms and conditions of the relevant InvestEU Portfolio Guarantee Product; and c) not a Restricted Final Recipient. <p>The Final Recipient shall not:</p> <ul style="list-style-type: none"> a) use a grant from a Union programme to reimburse the relevant Final Recipient Transaction, and b) use the Final Recipient Transaction to pre-finance a grant from a Union programme.
<p>Intermediary Transaction Eligibility Criteria</p>	<p>An Intermediary Transaction shall comply with each of the following eligibility criteria:</p> <ul style="list-style-type: none"> 1. It must be signed by the end of the Inclusion Period;

⁷ Financial Sub-Intermediaries supported under (i) the Microfinance and Social Portfolio Guarantee Product (Annex IV(e) of this Call) and (ii) the Skills and Education Portfolio Guarantee Product(Annex VI(f) of this Call), must be established or operating in a Member State or an OCT.

	<ol style="list-style-type: none"> 2. It shall be denominated in the relevant underlying Final Recipient Transaction currency; 3. It shall cover, directly or indirectly, the principal amount of one or more underlying Final Recipient Transaction at the applicable Guarantee Rate⁸; 4. It shall cover (directly or indirectly) Final Recipients meeting the criteria specified above and Final Recipient Transactions Eligibility Criteria specified below; 5. It shall comply with the applicable provisions on Enhanced Access to Finance Measures Implementation 6. It shall comply with any additional Intermediary Transaction eligibility criteria that may be specified in the relevant Individual Counter-Guarantee Agreement for each Portfolio.
<p>Final Recipient Transaction Eligibility Criteria</p>	<p>Each Final Recipient Transaction shall comply with each of the following eligibility criteria:</p> <ol style="list-style-type: none"> 1. It 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; 2. It shall not be in the form of a refinancing (i.e. replacing existing indebtedness) other than: <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (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 (ii) the entire principal amount of the Final Recipient Transaction is used for the purpose of new working capital expenditures, or 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 c) a Final Recipient Transaction in the form of a Solvency Support Final Recipient Transaction as described in Annex IV(a). 3. It shall be signed during the Inclusion Period⁹; 4. It shall be in the form of a Debt Financing;

⁸ Or risk-sharing rate in case of the on-lending business model.

⁹ 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.

	<ol style="list-style-type: none"> 5. If it is a subordinated debt, it shall be in the form of Subordinated Debt Transaction; 6. If it is indirectly covered by an Uncapped Counter-Guarantee, it shall comply with the provisions on Transfer of Financial Benefit; 7. It shall comply with the provisions on Enhanced Access to Finance Measures Implementation; 8. Its purpose shall be: <ol style="list-style-type: none"> a) an investment in tangible or intangible assets, b) working capital, c) business transfers, d) any form of performance guarantees, or e) as set out in the respective terms of the relevant InvestEU Portfolio Guarantee Product; 9. It shall comply with the relevant Minimum and Maximum Principal Amount as set out in the terms of the relevant InvestEU Portfolio Guarantee Product; 10. It shall comply with the relevant Minimum and Maximum Maturity as set out in the terms of the relevant InvestEU Portfolio Guarantee Product; 11. It shall comply with relevant Product Eligibility Criteria as set out in the terms of the relevant InvestEU Portfolio Guarantee Product; 12. It shall not support any of the InvestEU Excluded Activities¹⁰. 13. It shall comply with the requirements, set under the Sustainability Proofing Requirements; and 14. It shall comply with any additional Final Recipient Transaction eligibility criteria that may be specified in the relevant Individual Counter-Guarantee Agreement.
<p>Process for Payment Demands</p>	<p>The Financial Intermediary may call on the Counter-Guarantee, for incurred Defaulted Amounts by sending a Payment Demand to EIF via email.</p> <p>A Payment Demand shall only be valid if the Final Recipient Transaction Default, Final Recipient Transaction Acceleration or Final Recipient Transaction Restructuring, as applicable, has been identified in the latest Report sent to EIF by the Financial Intermediary.</p> <p>One Payment Demand may be sent by the Financial Intermediary 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>

¹⁰ For the purpose of compliance with this eligibility criterion the Financial Sub- Intermediary may rely on representations or undertakings from the Final Recipient.

<p>Process for Recoveries</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 Intermediary Transactions covering 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 Counter-Guarantee Termination Date, until such time as the Financial (Sub-) 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 have been terminated.</p>
<p>Exclusion Process</p>	<p>At any time, the EIF may verify (and/or request information from the Financial Intermediary in order to verify) whether an Intermediary Transaction included in the relevant Portfolio is an eligible Intermediary Transaction and whether its inclusion in the relevant Portfolio is in compliance with the terms of the Individual Counter-Guarantee Agreement. At any time, the EIF may notify the Financial Intermediary of a non-eligible Intermediary Transaction by sending an exclusion notice.</p> <p>If a Financial Intermediary becomes aware that an Intermediary Transaction is or becomes a non-eligible Intermediary Transaction or any other undertakings, requirements or requests of the Individual Counter-Guarantee Agreement are not complied with or satisfied in connection with such Intermediary Transaction, the Financial Intermediary shall include such information in the immediately following Report delivered to the EIF and flag any such Intermediary Transaction as excluded.</p> <p>If the Intermediary Transaction does not comply with the Intermediary Transaction Eligibility criteria it shall be deemed to be excluded from the relevant Portfolio (and shall not be covered by the Counter-Guarantee).</p> <p>However, if the Financial Intermediary becomes aware of an Intermediary Transaction, at any time after the date on which it was included in the Portfolio, is or becomes a non-eligible Intermediary Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary after a Payment Demand relating to the Final Recipient Transaction covered by such Intermediary Transaction was sent by the Financial Sub-Intermediary to the Financial Intermediary 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 Counter-Guarantee for the purpose of the Payment Demand relating to such Final Recipient Transaction (and, for the avoidance of doubt, clawback will not apply with respect to payments already made with respect to such Intermediary Transaction) unless it is for any other reason excluded from the portfolio and ceases to be a covered Intermediary Transaction.</p>

Similarly, if an eligible Intermediary Transaction is or becomes a non-eligible Intermediary Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary but before a Payment Demand relating to the Final Recipient Transaction was sent by the Financial Sub-Intermediary to the Financial Intermediary or the Financial Intermediary could not, acting diligently, have become aware thereof prior to such date, then such Intermediary Transaction shall be covered by the Counter-Guarantee if the Financial Intermediary procures that all amounts owed to the Financial Sub-Intermediary by the relevant Final Recipient under such Final Recipient Transaction are accelerated or otherwise terminated 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 (Sub-) Intermediary and the Financial (Sub-) 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 Counter-Guarantee provided that the Financial (Sub-) 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 Sub-Intermediary is entitled to accelerate such Final Recipient Transaction but does not do so within the timeframe specified above then the respective Intermediary Transaction covering such Final Recipient Transaction shall be excluded from the relevant Portfolio.

2.3 | Miscellaneous provisions

Servicing	The Financial Intermediary shall perform the servicing of the Portfolio(s), in accordance with its internal policies and procedures.
Reporting	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 Counter-Guarantees is attached to this Call. Other reporting may be required from the Financial Intermediary as specified in the Individual Counter-Guarantee Agreement.
Sustainability Proofing Requirements	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: <ul style="list-style-type: none"> 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; b) For any Final Recipient Transaction whose purpose covers transport of CO₂ and underground permanent geological storage of CO₂, 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; 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. d) The Final Recipient shall comply in all material respects with the national environmental, climate and social regulations to which it is subject; e) If the Final Recipient Transaction is granted/issued to a Final Recipient and with the specific purpose to finance¹¹ the acquisition of a vehicle for the purpose of transport¹², the Final Recipient Transaction shall not finance any of the below listed mobile assets for transport vehicles:

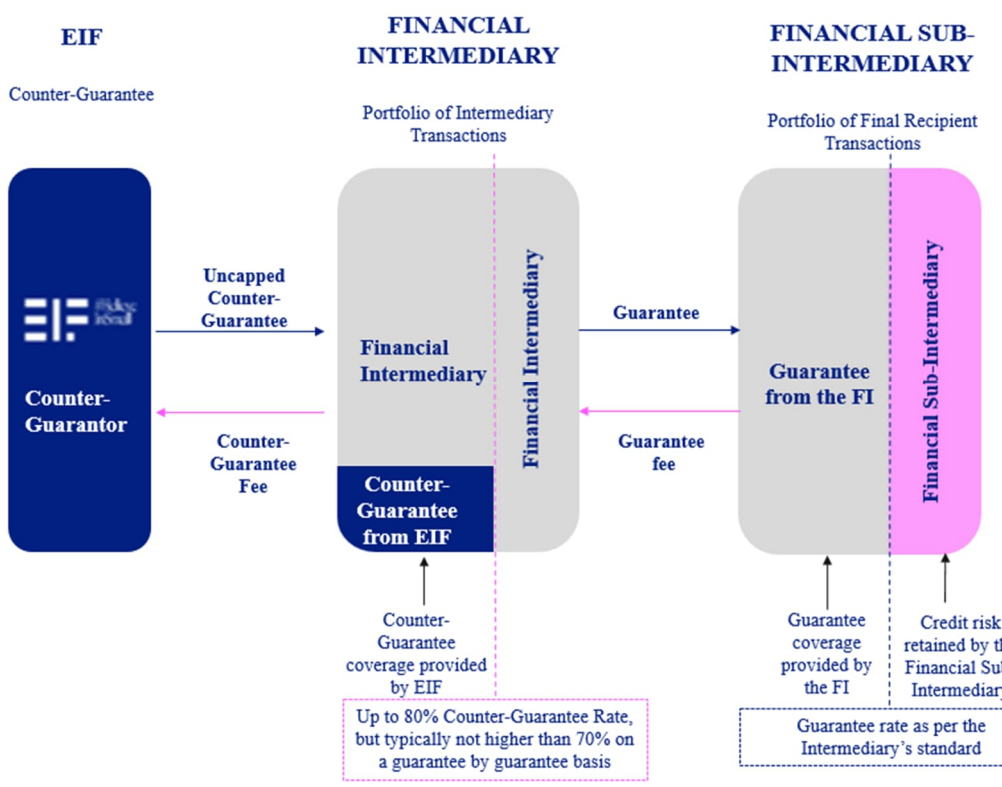
¹¹ For the avoidance of doubts, in the case of Finance Leases, the acquisition by a lessor of an existing Restricted Asset owned by the Final Recipient is allowed, provided that the relevant acquisition price paid by the lessor shall not be used by the Final Recipient to finance any Restricted Asset

¹² 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.

	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	
<p>For the purpose of the assessment of the eligibility criteria set out in (a), (b), (c) and (e) above, the Financial Sub-Intermediary may rely on representations of the Final Recipient.</p>			
<p>Monitoring and Auditing</p>	<p>Financial Intermediaries, Financial Sub-Intermediaries and the relevant Final Recipients covered by the Counter-Guarantee shall agree to allow and to provide access to documents and premises related to the relevant Counter-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 Counter-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 Financial Sub-Intermediaries or Final Recipients (as applicable) or ensure that each Financial Sub-Intermediary includes appropriate provisions in each agreement with the Final Recipients (as applicable).</p>		
<p>Know your Customer</p>	<p>The Financial Intermediary shall, prior to the signature of the Individual Counter-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.</p>		
<p>Record keeping</p>	<p>The Financial Intermediaries shall maintain or be able to produce all the documentation related to the implementation of the Individual Counter-Guarantee Agreement for a period of five (5) years following the Termination Date of the Individual Counter-Guarantee Agreement. The Financial Intermediary shall require each Final Recipient and each Financial Sub-Intermediary to maintain and be able to produce all documentation related to the implementation of the relevant Final Recipient Transaction or relevant Intermediary Transaction for a period of five (5) years following the termination of the relevant Final Recipient Transaction or Intermediary Transaction.</p>		
<p>State aid</p>	<p>Counter-Guarantee transactions complying with the conditions set out in this Annex III, the Individual Counter-Guarantee Agreement and in the terms of</p>		

	<p>the relevant InvestEU Portfolio Guarantee Product are considered as consistent with State aid rules.</p> <p>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>
Publicity	<p>The Financial Intermediary and Financial Sub-Intermediaries shall explicitly inform Final Recipients that the Intermediary Transaction and Final Recipient Transaction (as applicable) benefits from EU support under the InvestEU Fund by including a statement (in the relevant language) in all financing agreements pertaining such transactions:</p> <p>“This operation benefits from support from the European Union under the InvestEU Fund”;</p>
Risk Retention	<p>The Financial Intermediary shall maintain at all times a relevant portion corresponding to an economic exposure of at least 20% of the outstanding amount of each Intermediary Transaction guaranteed by the Financial Intermediary and 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>
Transfer	<p>The Financial Intermediary shall not be entitled to transfer any or all of its rights and obligations under the Counter-Guarantee without the prior written consent of the EIF.</p>
Restrictive Measures Implementation	<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 Counter-Guarantee

<p>Structure</p>	<p>The Counter-Guarantee shall cover Defaulted Amounts incurred by the Financial Intermediary at a Counter-Guarantee Rate, subject to a Counter-Guarantee Cap Rate. Defaulted Amounts, net of any Recoveries, covered by the Counter-Guarantee shall in aggregate not exceed the Cap Amount stipulated in the Individual Counter-Guarantee Agreement between EIF and the relevant Financial Intermediary.</p> <p>Capped Counter-Guarantee with uncapped guarantee coverage for Financial Sub-Intermediaries</p>  <p>The diagram illustrates the structure of a Capped Counter-Guarantee with uncapped guarantee coverage for Financial Sub-Intermediaries. It features three main entities: EIF (Counter-Guarantor), Financial Intermediary, and Financial Sub-Intermediary. EIF provides an 'Uncapped Counter-Guarantee' to the Financial Intermediary, which in turn provides a 'Guarantee' to the Financial Sub-Intermediary. EIF also receives a 'Counter-Guarantee Fee' from the Financial Intermediary, and the Financial Intermediary receives a 'Guarantee fee' from the Financial Sub-Intermediary. The Financial Intermediary's portfolio includes 'Counter-Guarantee from EIF' and 'Financial Intermediary'. The Financial Sub-Intermediary's portfolio includes 'Guarantee from the FI' and 'Financial Sub-Intermediary'. A note specifies that the Counter-Guarantee rate is 'Up to 80% Counter-Guarantee Rate, but typically not higher than 70% on a guarantee by guarantee basis'. Another note indicates that the 'Guarantee rate as per the Intermediary's standard' applies to the Financial Sub-Intermediary's guarantee. Credit risk is noted as being retained by the Financial Sub-Intermediary.</p> <p>Or, alternatively</p>
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	<p style="text-align: center;">Capped Counter-Guarantee with capped guarantee coverage for Financial Sub-Intermediaries</p> <p>The diagram illustrates the relationship between three entities: EIF (Counter-Guarantor), FINANCIAL INTERMEDIARY, and FINANCIAL SUB-INTERMEDIARY. EIF provides an 'Uncapped Counter-Guarantee' to the Financial Intermediary. The Financial Intermediary, in turn, provides a 'Guarantee' to the Financial Sub-Intermediary. Fees flow from the Financial Intermediary to EIF ('Counter-Guarantee Fee') and from the Financial Sub-Intermediary to the Financial Intermediary ('Guarantee fee'). EIF provides 'Counter-Guarantee coverage provided by EIF' to the Financial Intermediary, which is capped at 'Up to 80% Counter-Guarantee Rate, but typically not higher than 70% on a guarantee by guarantee basis'. The Financial Sub-Intermediary receives 'Guarantee coverage provided by the FI' at a 'Guarantee rate as per the Intermediary's standard'.</p>
<p>Determination of the Counter-Guarantee Cap Rate</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 Intermediary Transactions included in such Portfolio for cover. The Counter-Guarantee Cap Rate for each Portfolio shall be set in the Individual Counter-Guarantee Agreement.</p>
<p>Determination of the Cap Amount</p>	<p>The Cap Amount corresponds to the level, at which the obligation of the EIF to pay under the Counter-Guarantee is capped, which is the maximum liability under the Counter-Guarantee and is calculated at Financial Intermediary level as the product of the:</p> <ul style="list-style-type: none"> i) Actual Counter-Guarantee Volume, and ii) the Counter-Guarantee Cap Rate.
<p>Applicable Counter-Guarantee Fee</p>	<p>The Counter-Guarantee Fee for Capped Counter-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>
<p>Enhanced Access to Finance</p>	<p>The Financial Intermediary will need to propose and implement, in relation to the Final Recipient Transactions covered by Intermediary Transactions at least one¹³ of the</p>

¹³ 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.

Measures Implementation	Enhanced Access to Finance Measures, as further set out in the relevant InvestEU Portfolio Guarantee Product.
Mutualisation of losses	<p>Financial Intermediaries can opt for a Capped Counter-Guarantee in respect of more than one InvestEU Portfolio Guarantee Products and consequently may originate several distinct Portfolios under the same Individual Counter-Guarantee Agreement.</p> <p>In such cases, each Portfolio will have a distinct Cap Amount, defined in the Individual Counter-Guarantee Agreement. Based on each Portfolio ramp-up, (i.e. the Actual Guarantee Volume(s), and each Portfolio’s Counter-Guarantee 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 individual Cap Amounts, of the mutualised Portfolios in which the defaulted Intermediary Transaction was included for cover.</p> <p>The mutualisation of risk is applicable either:</p> <ol style="list-style-type: none"> 1. between all Portfolios originated under InvestEU Portfolio Guarantee Products defined in Annexes IV (a) – (d)¹⁴ or 2. between all Portfolios originated under InvestEU Portfolio Guarantee Products defined in Annexes IV (e) – (f) <p>The conditions for the mutualisation of losses will be detailed in the Individual Counter-Guarantee Agreement.</p>
Recoveries sharing	Recoveries shall be shared between the EIF and the Financial Intermediary pro-rata to the Counter-Guarantee Rate. However, if the amount of the losses exceeds the counter-guarantee Cap Amount, a corresponding amount of recoveries may first be allocated to the Financial Intermediary, as further specified in the Individual Counter-Guarantee Agreement.
Right of clawback by the EIF	EIF will be entitled to be repaid by the Financial Intermediary certain amounts in specified circumstances, including any amounts paid under the Counter-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 an Intermediary Transaction from the relevant Portfolio

¹⁴ In the case of the Sustainability Portfolio Guarantee Product, only Portfolios comprising of Intermediary Transactions covering 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 Counter-Guarantee

<p>Structure</p>	<p>The Counter-Guarantee, shall cover at the Counter-Guarantee Rate, all Defaulted Amounts incurred by the Financial Intermediary.</p>
<p>InvestEU Portfolio Guarantee Products eligible for Uncapped Counter-Guarantee</p>	<p>The Uncapped Counter-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, the Microfinance and Social Portfolio Guarantee Product and the Skills and Education Portfolio Guarantee Product, as further described in Annex IV (a), Annex IV (e) and Annex IV (f), respectively.</p>
<p>Applicable Counter-Guarantee Fee</p>	<p>The Counter-Guarantee Fee with respect to Intermediary Transactions under Uncapped Guarantees shall be:</p> <ul style="list-style-type: none"> (i) 0.75% per annum, for any Final Recipient Transaction covered by the Intermediary Transaction is in the form of Debt Financing that is not in the form of Subordinated Debt Transaction, or (ii) 1.2% per annum for Intermediary Transaction which cover Subordinated Debt Transactions, including for the avoidance of doubt Solvency Support Final Recipient Transactions.

Transfer of Financial Benefit	<p>Financial Intermediaries shall pass directly or indirectly the Financial Benefit, in the following manner:</p> <p>a) If the Financial Benefit is passed directly by the Financial Intermediary to the Final Recipient, the guarantee premium applicable to the relevant eligible Intermediary Transaction included in the relevant Portfolio shall be reduced by the Financial Benefit, if any; or</p> <p>b) If the Financial Benefit has not been passed directly by the Financial Intermediary to the Final Recipient the interest rate applicable to the relevant Final Recipient Transaction covered by the Intermediary Transaction included in the relevant Portfolio shall be reduced by the Financial Sub-Intermediary taking into account the Financial Benefit, if any.</p>
Enhanced Access to Finance Measures Implementation	<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 Sub-Intermediary does not charge a credit risk spread to the relevant Final Recipient Transaction, the Financial 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 covered by Intermediary Transactions.</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>
Recoveries sharing	<p>Recoveries shall be shared between the EIF and the Financial Intermediary pro-rata to the Counter-Guarantee Rate.</p>
Right of clawback by the EIF	<p>EIF will be entitled to be repaid by the Financial Intermediary certain amounts in specified circumstances, including any amounts paid under the Counter-Guarantee by the EIF in excess of the Defaulted Amount and any excess amount paid by EIF as a result of an exclusion of an Intermediary Transaction from the relevant Portfolio.</p>
Upside Sharing	<p>Any Upside realised by the Financial (Sub-) Intermediary shall be shared with the EIF as set out in the Individual Counter-Guarantee Agreement.</p>

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 to 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*