

## Appendix 1 to Call for Expression of Interest

### Glossary of terms

<b>Actual (Counter-) Guarantee Volume</b>	<p>Means, with respect to Guarantee Transactions included in the Portfolio, the aggregate amount of Guarantee Transaction (Counter-) Guaranteed Principal Amount.</p> <p>Such Actual (Counter-) Guarantee Volume is subject to adjustments in accordance with the provisions of the (Counter-) Guarantee Agreement.</p>
<b>Applicant</b>	<p>Means, other than for the purposes of Annex I - <i>Expression of Interest</i>, an entity that applies to qualify as a Financial Intermediary on its behalf and/or, acting as a coordinating entity, on behalf of one or more Participating Entities.</p>
<b>Base Currency</b>	<p>Means the reference currency of the (Counter-) Guarantee Agreement.</p>
<b>Cap Amount</b>	<p>Means, the maximum obligation of EIF to pay for guarantee calls under the (Counter-) Guarantee, in relation to a Portfolio, expressed in the Base Currency, as specified in the (Counter-) Guarantee Agreement, for each of the covered Portfolios.</p>
<b>(Counter-) Guarantee</b>	<p>Means a first-loss portfolio (counter-) guarantee whereby EIF covers a percentage of Defaulted Amounts on a Portfolio up to the Cap Amount.</p>
<b>Committed (Counter-) Guarantee Volume</b>	<p>Means the maximum aggregate amount of Guarantee Transaction (Counter-) Guaranteed Principal Amount as set out in the (Counter-) Guarantee Agreement.</p>
<b>Commission SME Recommendation</b>	<p>Means the Commission Recommendation 2003/361/EC concerning the definition of "micro, small and medium-sized enterprises" (OJ L124, 20.05.2003, p.36) notified under document number C(2003/1422), as amended, restated, supplemented and/or substituted from time to time.</p>
<b>Counter-Guarantee</b>	<p>Means a counter-guarantee where credit protection is given to Financial Intermediaries in order for them to offer guarantees to Sub-Intermediaries originating Intermediary Transactions, as further described in Annex III of this Call.</p>
<b>(Counter-) Guarantee Agreement</b>	<p>Means the legal agreement signed between the EIF and a Financial Intermediary, outlining the terms and conditions applicable to the (Counter-) Guarantee.</p>
<b>(Counter-) Guarantee Cap Rate</b>	<p>Means a percentage, which shall not exceed 25%. It may be reduced and set at a lower level following contractual negotiations. The Guarantee Cap Rate for each Portfolio shall be set in the Guarantee Agreement.</p>
<b>(Counter-) Guarantee Commitment Fee</b>	<p>Means a fee if the Actual (Counter-) Guarantee Volume divided by the Guarantee Rate does not equal at least 90% of the agreed Maximum Portfolio Volume at the end of the Inclusion Period, that shall be calculated</p>

	on the basis of the difference between the Actual (Counter-) Guarantee Volume divided by the Guarantee Rate (following a relevant adjustment, if any) and the agreed Maximum Portfolio Volume.
<b>(Counter-) Guarantee Rate</b>	Means a percentage of a Guarantee Transaction, that is covered by the (Counter-) Guarantee, as further set out in the (Counter-) Guarantee Agreement.
<b>Credit Events</b>	Means a Final Recipient Transaction Default, a Final Recipient Transaction Acceleration or a Final Recipient Transaction Restructuring.
<b>Credit Limit Amount</b>	Means the maximum principal amount that a Financial (Sub-) Intermediary commits under a Revolving Final Recipient Transaction.
<b>Deadline</b>	Means at the latest by 31 December 2025, or such different date as may be announced officially on the EIF’s website. EIF may determine that the Deadline will end on a different date depending, inter alia, on the availability of the budgetary resources for the Guarantee Facility.
<b>Debt Financing</b>	Means any debt financing, including but not limited to, bonds, loans, leases, subordinated debt, factoring, bank guarantees, credit insurance instruments, minimum guarantees, income sharing arrangements, deferred payment schemes, trade finance <sup>1</sup> other than equity or Quasi-Equity.
<b>Exclusion Situation</b>	<p>Means that a Financial (Sub-) Intermediary or a Final Recipient, as the case may be, is in any of the following situations:</p> <ol style="list-style-type: none"> <li>1. bankrupt, is subject to insolvency, is being wound up, is having their affairs administered by a liquidator or by the courts, in this context are in an arrangement with creditors, is having their business activities suspended or a standstill (or equivalent) agreement has been signed with creditors and validated by the competent court when required by the applicable law, or in any analogous situation arising from a similar procedure provided for in national legislation or regulations;</li> <li>2. in the past five years, they have been the subject of a final judgment or final administrative decision for being in breach of their obligations relating to the payment of taxes or social security contributions in accordance with the applicable law and where such obligations remain unpaid unless a binding arrangement has been established for payment thereof;</li> <li>3. in the past five years, they or persons having powers of representation, decision-making or control over them have been convicted by a final judgement or a final administrative decision for grave professional misconduct, where such conduct denotes wrongful intent or gross negligence, which would affect their ability to implement the (Counter-) Guarantee Agreement or Guarantee Transaction, as applicable, and which is for one of the following reasons:</li> </ol>

<sup>1</sup> Regarding export credit support, only where in respect of trade with the Ukraine.

	<ul style="list-style-type: none"> <li>a) negligently providing misleading information that may have a material influence or fraudulently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract or an agreement;</li> <li>b) entering into agreements with other persons aimed at distorting competition;</li> <li>c) attempting to unduly influence the decision-making process of the contracting authority during the relevant award procedure (as this term is defined in the Financial Regulation);</li> <li>d) attempting to obtain confidential information that may confer upon it undue advantages in the relevant award procedure (as this term is defined in the Financial Regulation);</li> </ul> <p>4. in the past five years, they or persons having powers of representation, decision-making or control over them have been the subject of a final judgment for:</p> <ul style="list-style-type: none"> <li>(i) fraud;</li> <li>(ii) corruption;</li> <li>(iii) participation in a criminal organisation;</li> <li>(iv) money laundering or terrorist financing;</li> <li>(v) terrorist offences or offences linked to terrorist activities, or inciting, aiding, abetting or attempting to commit such offences;</li> <li>(vi) child labour and other forms of trafficking in human beings;</li> </ul> <p>5. they are subject to a decision on exclusion contained in the published early detection and exclusion system database (set up and operated by the European Commission);</p> <p>provided that the EIF may decide not to exclude a Financial Intermediary if the Financial Intermediary can provide evidence that remedial measures have been adopted to demonstrate its reliability despite the existence of a ground for exclusion, or where it is indispensable to ensure the continuity of the service, for a limited duration and pending the adoption of remedial measures, or where an exclusion would be disproportionate taking into account the circumstances.</p>
<p><b>Expression of Interest</b></p>	<p>Means the application sent by an Applicant in the form of Annex I of this Call.</p>
<p><b>Financial Intermediary</b></p>	<p>Means an entity that has entered with EIF into an (Counter-) Guarantee Agreement, and that is duly authorised to carry out financing to Final Recipients according to the applicable legislation and operating in one or more of the Target Region.</p>

	In this Call, the term Financial Intermediary shall be construed to include any Participating Entity/ies or relevant Fund(s) managed by the Financial Intermediary, where the context so requires.
<b>Financial Sub-Intermediaries</b>	Means an entity that has entered into an Intermediary Transaction with a Financial Intermediary or another Financial Sub-Intermediary.
<b>Financial (Sub-) Intermediary</b>	Means, as the context requires, the Financial Intermediary and/or the Financial (Sub-) Intermediary.
<b>Final Recipient Transaction</b>	Means any form of Debt Financing provided by a Financial (Sub-) Intermediary to a Final Recipient.
<b>Final Recipient Transaction Acceleration</b>	<p>Means, in respect of a Final Recipient Transaction, the occurrence of an event of default (howsoever defined) under such Final Recipient Transaction which has entitled the Financial (Sub-) Intermediary to accelerate payment of any amounts owed to it and the Financial (Sub-) Intermediary has exercised such right of acceleration (or is prevented from exercising such rights of acceleration solely by application of mandatory laws and regulations preventing or staying the exercise of such right).</p> <p>The (Counter-) Guarantee Agreement may specify further the deviations from the above definition of Final Recipient Transaction Acceleration, taking into account the specificities of certain types of Debt Financing and Subordinated Debt Transactions.</p>
<b>Final Recipient Transaction Default</b>	<p>Means, in respect of a Final Recipient Transaction, the earlier of the moment when:</p> <ul style="list-style-type: none"> <li>a) the Financial (Sub-) Intermediary considers (acting reasonably in accordance with its credit and collection policy) that a Final Recipient is unlikely to meet its payment obligations under such Final Recipient Transaction (without recourse by the Financial (Sub-) Intermediary to action such as realisation of security); or</li> <li>b) a Final Recipient fails to meet any payment obligation under the relevant Final Recipient Transaction (in accordance with the Financial (Sub-) Intermediary's credit and collection policies) and such failure has continued for at least 90 consecutive calendar days.</li> </ul> <p>The (Counter-) Guarantee Agreement may specify further the deviations from the above definition of Final Recipient Transaction Default, taking into account the specificities of certain types of Debt Financing and Subordinated Debt Transactions.</p>
<b>Final Recipient Transaction Restructuring</b>	Means, in respect of a Final Recipient Transaction, that the Financial (Sub-) Intermediary acting in a commercially reasonable manner and in accordance with its credit and collection policies, agrees to the restructuring of such Final Recipient Transaction such that the amount of principal scheduled to be paid, and/or any interest amount due, by the relevant Final Recipient are partially or totally written-off in order to improve the collectability of the claims arising from the relevant Final Recipient Transaction.

	The (Counter-) Guarantee Agreement may specify further the deviations from the above definition of Final Recipient Transaction Restructuring, taking into account specificities of certain types of Debt Financing and Subordinated Debt Transactions.
<b>Guarantee</b>	Means a direct guarantee where credit protection is offered to Financial Intermediaries in order to originate Final Recipient Transactions.
<b>Guarantee Transaction (Counter-) Guaranteed Principal Amount<sup>2</sup></b>	Means: <ol style="list-style-type: none"> <li>a) In the case of a Guarantee, the product of the principal amount of a Final Recipient Transaction and the applicable Guarantee Rate;</li> <li>b) In the case of a Counter-Guarantee, the product of the principal amount of a Final Recipient Transaction, the applicable Counter-Guarantee Rate and the guarantee rate applicable to the respective Final Recipient Transaction.</li> </ol>
<b>Guarantee Transaction</b>	Means, in the case of: <ol style="list-style-type: none"> <li>a) Guarantees, a Final Recipient Transaction, or</li> <li>b) Counter-Guarantees, an Intermediary Transaction.</li> </ol>
<b>Inclusion Period</b>	Means the period during which a Guarantee Transaction can be signed <sup>3</sup> in order to benefit from the (Counter-) Guarantee, as set out in the (Counter-) Guarantee Agreement.
<b>Excluded and Restricted Sectors and Activities</b>	<p>Means: (1) restricted sectors set out in EIF's guidelines published on EIF's website, as at the date of the (Counter-) Guarantee Agreement and (2) Paris Alignment Restrictions.</p> <p>The above restricted sectors and activities may be updated from time to time. The binding list of Restricted Sectors and activities shall be set out in the relevant (Counter-) Guarantee Agreement.</p> <p>This included (but is not limited to) the following carbon intensive sectors:</p> <ul style="list-style-type: none"> <li>● A2.2 – Logging;</li> <li>● B - Mining and quarrying;</li> <li>● C14.1.1 - Manufacture of leather clothes;</li> <li>● C15 - Manufacture of leather and related products;</li> <li>● C17.1 - Manufacture of pulp, paper and paperboard;</li> <li>● C19 - Manufacture of coke and refined petroleum products;</li> <li>● C20.1 - Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms;</li> <li>● C22 - Manufacture of rubber and plastic products;</li> </ul>

<sup>2</sup> The principal amount shall be detailed in the (Counter-) Guarantee Agreement depending on the type of Debt Financing.

<sup>3</sup> For avoidance of doubt, given the reporting lag, transactions may be reported after the Inclusion Period end date while still qualifying as included during the Inclusion Period, provided that all eligibility criteria are complied with.

	<ul style="list-style-type: none"> <li>● C23.5 - Manufacture of cement, lime and plaster;</li> <li>● C24.4.2 - Aluminium production;</li> <li>● C24.4.3 - Lead, zinc and tin production;</li> <li>● C24.4.4 - Copper production;</li> <li>● C24.4.5 - Other non-ferrous metal production;</li> <li>● C24.4.6 - Processing of nuclear fuel;</li> <li>● C24.5.1 - Casting of iron;</li> <li>● G46.1.2 - Agents involved in the sale of fuels, ores, metals and industrial chemicals;</li> <li>● G46.7.1 - Wholesale of solid, liquid and gaseous fuels and related products;</li> <li>● G47.3 - Retail sale of automotive fuel in specialised stores;</li> <li>● H49.4.1 - Freight transport by road (except when purchase of hybrid or electric vehicles).</li> </ul>
<b>Intermediary Transaction</b>	Means any guarantee instrument issued by the Financial Intermediary for the benefit of a Financial Sub-Intermediary, covering (directly or indirectly) a Final Recipient Transaction.
<b>Maximum Portfolio Volume</b>	Means the maximum aggregate amount of Final Recipient Transactions in case of a direct guarantee and the maximum aggregate amount of Intermediary Transactions in case of a counter-guarantee that may be included in the Portfolio.
<b>Microenterprise</b>	Means in accordance with the Commission SME Recommendation an enterprise, including a self-employed person, which employs fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed EUR 2 million.
<b>Non Compliant Jurisdiction (“NCJ”)</b>	Means a jurisdiction: <ol style="list-style-type: none"> <li>a) listed in the Annex I of the Council of the European Union conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;</li> <li>b) included in the OECD/G20 list of jurisdictions that have not satisfactorily implemented the tax transparency standards;</li> <li>c) listed in the Annex of the Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies;</li> <li>d) rated as “partially compliant” or “non-compliant”, including corresponding provisional ratings, by the Organisation for Economic Cooperation and Development and its Global Forum on Transparency and Exchange of Information for Tax Purposes</li> </ol>

	<p>against the international standard on exchange of information on request;</p> <p>e) included in the Financial Action Task Force statement “High risk Jurisdictions subject to a Call for Action”; or</p> <p>f) included in the Financial Action Task Force statement “Jurisdictions under Increased Monitoring”;</p> <p>in each case as such statement, list, directive or annex may be amended and/or supplemented from time to time.</p> <p>The Financial Intermediary shall not (other than as a result only of events or circumstances beyond the control of the Financial Intermediary) be established in a NCJ, unless in the case of NCJ Implementation.</p>
<b>NCJ Implementation</b>	<p>Means that the Final Recipient and the Financial Sub-Intermediary are established and operating in the country of establishment of the Financial Intermediary and that there is no indication that the relevant Final Recipient Transaction and the Intermediary Transaction, as applicable, supports actions that contribute to (i) criminal activities such as money laundering, financing of terrorism, tax crimes (i.e. tax fraud and tax evasion) and (ii) wholly artificial arrangements aimed at tax avoidance.</p>
<b>Participating Entity</b>	<p>Means an entity on behalf of whom an application is submitted as part of a joint Expression of Interest.</p>
<b>Payment Demand</b>	<p>Means the document sent by a Financial Intermediary to EIF for the purpose of requesting payment under the (Counter-) Guarantee as further detailed in the (Counter-) Guarantee Agreement.</p>
<b>Performing Final Recipient Transaction</b>	<p>Means at any date during a calendar quarter a Final Recipient Transaction in respect of which no (i) Final Recipient Transaction Default, (ii) Final Recipient Transaction Acceleration or (iii) Final Recipient Transaction Restructuring has occurred and has been reported to the EIF, provided that:</p> <p>a) A Final Recipient Transaction in respect of which a Final Recipient Transaction Default has been reported on the relevant Report Date shall be treated as a Performing Final Recipient Transaction if such Final Recipient Transaction Default has been cured in accordance with the credit and collection policies before the Financial Intermediary submits a Payment Demand in respect of such Final Recipient Transaction;</p> <p>b) A Final Recipient Transaction in respect of which a Final Recipient Transaction Restructuring has occurred and which subsequently, in accordance with the credit and collection policies, the Financial Intermediary classifies as a good debt and continues to service in accordance with the credit and collection policies, shall be treated as a Performing Final Recipient Transaction.</p>
<b>Permitted Additional Interest</b>	<p>Means the interest which has been accrued, deferred or capitalized pursuant to the terms of the Subordinated Debt Transaction.</p>



<b>Portfolio</b>	Means each portfolio of Guarantee Transactions, originated in line with the (Counter-) Guarantee Agreement.
<b>Quasi-Equity</b>	Means any of the following financing agreements: <ul style="list-style-type: none"> <li>a) a debt agreement which provides that any amount of debt may be converted into equity at a pre-determined price either at the option of the borrower or lessee or by operation of law; or</li> <li>b) a profit and loss participation instrument or other agreement that exposes the investor to the profit and loss of the counterparty; or</li> <li>c) a debt agreement in which the rights of the investor are subordinate (rank junior) to the rights of any holder of subordinated debt of the borrower or lessee. (For the avoidance of doubt, a holder of debt shall not be considered subordinated solely because its rights rank junior to the rights of creditors, such as tax authorities, that are given statutory priority over ordinary senior debt).</li> </ul>
<b>Recovery</b>	Means each and every amount, net of recovery and foreclosure costs (if any), recovered or received by or on behalf of the Financial Intermediary, including by way of set-off, in respect of a Final Recipient Transaction that has resulted in a Defaulted Amount, provided that: <ul style="list-style-type: none"> <li>a) a payment in respect of such Defaulted Amount made to the Financial Intermediary under a guarantee given by a guarantee institution (other than EIF) shall not be treated as a "Recovery", and</li> <li>b) in respect of a Final Recipient Transaction which was subject to a Final Recipient Transaction Restructuring, only amounts received, net of recovery and foreclosure costs (if any), in relation to the Defaulted Amounts shall be treated as a "Recovery".</li> </ul>
<b>Report</b>	Means a standardized document prepared by a Financial Intermediary for EIF including (but not limited to) information on Final Recipients and on the Final Recipient Transactions included in the relevant Portfolio(s). An indicative reporting template is attached to this Call.
<b>Report Date</b>	30 calendar days after the end of each calendar quarter.
<b>Restricted Final Recipient</b>	Means, based on the assessment of the Financial (Sub-) Intermediary during the origination process, an entity or a natural person: <ul style="list-style-type: none"> <li>a) that cannot benefit directly or indirectly from financing supported by the EIF as a result of the application of the EIF guidelines on the Restricted Sectors and activities; and/or</li> <li>b) falling under any of the Exclusion Situations as at the date of the signature of the relevant Final Recipient Transaction.</li> </ul>
<b>Revolving Final Recipient Transaction</b>	Means a Final Recipient Transaction pursuant to which a Final Recipient is entitled to use, on a revolving basis, the commitment made available to it by the Financial (Sub-) Intermediary for a specified period up to the Credit Limit Amount. For the avoidance of doubt, Revolving Final Recipient Transactions shall include revolving working capital facilities,



	<p>including those embedded in or linked to a current account and exclude any credit or loan resulting from utilisation of credit card limits.</p> <p>The (Counter-) Guarantee Agreement may specify further the deviations from the above definition of Final Recipient Transaction Restructuring, taking into account specificities of certain types of Debt Financing.</p>
<b>Restrictive Measures</b>	Means, without limitation, restrictive measures adopted pursuant to the Treaty on European Union (TEU) or to the Treaty on the Functioning of the European Union (TFEU).
<b>SMEs</b>	Means a micro, small or medium-sized enterprise as defined in the Commission SME Recommendation.
<b>Start-up</b>	<p>Means an SME defined as a start-up by the Financial (Sub-) Intermediary in accordance with its credit policy which either:</p> <ul style="list-style-type: none"> <li>a) where such an SME is subject to registration, has been in existence for less than five years following its registration; or</li> <li>b) where such an SME is not subject to registration, has been in existence for less than five years from the start of its economic activity or from when it becomes liable to tax for its economic activity.</li> </ul>
<b>Subordinated Debt Transaction</b>	<p>Means a Debt Financing, in which the rights of the Financial Intermediary:</p> <ul style="list-style-type: none"> <li>a) rank junior (are subordinated) to the rights of senior secured or unsecured creditors of the Final Recipient; and</li> <li>b) rank:                             <ul style="list-style-type: none"> <li>(i) at least pari passu with the rights of other holders of subordinated debt of the Final Recipient and</li> <li>(ii) senior to the rights of any holder of equity in the Final Recipient.</li> </ul> </li> </ul> <p>For the avoidance of doubt, a holder of debt shall not be considered subordinated solely because its rights rank junior to the rights of creditors, such as tax authorities, that are given statutory priority over ordinary senior debt.</p>
<b>Target Region</b>	The Western Balkan Beneficiary Economies, being Serbia, Bosnia and Herzegovina, The Republic of North Macedonia, Kosovo*, Albania and Montenegro.

\* This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo Declaration of Independence.