



INNOVFIN SME GUARANTEE FACILITY

INDICATIVE COUNTER-GUARANTEE TERM SHEET

(updated on 6th April 2020)

Important Disclaimer

This summary term sheet is for information purposes only. This document is an outline of the principal terms and conditions for the product described herein, which are subject to change and non-exhaustive.

This document is intended to provide a basis for discussions and does not constitute a recommendation, a solicitation, an offer or a binding commitment – either implicit or explicit – on the part of the European Investment Fund (EIF) (the “**Relevant Entity**”) and/or any other person to enter into one or more transaction(s). Any finance commitment by the Relevant Entity can only be made, inter alia, after appropriate approval, conclusion of due diligence and finalisation of the required legal documentation. The Relevant Entity does not act as adviser to you or owe you any fiduciary duty. The Relevant Entity does not make any representations or warranties (whether explicitly or implicitly) with respect to the information contained in this document.

InnovFin COVID-19 Support Measures require amendment of certain terms and conditions of this termsheet, as further set out in the [Addendum](#).

Overview of the Counter-Guarantee

The counter-guarantee (the “**Counter-Guarantee**”) shall be issued by EIF in the context of the InnovFin SME Guarantee facility (the “**Facility**”) for the benefit of a [*specify relevant Financial Intermediary*]. It shall partly cover the credit risk associated with guarantees (the “**Intermediary Transaction**”) that are included in the counter-guaranteed portfolio (the “**Portfolio**”), which are extended by the Financial Intermediaries to banks and other financial intermediaries (the “**Financial Sub-Intermediaries**”) with respect to underlying, newly originated loans and/or Finance Leases to SMEs and or Mid-caps.

In order to ensure an alignment of interest between the Financial Intermediary and the Facility, eligible Intermediary Transactions shall be covered by the EIF at a counter-guarantee rate of up to 50%.

Annex III to the Open Call for Expression of Interest to select Financial Intermediaries under InnovFin SME Guarantee facility

The Counter-Guarantee shall constitute a financial guarantee and shall cover any amounts due and paid by the Financial Intermediary to a Financial Sub-Intermediary (relating to unpaid principal and unpaid accrued interest) in respect of each defaulted Beneficiary Transaction covered by the 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.

Eligible Intermediary Transactions (according to pre-defined eligibility criteria on a guarantee-by-guarantee basis and portfolio basis) will be automatically covered, by way of submitting inclusion notices on a quarterly basis until the end of the relevant Inclusion Period.

The counter-guarantee fee charged will be fixed and depend on whether the Beneficiary Transaction is an SME Transaction or a Mid-cap Transaction.

Indicative terms of the Counter-Guarantee

<p>Structure</p>	<p>Portfolio financial counter-guarantee providing partial credit risk coverage on a guarantee-by-guarantee basis for the creation of a portfolio of eligible Intermediary Transactions. The Counter-Guarantee, provided by the EIF, but jointly financed by the EU and the EIF, shall cover Defaulted Amounts incurred by the Financial Intermediary at a Counter-Guarantee Rate.</p> <p>The guarantee rate under any Intermediary Transaction may not exceed 80% and it shall be applicable on a “loan-by-loan” basis.</p> <p>FINANCIAL SUB-INTERMEDIARY FINANCIAL INTERMEDIARY EIF</p> <p>Portfolio of Beneficiary Transactions Portfolio of Intermediary Transactions Portfolio of Counter-Guarantee</p> <p>Financial Sub-Intermediary Financial Intermediary EIF as Counter-guarantor</p> <p>Guarantee from the FI Counter-guarantee from EIF Uncapped Counter-guarantee</p> <p>Guarantee Fee Counter-Guarantee Fee</p> <p>Credit risk retained by Financial Sub-Intermediary Credit risk retained by FI* Counter-guarantee coverage provided by EIF</p> <p>Guarantee coverage provided by FI</p> <p>Guarantee rate as per the Intermediary's standard policy, but not higher than 80%</p> <p>Up to 50% Counter-Guarantee Rate on a guarantee by guarantee basis</p> <p>* Additional external credit protection may be obtained by the Financial Intermediary. At any time the economic exposure retained by the Financial Intermediary towards any Intermediary Transaction must not be lower than 20% of outstanding guaranteed principal amount of the Beneficiary Transaction</p>
<p>Governing Law and Language</p>	<p>The terms of the Counter-Guarantee Agreement shall be in the English language and the Counter-Guarantee Agreement shall be governed by the laws of England.</p>

Counter-Guarantee Currency	<p>The Counter-Guarantee shall be expressed in the Base Currency.</p> <p>All amounts and payments made under the Counter- Guarantee Agreement by and to the EIF shall be in the Base Currency, except for payments made by the EIF to the Financial Intermediary in respect of Defaulted Amounts. The latter payment will be made, at the EIF’s discretion, either in the currency in which such Defaulted Amounts have been incurred or in the Base Currency.</p>
Base Currency	<p>Intermediary Transactions can be denominated in EUR or other currencies of Participating Countries. If the Portfolio consists of Intermediary Transactions denominated in EUR and other Participating Country’s currency, the Base Currency shall be EUR. If the Portfolio consists of Intermediary Transactions denominated in currencies other than EUR only, one of such currencies shall be designated as the Base Currency.</p>
Intermediary Transaction	<p>Means any guarantee instrument issued by the Financial Intermediary for the benefit of a Financial Sub-Intermediary, covering (directly or indirectly) a Beneficiary Transaction.</p>
Portfolio	<p>The portfolio of Intermediary Transactions covered by the Counter-Guarantee.</p>
Availability Period	<p>Unless otherwise specified in the Counter-Guarantee Agreement, a period starting on the date of signature of the Counter-Guarantee Agreement, in which Beneficiary Transactions may be entered into, lasting up to the earlier of (i) the Scheduled Availability Period End Date and (ii) the Early Inclusion Period End Date.</p>
Inclusion Period	<p>A period commencing on the first day of the Availability Period up to the Inclusion Period End Date, in which Intermediary Transactions may be entered into and included in the Portfolio. The inclusion of eligible Intermediary Transactions shall occur automatically upon receipt by EIF of an inclusion notice submitted by the Financial Intermediary on a quarterly basis until the end of the Inclusion Period. For the avoidance of doubt, the Intermediary Transactions so included shall be covered by the Counter-Guarantee from the date on which such Intermediary Transactions have been entered into.</p>
Scheduled Availability Period End Date	<p>a) [24-36] months after the date of signature of the Counter-Guarantee Agreement, or such other period, as indicated in the Counter-Guarantee Agreement, provided that Beneficiary Transactions that have not been entered into before the end of the aforementioned period may be included if they have been approved by the Financial Sub-Intermediary during this period and entered into within 6 months from the end of this period.</p> <p>b) 31 December 2022.</p>
Inclusion Period End Date	<p>Means the earlier of (i) the Early Inclusion Period End Date and (ii) the Scheduled Inclusion Period End Date.</p>

Scheduled Inclusion Period End Date	Means the date falling [6] months after the Scheduled Availability Period End Date.
Early Inclusion Period End Date	<p>Unless stipulated otherwise in the Counter-Guarantee Agreement, the earlier of:</p> <ul style="list-style-type: none"> a) the date on which the EIF is effectively notified by the Financial Intermediary with the request to terminate the Inclusion Period; b) the date specified in a Trigger event Notice sent by EIF (if any) after a Trigger Event occurred; c) Termination Date.
Financial Intermediaries	<p>Guarantee schemes, guarantee institutions or other financial or credit institutions duly authorized to issue guarantees according to the applicable legislation, established or operating in one or several of the Participating Countries. Such institutions shall comply with the relevant international and EU standards and legislation, where applicable, on the prevention of money laundering, the fight against terrorism, tax fraud, tax evasion and artificial arrangements aimed at tax avoidance.</p> <p>The Financial Intermediaries:</p> <ul style="list-style-type: none"> a) shall not be established in a Non-Compliant Jurisdiction, unless the Intermediary Transaction and the Beneficiary Transaction are physically implemented in the relevant Non-Compliant Jurisdiction and do not present any indication that they support actions that contribute to targeted activities. The EIF will provide relevant arrangements in order for the Financial Intermediary to transpose this requirement at the level of the Financial Sub-Intermediaries and the Beneficiaries; b) shall not, to the best of their knowledge, be in any Condition of Exclusion; c) shall not perform R&I activities which are related to: <ul style="list-style-type: none"> (i) illegal activities according to the applicable legislation in the country of the Financial Intermediary or (ii) R&I Excluded Activities.
Financial Sub-Intermediaries	<p>Financial or credit institutions duly authorized to carry out lending or leasing activities according to the applicable legislation, established or operating in one or several of the Participating Countries. Financial Sub-Intermediaries of a Financial Intermediary shall be approved by the Financial Intermediary in its usual course of business. In an indirect origination model, more than one Financial Sub-Intermediary may be relevant regarding a Beneficiary Transaction.</p> <p>Financial Sub-Intermediaries shall meet, mutatis mutandis, the requirements for the Financial Intermediaries referred to above.</p>

<p>Non-Compliant Jurisdiction</p>	<p>Means a jurisdiction:</p> <ul style="list-style-type: none"> (a) listed in the Annex I of the Council of the European Union conclusions on the revised European Union list of non-cooperative jurisdictions for tax purposes, adopted by the Council of the European Union at its meeting held on 18 February 2020, and/or (b) 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, and/or (c) rated as “partially compliant”, “provisionally partially compliant” or “non-compliant” by the Organisation for Economic Cooperation and Development and its Global Forum on Transparency and Exchange of Information for Tax Purposes and/or (d) included in the Financial Action Task Force “Public Statement” (i.e. countries or jurisdictions with such serious strategic deficiencies that the Financial Action Task Force calls on its members and non-members to apply counter-measures or for which the Financial Action Task Force calls on its members to apply enhanced due diligence measures), and/or (e) included in the Financial Action Task Force statement “Improving Global AML/CFT Compliance: On-Going process”(i.e. countries or jurisdictions with strategic weaknesses in their AML/CFT measures but that have provided a high-level commitment to an action plan developed with the Financial Action Task Force), <p>in each case as such statement, list, directive or annex may be amended and/or supplemented from time to time.</p>
<p>Maximum Portfolio Volume</p>	<p>The maximum amount that the Agreed Portfolio Volume can reach, as agreed in the Counter-Guarantee Agreement.</p>
<p>Agreed Portfolio Volume</p>	<p>The Agreed Portfolio Volume is the maximum aggregate amount of principal¹ of Intermediary Transactions to be included in the Portfolio, as agreed in the Counter-Guarantee Agreement.</p>

¹ In case of Finance Leases, the references to the ‘principal amount’ shall deem to have references to the ‘capital amount’, which means at any time the amount financed by the Financial Sub-Intermediary to the Beneficiary and covered by a Transaction, i.e. the net purchase price of the leased asset reduced by the amount of a down payment thereunder.

	<p>The Agreed Portfolio Volume will correspond to a percentage of the Maximum Portfolio Volume and shall be denominated in the Base Currency, regardless of the denomination of the Intermediary Transactions included in the Portfolio.</p> <p>At any time during the Availability Period, the Agreed Portfolio Volume may be reduced by the EIF if the Financial Intermediary materially lags behind its Portfolio ramp up time schedule as reflected in the Counter-Guarantee Agreement.</p> <p>At any time during the Availability Period, the EIF may agree with the Financial Intermediary to increase the Agreed Portfolio Volume (up to an amount specified in the Counter-Guarantee Agreement, such amount being Maximum Portfolio Volume) if the ramp-up of the Portfolio has been substantially achieved or, considering the facts and circumstances, is likely to be achieved before the end of the Inclusion Period.</p>
Actual Portfolio Volume	<p>The aggregate amount of the principal committed to be made available under Intermediary Transactions included in the Portfolio from time to time, provided that:</p> <ul style="list-style-type: none"> i) if any underlying Beneficiary Transaction covered by an Intermediary Transaction is prepaid or repaid, then this shall not reduce the Actual Portfolio Volume; ii) if an Intermediary Transaction is excluded from the Portfolio as a result of the exclusion process described below, then such Intermediary Transaction shall not be taken into account for the calculation of the Actual Portfolio Volume; and iii) The Actual Portfolio Volume may in no circumstances exceed the Agreed Portfolio Volume.
Trigger Event	Means any of the Cumulative Default Rate Trigger Event or the Portfolio Trigger Event.
Cumulative Default Rate Trigger Event	A trigger event shall occur if, on one or more specified date(s) during the Inclusion Period, the aggregate of principal amount (for Revolving Beneficiary Transactions the relevant amount being the Credit Limit Amount) of defaulted Beneficiary Transactions covered by Intermediary Transactions exceeds a predetermined level.
Portfolio Trigger Event	A trigger event shall occur if, on one or more specified date(s) during the Inclusion Period, the aggregate committed principal amount of Beneficiary Transactions (for Revolving Beneficiary Transactions the relevant amount being the Credit Limit Amount) covered by Intermediary Transactions does not exceed a predetermined level.
Counter-Guarantee Rate	The Counter-Guarantee Rate shall be up to 50% of the Defaulted Amounts covered by the Counter-Guarantee, as specified in the Counter-Guarantee Agreement.

Defaulted Amounts	The Counter-Guarantee shall cover Defaulted Amounts at the Counter-Guarantee Rate incurred by the Financial Intermediary. Defaulted Amounts mean any principal and/or interest ² amounts (excluding late payment or default interest, capitalised interest, fees and other costs and expenses and excluding any interest amounts which accrued after a period of 90 days) due and paid by the Financial Intermediary under the terms of the covered Intermediary Transaction following the occurrence of either a Beneficiary Transaction Default, Beneficiary Transaction Acceleration or a Beneficiary Transaction Restructuring.
Beneficiary Transaction Default	Means, in respect of a Beneficiary Transaction covered by the Intermediary Transaction and unless otherwise specified in the specific terms of the Counter-Guarantee Agreement that (i) the Financial Sub-Intermediary considers at any time (acting reasonably in accordance with its internal procedures) that a Beneficiary is unlikely to meet its payment obligations under such Beneficiary Transaction (without recourse by the Financial Sub-Intermediary to action such as realisation of security); or (ii) a Beneficiary has failed to meet any payment obligation which has continued for at least 90 consecutive calendar days under the relevant Beneficiary Transaction.
Beneficiary Transaction Acceleration	Means, in respect of a Beneficiary Transaction covered by the Intermediary Transaction, and unless otherwise specified in the specific terms of the Counter-Guarantee Agreement, the occurrence of an event of default (howsoever defined) under such Beneficiary 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).
Beneficiary Transaction Restructuring	Means, in respect of a Beneficiary Transaction covered by the Intermediary Transaction and unless otherwise specified in the specific terms of the Counter-Guarantee Agreement, that the Financial Sub-Intermediary, acting in a commercially reasonable manner and in accordance with its standard internal procedures, agrees to the restructuring of such Beneficiary Transaction such that the amount of principal scheduled to be paid, and/or any interest amount due, by the relevant Beneficiary is reduced, in order to improve the collectability of the claims arising from the relevant Beneficiary Transaction.
Payment Demand	Payment Demands shall only be valid if they are: a) relating to Defaulted Amounts under one or more covered Intermediary Transactions paid by the Financial Intermediary to Financial Sub-

² In case of Financial Leases, the references to the 'interest amount' shall be deemed to be references to "lease interest amount", which shall mean the interest amount charged by the Financial Sub-Intermediary to the Beneficiary at the rate set out in the relevant Beneficiary Transaction documentation.

	<p>Intermediary in respect of defaulted Beneficiary Transactions, which default, restructuring or acceleration has been reported by the Financial Intermediary to the EIF not later than the third Report Date following the calendar quarter in which such Beneficiary Transaction Default, Beneficiary Transaction Acceleration or Beneficiary Transaction Restructuring occurred.</p> <p>b) sent during a Payment Demand Period.</p>
Payment Demand Period	Means the period starting from (but excluding) the last day of the calendar quarter to (and including) the immediately following Payment Demand Date.
Payment Demand Date	Subject to receiving valid Payment Demands, the EIF shall pay any amounts claimed thereunder within 60 calendar days of the relevant Payment Demand Date (i.e. the relevant Report Date, provided that the last Payment Demand Date shall be the Final Payment Demand Date).
Final Payment Demand Date	Means the earlier of (a) the Termination Date (except that, in case of Early Termination Date it shall be 1 month after the Early Termination Date) and (b) 6 months following the Latest Beneficiary Transaction Maturity Date.
Events of Default under the Counter-Guarantee	<p>The 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 early termination of the Counter-Guarantee Agreement (such event, an “Early Termination”). Upon Early Termination all amounts due by the EIF and/or the Financial Intermediary would be calculated in accordance with the terms of the Counter-Guarantee Agreement as if the Report Date were the Early Termination date, except that no Payment Demand may be sent to the EIF if an unlawfulness event of default has occurred and is continuing at the time when such a Payment Demand would have to be submitted.</p>
Latest Beneficiary Transaction Maturity Date	Means the earlier of (X) the latest day on which a Beneficiary Transaction covered by the Intermediary Transaction included in the Portfolio is scheduled to be repaid by the relevant Beneficiary in accordance with the scheduled repayment provisions of the documentation governing such Beneficiary Transaction and (Y) the date which is the Maximum Beneficiary Transaction Maturity following the last day of the Availability Period.
Termination Date	The Counter-Guarantee shall terminate on the earlier of: (i) nine months following the Latest Beneficiary Transaction Maturity Date; (ii) the date on which an Early Termination (if any) has occurred, (iii) the date (if any) on which the EIF is no longer liable to effect further payments to the Financial Intermediary and has no further claims under the Counter-Guarantee Agreement, and (iv) 30 September 2033.
Counter-Guarantee Fee Percentage	The Counter-Guarantee Fee Percentage shall be:

	<p>a) For an Intermediary Transaction covering an SME Transaction, 0.50% per annum.</p> <p>b) For an Intermediary Transaction covering a Small Mid-cap Transaction, 0.80% per annum.</p> <p>c) For an Intermediary Transaction covering a Large Mid-cap Transaction, the higher of: (i) 0.80% per annum and (ii) the credit risk spread in basis points per annum charged by a Financial Sub-Intermediary on an Intermediary Transaction covering a Large Mid-cap Transaction.</p>
<p>Counter-Guarantee Fee Amount</p>	<p>The Counter-Guarantee Fee Amount will be expressed in the Base Currency. It will be payable by the Financial Intermediary to the EIF, with respect to each Intermediary Transaction included in the Portfolio, on a quarterly basis, calculated as the sum of the product for each Transaction of:</p> <ul style="list-style-type: none"> a) The appropriate Counter-Guarantee Fee Percentage divided by 360; b) The sum of the outstanding principal amount on each day during the calendar quarter on which a Beneficiary Transaction covered by the Intermediary Transaction(s) was a Performing Beneficiary Transaction; c) The relevant guarantee rate of the Intermediary Transaction; and d) The Counter-Guarantee Rate. <p>In the case of Beneficiary Transactions other than Revolving Beneficiary Transactions, EIF may agree to the upfront payment of the Counter-Guarantee Fee, on the basis of the scheduled repayment profile of each Beneficiary Transaction covered by the Intermediary Transaction and of an appropriate discount factor.</p> <p>The Counter-Guarantee Fee Amount is non-refundable. However, if the Financial Intermediary becomes aware that one or more Intermediary Transactions are non-eligible Intermediary Transactions and, by not later than the second Report Date following the calendar quarter on which such Intermediary Transaction(s) were included in the Portfolio, causes such non-eligible Intermediary Transaction(s) to be removed from the Portfolio, then the EIF shall repay the portion of the Counter-Guarantee Fee Amount, which relates to Beneficiary Transactions covered by such excluded Intermediary Transactions.</p>
<p>Financial Benefit</p>	<p>Means, with respect to a SME Transaction or a Small Mid-cap Transaction, the basis points reduction in the customary guarantee fee rate (through a reduction of the guarantee fee risk premium of the transaction) charged by the Financial Intermediary directly or indirectly under the Intermediary Transaction included in the Portfolio.</p> <p>The reduction shall be assessed and confirmed by EIF following analysis and due diligence.</p>

	<p>The Financial Benefit shall be passed directly to Beneficiaries or indirectly through Financial Sub-Intermediaries.</p> <p>In the first case, the guarantee fee charged by the Financial Intermediary shall be reduced by the Financial Benefit. In the latter case, the Financial Sub-Intermediary shall reduce accordingly the customary risk spread of the Beneficiary Transaction covered by the Intermediary Transaction. Financial Intermediaries shall ensure that the Financial Benefit has been passed to the Beneficiaries.</p> <p>This requirement shall not apply to an Intermediary Transaction with a Large Mid-cap.</p>
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Beneficiaries and Eligibility Criteria

Beneficiary	An SME, Small Mid-cap or a Large Mid-cap, which has entered into a Beneficiary Transaction with a Financial Sub-Intermediary and covered by the Financial Intermediary under an Intermediary Transaction.
SME	Micro, small or medium-sized enterprise as defined in the Commission Recommendation.
Mid-cap	Small Mid-cap or Large Mid-cap.
Small Mid-caps	<p>An enterprise within the meaning of Article 1 of the Title I of the Annex of the Commission Recommendation which:</p> <ul style="list-style-type: none"> a) has up to 499 employees calculated in accordance with Articles 3, 4, 5 and 6 of the Title I of the Annex of the Commission Recommendation; and b) is not an SME.
Large Mid-cap	An enterprise, as defined in Article 1 of the Title I of the Annex of the Commission Recommendation whose number of employees is between (and including) 500 and 3,000 (with staff headcount calculated in accordance with Articles 3, 4, 5 and 6 of the Title I of the Annex of the Commission Recommendation).

Commission Recommendation	Commission Recommendation 2003/361/EC, concerning the definition of micro, small and medium-sized enterprises ³ , as amended, restated, supplemented and/or substituted from time to time.
Beneficiary Transaction	Means an SME Transaction, Small Mid-cap Transaction or a Large-Mid-cap Transaction. For Subordinated Beneficiary Transactions, the Beneficiary must be a SME or Small Mid-cap.
Performing Beneficiary Transaction	Means at any date during a calendar quarter a Beneficiary Transaction in respect of which no Beneficiary Transaction Default, Beneficiary Transaction Acceleration or Beneficiary Transaction Restructuring has occurred on such date according to the relevant report submitted to the EIF by the corresponding Report Date.
SME Transaction	Means a debt financing, including loan or bond or Finance Lease provided directly or indirectly by a Financial Sub-Intermediary to an SME and covered by the Intermediary Transaction.
Small Mid-cap Transaction	Means a debt financing, including loan or bond or Finance Lease provided directly or indirectly by a Financial Sub-Intermediary to a Small Mid-cap and covered by the Intermediary Transaction.
Large Mid-cap Transaction	Means a debt financing, including loan or bond or Finance Lease provided directly or indirectly by a Financial Sub-Intermediary to a Large Mid-cap and covered by the Intermediary Transaction.
Revolving Beneficiary Transaction	Means a Beneficiary Transaction in the form of a loan (which shall include an overdraft line of credit and liquidity lines of credit, and exclude any credit or loan resulting from utilisation of credit card limits) to a Beneficiary that can use, on a revolving basis, the financing available for a specified period through one or more drawdowns and repayments up to the Credit Limit Amount (including by settling obligations arising from letter of credit).
Credit Limit Amount	Means the maximum principal amount that a Financial Sub-Intermediary commits under a Revolving Beneficiary Transaction without any repayments by the Beneficiary.
Rollover of Revolving Beneficiary Transactions	In the case of Revolving Beneficiary Transactions covered by the Intermediary Transaction, any entry into an agreement with a new maturity for a Revolving Beneficiary Transaction with the same Beneficiary as a replacement of an existing Revolving Transaction, having the same Credit Limit Amount, but without repayment in full by the Beneficiary of amounts outstanding under the existing

³ OJ L124, 20.05.2003, p. 36

	<p>Revolving Beneficiary Transaction covered by the Intermediary Transaction, shall be treated as an extension of the maturity of the existing Beneficiary Transaction and not as the entry into a new Beneficiary Transaction with the relevant Beneficiary. For avoidance of doubt, such extended maturity must not exceed Maximum Revolving Beneficiary Transaction Maturity, where the relevant term shall be calculated starting from the day the existing Revolving Beneficiary Transaction was first entered into.</p>
<p>Conversion of Revolving Beneficiary Transactions</p>	<p>If a Revolving Beneficiary Transaction covered by the Intermediary Transaction is converted to a Beneficiary Transaction which is not a Revolving Beneficiary Transaction, as a result of entry into a new contractual agreement or the execution of a contractual amendment, the resulting Beneficiary Transaction shall continue to be covered by the Intermediary Transaction (and shall not be treated as a new Beneficiary Transaction entered into with the relevant Beneficiary) provided that (a) such conversion constituted a Permitted Beneficiary Transaction Amendment, or (b) the maturity of the converted Transaction covered by the Intermediary Transaction does not exceed the Maximum Beneficiary Transaction Maturity, where the relevant term shall be calculated starting from the day the existing Revolving Beneficiary Transaction was first entered into.</p>
<p>Eligibility Criteria</p>	<p>Intermediary Transactions included in a Portfolio shall comply with the eligibility criteria set out below and any additional eligibility criteria set out in the specific terms of the relevant Counter-Guarantee Agreement (collectively, the “Eligibility Criteria”).</p> <p>The Eligibility Criteria below shall be met at all times, except for all the Innovation and Digitalisation Eligibility Criteria, the Beneficiary Eligibility Criteria a)-h) and the Beneficiary Transaction Eligibility Criteria f) and i), which shall only be met on the signing date of the document(s) evidencing the relevant Beneficiary Transaction (or where specifically indicated, on the date of the application for the Beneficiary Transaction) and the Financial Sub-Intermediary Eligibility Criteria b)-d) and the Portfolio Eligibility Criteria which shall only be met on the signing date of the document(s) evidencing the relevant Intermediary Transaction. For each additional Eligibility Criteria, the specific terms of the relevant Counter-Guarantee Agreement shall indicate whether or not it shall be met at all times.</p> <p>A breach of any of the Eligibility Criteria shall result in an exclusion of the relevant Intermediary Transaction(s) from the Portfolio save as specified in the “Exclusion Process”.</p> <p>1. Intermediary Transaction Eligibility Criteria</p> <p>Intermediary Transactions shall comply with the following eligibility criteria:</p> <p>(a) The guarantee rate of the Intermediary Transaction shall not be higher than 80% ;</p> <p>(b) The Financial Intermediary shall at least rank <i>pari passu</i> with the Financial Sub-Intermediary with respect to any recoveries relating to the Beneficiary Transaction(s) covered (directly or indirectly) by the Intermediary Transaction and, if applicable, the Financial Intermediary shall undertake that at least <i>pari</i></p>

passu ranking between the Financial Intermediary and the Financial Sub-intermediary and between any subsequent Financial Sub-Intermediaries (if any) shall be reflected in the relevant subsequent agreements between such entities;

- (c) The customary guarantee fee rate charged by the Financial Intermediary to the Beneficiary or the Financial Sub-Intermediary, shall be reduced by the level of the Financial Benefit;
- (d) The Intermediary Transaction must be entered into and included in the Portfolio by the end of the Inclusion Period;
- (e) The Intermediary Transaction shall cover, directly or indirectly, the full principal amount of the relevant underlying Beneficiary Transaction;
- (f) The Intermediary Transaction currency shall be the relevant underlying Beneficiary Transaction currency;
- (g) The Intermediary Transaction shall not be affected by an Irregularity or fraud;
- (h) The Intermediary Transaction shall not finance Illegal Activities or artificial arrangements aimed at tax avoidance;
- (i) The Intermediary Transaction shall cover (directly or indirectly) Beneficiaries and Beneficiary Transactions which comply with (i) at least one of the Innovation and Digitalisation Eligibility Criterion; (ii) each of the Beneficiary Eligibility Criteria; and (iii) each of the Beneficiary Transaction Eligibility Criteria.

2. Financial Sub-Intermediary Eligibility Criteria

Financial Sub-Intermediaries shall comply with each of the following eligibility criteria:

- (a) The Financial Sub-Intermediary shall not perform R&I activities which are related to (i) illegal activities according to the applicable legislation in the country of the Financial Intermediary, Financial Sub-Intermediary or the Beneficiary (including national, Union and international legislation, including the Charter of Fundamental Rights of the European Union and the European Convention on Human Rights and its Supplementary Protocols); or (ii) any R&I Excluded Activities.
- (b) The Financial Sub-Intermediary shall not, to the best of its knowledge, be in a Condition of Exclusion.
- (c) The Financial Sub-Intermediary shall not be established in a **Non-Compliant Jurisdiction**, unless the Intermediary Transaction and the Beneficiary Transaction are physically implemented in the relevant Non-Compliant Jurisdiction and do not present any indication that they support actions that contribute to targeted activities;
- (d) The Financial Sub-Intermediary shall not have a substantial focus on one or more Restricted Sectors (which determination shall be made by the Financial

Intermediary in its discretion based, without limitation, on the proportionate importance of such sector on revenues, turnover or client base of the relevant Financial Sub-Intermediary.

3. Innovation and Digitalisation Eligibility Criteria

Beneficiaries under Beneficiary Transactions included in a Portfolio shall comply with at least one the following eligibility criteria:

- (a) The Beneficiary is an SME or a Mid-cap that intends to use the Beneficiary Transaction to invest in producing, developing or implementing new or substantially improved (i) products, processes or services, or (ii) production or delivery methods, or (iii) organisational or process innovation including business models that are innovative⁴ and where there is a risk of technological, industrial or business failure as evidenced by an evaluation carried out by an external expert, or
- (b) The Beneficiary is a “fast-growing enterprise”, which is an SME or a Mid-cap operating in a market for less than 12 years following its first commercial sale and with an average annualised endogenous growth in employees or in turnover greater than 20% a year, over a three-year period, and with ten or more employees at the beginning of the observation period, or
- (c) The Beneficiary is an SME or a Mid-cap that has been operating in a market for less than 7 years following its first commercial sale and its R&I costs represent at least 5% of its total operating costs in at least one of the three preceding years* or in the case of an enterprise (and particularly a start-up) without any financial history, according to its current financial statements, or
- (d) The Beneficiary shall have a significant innovation potential or be an “R&I-intensive enterprise”, by satisfying at least one of the following conditions:
 - 1) The Beneficiary’s R&I annual expenses are equal or exceed 20% of the Beneficiary Transaction amount as per

⁴ As defined in the paragraphs 15(y) and 15(bb) of 1.3 Definitions of the Communication from the Commission C(2014) 3282 OF 21 May 2014 on the Framework for state aid for research and development and innovation.

	<p>the Beneficiary's latest statutory financial statements, under the condition that the Beneficiary's business plan indicates an increase of its R&I expenses at least equal to the Beneficiary Transaction amount; or</p> <ol style="list-style-type: none"> 2) The Beneficiary undertakes to spend an amount at least equal to 80% of the Beneficiary Transaction amount on R&I activities as indicated in its business plan and the remainder on costs necessary to enable such activities; or 3) The Beneficiary has been formally awarded grants, loans or guarantees from European R&I support schemes⁵ or through their funding instruments⁶ or regional, national research or innovation support schemes over the last thirty-six (36) months*, under the condition that the Beneficiary Transaction is not covering the same expense; or 4) The Beneficiary has been awarded over the last twenty-four (24) months* an R&D or Innovation prize provided by an EU institution or an EU body; or 5) The Beneficiary has registered at least one technology right (such as patent, utility model, design right, topography of semiconductor products, supplementary protection certificate for medicinal products or other products for which such supplementary protection certificates may be obtained, plant breeder's certificate or software copyright) in the last twenty-four (24) months* and the Beneficiary Transaction purpose is to enable, directly or indirectly, the use of this technology right; or 6) The Beneficiary is an early stage SME and has received an investment over the last twenty-four (24) months* from a venture capital investor or from a business angel being a member of a business angels network; or such venture capital investor or business angel is a shareholder of the Beneficiary*; or 7) The Beneficiary requires a risk finance investment which, based on a business plan prepared in view of entering a new product or geographical market, is higher than 50%
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⁵ e.g., Horizon 2020 or FP7.

⁶ e.g., Joint Technology Initiatives or Eurostars.

of its average annual turnover in the preceding 5 years*; or

8) The Beneficiary's R&I costs represent at least 10% of its total operating costs in at least one of the three preceding years*, or in the case of an enterprise without any financial history, in the audit of its current fiscal period*, as per its current financial statements; or

9) The Beneficiary is a Mid-cap and its R&I costs represent:

(i) at least 15% of its total operating costs in at least one of the three preceding years*; or

(ii) at least 10% per year of its total operating costs in the three preceding years*; or

10) The Beneficiary has incurred R&I expenses qualified in the past 36 months by competent national or regional bodies or institutions as part of general support measures approved by the European Commission and designed to incentivize companies to invest in R&I, provided that i) such body or institution is independent of the Financial Sub-Intermediary and the Beneficiary and ii) the Beneficiary Transaction covers incremental expenditure as indicated in the Beneficiary's business plan and iii) the Beneficiary Transaction is not covering the same eligible costs already supported by aforementioned measures;* or

11) The Beneficiary has been designated in the past 36 months as an innovative company by an EU or national or regional institution or body, provided that in each case*:

(a) The designation is based on the publicly available criteria where such criteria:

- Shall not be limited to or otherwise favour any particular industry or sector, and
- Shall reflect at least one of the Innovation and Digitalisation Eligibility Criteria except the Innovation and Digitalisation Eligibility Criterion referred to in item (d)4 or shall reflect the substance of at least one of these criteria but shall not be less stringent; and

(b) The body or institution is independent of the Financial Sub-Intermediary and the Beneficiary; and

(c) The Beneficiary Transaction covers incremental expenditure as indicated in the Beneficiary's business plan.

(e) The Beneficiary intends to use the Beneficiary Transaction to invest in digitalisation of at least one of the following areas:

- 1) Expanding or transforming of existing business models or creating new business models; or
- 2) Introducing or enhancing digitalisation in supply chain management, including but not limited to interaction with suppliers, inventory management and participation in the supply chain of corporates or larger businesses ; or
- 3) Enhancement in products or services or processes by integrating digital technologies in the business processes of the company, including the design, development or delivery to customers;; or
- 4) Customer relationship management, including enhanced customer feedback systems or digital marketing capabilities; or
- 5) Business development and customer acquisition, including but not limited to via expansion to new markets, geographies or type of customers; or
- 6) Security of data or increasing business resilience against threats of cyberattacks; or
- 7) Integration of any of the innovative deep technologies (artificial intelligence, blockchain, drones and robotics, biotechnology, photonics, electronics advanced materials and quantum computing), in the operations of the Beneficiary; or
- 8) Development of digital skills and training of new or existing employees in digital technologies or management of business in digital world.

* on the date of the application for a Beneficiary Transaction.

4. Beneficiary Eligibility Criteria

Beneficiaries shall comply with each of the following eligibility criteria:

- a) The Beneficiary shall be an unlisted SME or an unlisted Mid-cap without prejudice to the possibility for such companies to be quoted on an

alternative trading platform, as defined in Article 4(1)(15) of Directive 2004/39/EC, where the majority of the financial instruments admitted to trading are issued by SMEs or Mid-caps;

- b) The Beneficiary shall not be a “firm in difficulty” within the meaning of the General Block Exemption Regulation⁷;
- c) Where a Beneficiary Transaction purpose is a business transfer:
 - 1) The Beneficiary Transaction must be combined with new capital representing at least 50% of the nominal amount of the Beneficiary Transaction, and
 - 2) The Beneficiary shall qualify as an SME or a Mid-cap as a result of such transfer and Beneficiary shall either:
 - (i) comply with at least one of the Innovation and Digitalisation eligibility criteria listed in paragraph 1 above; or
 - (ii) undertake to use the Beneficiary Transaction for the acquisition of an enterprise, which shall comply with at least one of the Innovation and Digitalisation eligibility criteria listed in paragraph 1 above.
- d) The Beneficiary enters into a Beneficiary Transaction (i) on its own behalf or (ii) on the behalf of one or more of its partner or linked enterprises in the meaning of the Commission Recommendation, where at least one of such enterprises complies with one or more of the Innovation and Digitalisation eligibility criteria listed in paragraph 1, provided that the criteria listed in paragraph 1(b), 1(d)(1) and 1(d)(2) shall be assessed at the group level;
- e) The Beneficiary shall be established in at least one Participating Country;
- f) The Beneficiary shall not be established in a **Non-Compliant Jurisdiction**, unless the Intermediary Transaction and the Beneficiary Transaction are physically implemented in the relevant Non-Compliant Jurisdiction and do not present any indication that they support actions that contribute to targeted activities;
- g) The Beneficiary shall not have a substantial focus on one or more EIF Restricted Sectors (which determination shall be made by the Financial

⁷ COMMISSION REGULATION (EU) No C(2014) 3292/3 of 21 May 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

Intermediary in its discretion based, without limitation, on the proportionate importance of such sector on revenues, turnover or client base of the relevant Beneficiary);

- h) The Beneficiary shall not, to the best of its knowledge, be in any **Condition of Exclusion****,
- i) The Beneficiary shall not be a Sanctioned Person,
- j) The Beneficiary shall not perform any R&I activities, which are related to illegal activities according to the applicable legislation of the Beneficiary's country, including any applicable EU legislation, including the Charter of Fundamental Rights of the European Union, or **R&I Excluded Activities***.

** This eligibility criterion shall be deemed to be met based on undertakings or representations by the Beneficiary.

5. Beneficiary Transaction Eligibility Criteria

Beneficiary Transactions shall comply with each of the following eligibility criteria:

- (a) The Beneficiary Transaction shall be newly originated,
- (b) The Beneficiary Transaction shall be entered into by the Financial Sub-Intermediary by the end of the Inclusion Period.
- (c) The purpose of the Beneficiary Transaction shall be (1) an investment in tangible or intangible assets, (2) working capital, including Bridge Finance, or (3) business transfers.
- (d) The Beneficiary Transaction shall not be in the form of an equity or a Quasi-Equity Transaction.
- (e) If the Beneficiary Transaction is subordinated debt, it shall be in the form of a Subordinated Beneficiary Transaction.
- (f) If the Beneficiary Transaction is a Subordinated Beneficiary Transaction, the Beneficiary shall be an SME or a Small Mid-cap.
- (g) If the Beneficiary Transaction is a lease, it shall be in the form of Finance Lease.
- (h) If the Beneficiary Transaction is a bond, it shall be in the form of a Mini Bond.
- (i) The amount committed by the Financial Sub-Intermediary under the Beneficiary Transaction shall not be lower than the equivalent of EUR 25,000, other than (i) as a result of a Permitted Beneficiary Transaction Amendment, or (ii) in the case where the Beneficiary

Transaction satisfies the Innovation and Digitalisation eligibility criterion (e).

- (j) The amount committed by the Financial Sub-Intermediary under the Beneficiary Transaction shall not exceed the equivalent of EUR 7.5 million, or such lower amount as specified in the relevant Counter-Guarantee Agreement following EIF's risk assessment.
- (k) The Beneficiary Transaction shall have a fixed repayment schedule or be a Revolving Beneficiary Transaction.
- (l) The minimum contractual maturity of the Beneficiary Transaction shall be twelve (12) months unless taking the form of Bridge Finance, which shall have a minimum contractual maturity of six (6) months .
- (m) Other than as a result of a Permitted Beneficiary Transaction Amendment, the maximum contractual maturity of a Beneficiary Transaction, other than a Revolving Beneficiary Transaction, shall not exceed ten (10) years rounded down to the nearest full calendar quarter or such shorter period as specified in the relevant Counter-Guarantee Agreement following EIF's risk assessment, including the relevant grace period if any (referred to as the '**Maximum Beneficiary Transaction Maturity**').
- (n) The maturity of a Revolving Beneficiary Transaction shall not exceed six (6) years (rounded down to the nearest full calendar quarter) (referred to as the '**Maximum Revolving Beneficiary Transaction Maturity**').
- (o) In the case of SME Transactions and Small Mid-cap Transactions, if the Financial Benefit has not been passed directly by the Financial Intermediary or Financial Sub-Intermediary to the Beneficiary, the customary risk spread applicable to the relevant Beneficiary Transaction included in the Portfolio shall be reduced by the Financial Sub-Intermediary taking into account the level of the Financial Benefit.
- (p) The Beneficiary Transaction shall not finance Illegal Activities or artificial arrangements aimed at tax avoidance.
- (q) The Beneficiary Transaction shall not be affected by an Irregularity or fraud.
- (r) The Beneficiary Transaction shall be denominated in the Base Currency or Additional Currency.
- (s) The documents governing the Beneficiary Transaction are legal, valid, binding and enforceable under applicable law.

6. Portfolio Eligibility Criteria

	<p>Where the Financial Sub-Intermediary includes Intermediary Transactions covering Large Mid-cap Transactions in any Portfolio under the Facility, the total aggregate amount of such transactions included in all the Portfolios of the same Financial Intermediary covered under the Facility shall not exceed the higher of:</p> <ul style="list-style-type: none"> (a) EUR 30 (thirty) million (or, if the Base Currency is not EUR, an equivalent amount in such Base Currency); and (b) An amount which is the lower of: (i) 15% of aggregate the Maximum Portfolio Volume across all Portfolios of the same Financial Intermediary covered under the Facility, and (ii) EUR 100 (one-hundred) million (or, if the Base Currency is not EUR, an equivalent amount in such Base Currency). <p>Further requirements, may be specified in the Counter-Guarantee Agreement, following EIF's risk assessment.</p> <p>With respect to each Intermediary Transaction included in the Portfolio and each Beneficiary Transaction covered by such Intermediary Transaction, the Financial Intermediary or the Financial Sub-Intermediary, as relevant, shall ensure that the Financial (Sub-) Intermediary retains appropriate records evidencing the fulfilment of the Eligibility Criteria by Beneficiaries and Beneficiary Transactions, including any undertakings or representations made thereunder. The Financial Intermediary shall ensure access to all such records of the Financial Sub-Intermediary.</p>
<p>Conditions of Exclusion</p>	<p>Means the Financial Intermediary, Financial Sub-Intermediary or a Beneficiary, as the case may be, is in any of the following situations:</p> <ul style="list-style-type: none"> (a) it is bankrupt, is subject to insolvency or is being wound up, is having its affairs administered by a liquidator or by the courts, in this context, is in an arrangement with creditors, is having its 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 is in any analogous situation arising from a similar procedure provided for in national legislation or regulations; (b) in the past five (5) years, it has been the subject of a final judgment or final administrative decision for being in breach of its 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; (c) in the past five years, it or any of the persons having powers of representation, decision-making or control over it has been convicted by a final judgment or a final administrative decision for grave professional misconduct, where such conduct denotes wrongful intent or gross negligence, which would affect its ability to implement the Counter-Guarantee and which is for one of the following reasons:

	<ul style="list-style-type: none"> (i) fraudulently or negligently 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; (ii) entering into agreements with other persons aimed at distorting competition; (iii) attempting to unduly influence the decision-making process of the contracting authority during the relevant “award procedure” as such term is defined in Article 2 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 (the “Financial Regulation”); (iv) attempting to obtain confidential information that may confer upon it undue advantages in the relevant “award procedure” as such term is defined in Article 2 of the Financial Regulation; <p>(d) in the past five (5) years, it or persons having powers of representation, decision-making or control over it has been the subject of a final judgment for:</p> <ul style="list-style-type: none"> (i) fraud; (ii) corruption; (iii) participation in a criminal organisation; (iv) money laundering or terrorist financing; (v) terrorist offences or offences linked to terrorist activities, or inciting, aiding, abetting or attempting to commit such offences; (vi) child labour and other forms of trafficking in human beings; <p>(e) if it is the Financial Intermediary or the Financial Sub-Intermediary, it is subject to a decision on exclusion, or if it is a Beneficiary, it is under the published list of economic operators excluded or subject to financial penalty, in each case contained in the early detection and exclusion system database (the EDES database available at the official website of the EU) set up and operated by the Commission,</p> <p>provided that the EIF may decide not to apply any of the items above if it is satisfied that the relevant entity has adopted remedial measures to demonstrate its reliability, or that an exclusion would be disproportionate taking into account the circumstances.</p>
Beneficial Ownership	Means the ultimate ownership or control of a person according to the definition of “beneficial owner” set out:

	<p>(a) In relation to the Intermediary, in article 3(6) of Directive 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (as amended, supplemented or restated, the "AML Directive"), it being specified that, for the purposes of the Counter-Guarantee, the applicable threshold of beneficial ownership is set at 10%; and</p> <p>(b) In relation to the Sub-Intermediaries and Beneficiaries, (i) if the Financial Intermediary is established in the European Union, in the AML Directive, it being specified that, for the purposes of the Counter-Guarantee, the threshold of beneficial ownership is the threshold set under the applicable laws or regulations implementing said Directive, or (ii) if the Financial Intermediary is established outside of the European Union, in the Financial Action Task Force recommendations and standards (as amended, supplemented or restated), it being specified that, for the purposes of the Counter-Guarantee, the threshold of beneficial ownership is set at 25%.</p>
Illegal Activities	Means any of the following illegal activities or activities carried out for illegal purposes: tax evasion, tax fraud, fraud, corruption, coercion, collusion, obstruction, money laundering, financing of terrorism or any other illegal activity, that may affect the financial interests of the EU, according to applicable laws.
Irregularity	Means any infringement of a provision of EU law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the EU or budgets managed by it, either by reducing or losing revenue accruing from own resources collected directly on behalf of the European Union, or by charging an unjustified item of expenditure.
Sanctioned Person	Means any person who is a designated target of Sanctions or is otherwise a subject of Sanctions.
Sanctions	Means any restrictive measures adopted pursuant to Article 215 of the Treaty on the Functioning of the European Union.
R&I Excluded Activities ⁸	Means the following fields of research: <p>(a) research activity aiming at human cloning for reproductive purposes;</p> <p>(b) research activity intended to modify the genetic heritage of human beings which could make such changes heritable (excluding research relating to cancer treatment of the gonads);</p>

⁸ Financial Intermediaries and Financial Sub-Intermediaries shall be subject, *mutatis mutandis*, to the requirements referred to herein.

	<p>(c) research activity intended to create human embryos solely for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer;</p> <p>(d) research activity that is prohibited in all the Member States;</p> <p>(e) research activity in a Participating Country that is forbidden in that Participating Country or in the country in which the Beneficiary, the Financial Intermediary or the Financial Sub-Intermediary, as applicable, is established.</p>
<p>Permitted Beneficiary Transaction Amendment</p>	<p>Means any amendment which purpose is to improve the collectability of the claims under the Beneficiary Transaction covered by the Intermediary Transaction and which is made in accordance with the Financial Intermediary's and Financial Sub-Intermediary's credit policies.</p>
<p>EIF Restricted Sectors</p>	<p>a. Illegal Economic Activities</p> <p>Any production, trade or other activity, which is illegal under the laws or regulations of the home jurisdiction for such production, trade or activity.</p> <p>Human cloning for reproduction purposes is considered an Illegal Economic Activity in the context of these Restricted Sectors guidelines.</p> <p>b. Tobacco and Distilled Alcoholic Beverages</p> <p>The production of and trade in tobacco and distilled alcoholic beverages and related products.</p> <p>c. Production of and Trade in Weapons and Ammunition</p> <p>The financing of the production of and trade in weapons and ammunition of any kind. This restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies.</p> <p>d. Casinos</p> <p>Casinos and equivalent enterprises.</p> <p>e. IT Sector Restrictions</p> <p>Research, development or technical applications relating to electronic data programs or solutions, which</p> <p>(i) aim specifically at:</p> <p>(a) supporting any activity included in the EIF Restricted Sectors referred to under a to d above;</p> <p>(b) internet gambling and online casinos; or</p> <p>(c) pornography,</p>

	<p>or which</p> <p>(ii) are intended to enable to illegally</p> <p>(a) enter into electronic data networks; or</p> <p>(b) download electronic data.</p> <p>f. Life Science Sector Restrictions</p> <p>When providing support to the financing of the research, development or technical applications relating to:</p> <p>(i) human cloning for research or therapeutic purposes; or</p> <p>(ii) Genetically Modified Organisms (“GMOs”),</p> <p>the EIF will require from the Financial Intermediary appropriate specific assurance on the control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.</p> <p>The binding list of Restricted Sectors shall be set as of the date of the Counter-Guarantee Agreement.</p>
Finance Lease	<p>Means, unless otherwise specified in the specific terms of the Counter-Guarantee Agreement, any ‘hire-purchase’ or a lease contract where substantially all risks and rewards from the leased asset(s) accrue to the Beneficiary.</p>
Mini Bond	<p>Means a bond either issued by a Beneficiary and subscribed to by the Financial Sub-Intermediary or purchased on issuance by the Financial Sub-Intermediary from the Beneficiary.</p>
Exclusion Process	<p>At any time, the EIF may verify whether an Intermediary Transaction included in the Portfolio is an eligible Intermediary Transaction and whether its inclusion in the Portfolio is in compliance with the terms of the Counter-Guarantee. At any time upon becoming aware of the same, the EIF may notify the Financial Intermediary by sending an Exclusion Notice identifying such non-eligible Intermediary Transaction.</p> <p>If a Financial Intermediary becomes aware of the same the Financial Intermediary shall include such information in the immediately following Report delivered to the EIF.</p> <p>In each of the cases (i) and (ii) the Intermediary Transaction shall be excluded from the Portfolio (and shall not be covered by the Counter-Guarantee) as of the date on which it became a non-eligible Intermediary Transaction.</p> <p>However if an Intermediary Transaction 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 Beneficiary Transaction covered by such Intermediary Transaction was served</p>

	<p>by the Financial Sub-Intermediary to the Financial Intermediary, such Intermediary Transaction shall be deemed to be covered by the Counter-Guarantee.</p> <p>Similarly if an Intermediary Transaction included in the Portfolio 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 Beneficiary Transaction covered by such Intermediary Transaction was served by the Financial Sub-Intermediary to the Financial Intermediary, then such Intermediary Transaction shall be deemed to be covered by the Counter-Guarantee if the Financial Intermediary procures that all amounts owed to the Financial Sub-Intermediary by the relevant Beneficiary under such Beneficiary Transaction are accelerated or such Beneficiary Transaction is otherwise terminated no later than the Report Date immediately following the date on which it became aware of the same. However if the Financial Sub-Intermediary does not proceed to the acceleration of such Beneficiary Transaction within the timeframe specified above then the relating Intermediary Transaction covering such Beneficiary Transaction shall be excluded from the Portfolio as of the date on which it became a non-eligible Intermediary Transaction.</p> <p>The Actual Portfolio Volume shall be reduced following an exclusion from the Portfolio by the aggregate committed principal amount of the Intermediary Transactions so excluded.</p>
<p>Right of Clawback by the EIF</p>	<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 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 Portfolio.</p>
<p>Adjustment of the Actual Portfolio Volume</p>	<p>In respect of each Beneficiary Transaction covered by an Intermediary Transaction included in the Portfolio, if on the date which is (such date, the “Adjustment Date”):</p> <ol style="list-style-type: none"> 1. the end of a disbursement period (when amounts cease to be available for utilization by a Beneficiary), 2. the date on which the commitment made available for utilization under an Transaction is cancelled, <p>but in any case no later than on the Termination Date, the committed amount of principal has not been fully drawn by a Beneficiary under the relevant Beneficiary Transaction (in the case of Revolving Beneficiary Transaction meaning that the aggregate of drawdown amounts is less than the Credit Limit Amount thereunder), then the Actual Portfolio Volume shall be reduced to reflect the guaranteed aggregate principal amount drawn by the relevant Beneficiary. The Financial Intermediary shall reflect any such adjustment in the Report corresponding to the calendar quarter in which the Adjustment Date occurred.</p> <p>If the Actual Portfolio Volume is adjusted pursuant to this section or section Exclusion Process as described above (the amount of reduction of the Actual Portfolio Volume, the “Adjusted Portion”), the Financial Intermediary may include one or more further Intermediary Transactions in the Portfolio up to the aggregate of Adjusted Portions and to extent that the Actual Portfolio Volume does not exceed</p>

	<p>the Agreed Portfolio Volume and if such inclusions are made until the earlier of (i) 31 December 2022 and (ii) the third Report Date following the Adjustment Date or the date when a Party has been effectively notified that the Intermediary Transaction shall be an Excluded Intermediary Transaction.</p> <p>The replacements shall be made pursuant to the terms described in the Inclusion Period section above.</p>
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Miscellaneous

<p>Servicing and Recoveries</p>	<p>The Financial Intermediary shall service the Portfolio in accordance with its internal guidelines and procedures.</p> <p>Recoveries⁹ mean each and every amount, net of recovery and foreclosure costs (if any), recovered or received by the Financial Intermediary, including by way of set-off, in respect of Defaulted Amounts. Recoveries shall be shared between the Financial Intermediary and the EIF pro rata to the Counter- Guarantee Rate.</p> <p>The EIF's claims will rank pari-passu with the Financial Intermediary's claims with regard to any Recoveries.</p> <p>Financial Intermediary's claims under the Intermediary Transactions shall rank pari-passu with Financial Sub-Intermediary's claims as regards recoveries received or recovered, net of recovery and foreclosure costs (if any), by the Financial Sub-Intermediary with respect to Beneficiary Transactions covered by the Intermediary Transactions.</p> <p>The Financial Intermediary shall send to the EIF at any relevant time, but not later than 30 days of the end of each calendar quarter in which Recoveries are recovered or received by the Financial Intermediary, 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>
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⁹ In relation to Beneficiary Transactions which are financial leases, "Recoveries" means each and every amount (including, in case assets leased to a Beneficiary are repossessed by the Financial (Sub-) Intermediary (i) any amount received by the Financial Intermediary as a result of the sale of such assets, and/or (ii) in case such assets are re-leased, the purchase price of such assets agreed with the new lessee), net of recovery and foreclosure costs (if any), recovered or received by the Financial Intermediary in respect of Defaulted Amounts, where the Guarantor has paid amounts under the Counter-Guarantee in respect of such Defaulted Amounts.

Reporting	<p>Financial Intermediaries shall provide the EIF within 30 calendar days¹⁰ after the end of each calendar quarter (the 'Report Date') with information in a standardized form (see Indicative Reporting Schedule) , relating to the penultimate calendar quarter.</p> <p>Other reporting may be required from the Financial Intermediary as per specific schedule to the Counter-Guarantee Agreement¹¹.</p>
Publishing Beneficiaries' information ¹²	<p>The EIF will publish from time to time on its web site, the name of each Beneficiary, its address (for natural persons NUTS II information only), the country of its establishment and the type of support received under the Facility, unless:</p> <ul style="list-style-type: none"> (a) the counter-guaranteed portion of principal amount of the Beneficiary Transaction is lower than EUR 500,000 or equivalent, (b) if it would be illegal under the applicable laws and regulations, or (c) prior to receiving financial support under the Beneficiary Transaction, the Beneficiary informs the Financial Sub-Intermediary in writing that: (i) the publication requirement risks harming its commercial interests, (ii) it risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union, or (iii) the Beneficiary is a natural person who objects to publication. <p>The Financial Intermediary must inform the EIF, in the form of a report to be provided to the EIF on an annual basis, of the Beneficiaries covered in items (c)(i) and (c)(ii) above. In the context of the Commission's controlling and monitoring activities only, the Financial Intermediary acknowledges and agrees, and shall procure that each Beneficiary acknowledges and agrees, that the Commission may directly request further explanations from the Financial Intermediary or Beneficiary in case of objection to the publication as set out in (c)(i) and (c)(ii) above.</p>
Monitoring and Audit	<p>Financial Intermediaries, Financial Sub-Intermediaries and the relevant Beneficiaries covered (directly or indirectly) 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, agents of the European Commission (including the European Anti-Fraud Office (OLAF)),</p>

¹⁰ Financial Intermediaries shall provide EIF such information within 20 calendar days with respect to information related to the third calendar quarter of each year.

¹¹ Financial Intermediaries might be requested to provide a certain degree of information on the R&I and/or innovation content of the Beneficiary Transactions covered by the Intermediary Transactions, which will be considered as "show cases".

¹² EIF shall also publish the information on the Financial Intermediaries and Financial Sub-Intermediaries as detailed in the section 8 of the Open Call for expression of interest.

	<p>the European Public Prosecutor's Office (EPPO) as applicable, the European Court of Auditors, the EIF, agents of the EIF, the EIB, 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 Beneficiaries or ensure that each Financial Sub-Intermediary includes appropriate provisions in each agreement with the Beneficiaries (as applicable).</p>
<p>Compliance with Laws</p>	<p>The Financial Intermediary shall comply in all respects with all applicable laws and regulations (whether national laws and regulations or laws of the European Union), including, but not limited to, state aid and procurement rules, the breach of which may (i) adversely impact the performance of the Counter-Guarantee Agreement or (ii) adversely prejudice the interests of, inter alia, the EIF, the European Commission or the EIB under the Counter-Guarantee Agreement.</p> <p>The Financial Intermediary shall include in the documentation evidencing each Intermediary Transaction the undertakings from the Financial Sub-Intermediary equivalent to those contained above.</p> <p>In addition, it shall include either directly in its documentation with the Beneficiaries or indirectly, via an undertaking from the Financial Sub-Intermediary to include it in its documentation with the Beneficiaries, (x) undertakings from the beneficiaries equivalent to those contained above and (y) any representations, warranties and undertakings from the Beneficiaries for the purpose of ensuring that each Beneficiary Transaction to be covered by the Intermediary Transaction shall comply at any relevant time with the Eligibility Criteria.</p> <p>The Financial Intermediary shall comply with the relevant international and EU standards and legislation, where applicable, on the prevention of money laundering, the fight against terrorism, tax fraud, tax evasion or finance artificial arrangements aimed at tax avoidance. The EIF will provide relevant arrangements in order for the Financial Intermediaries to transpose this requirement at the level of the Sub-Intermediaries and the Beneficiaries.</p> <p>The EIF Anti-Fraud Policy, the EIB Group Policy towards Weakly Regulated, Non-transparent and Non-cooperative Jurisdictions and Tax Good Governance, the EIF Transparency Policy and the Guidelines on EIF Restricted Sectors, shall apply in the context of this Guarantee and the transactions related thereto.</p> <p>The Financial Intermediary shall: (i) make funds available to each Sub-Intermediary contingent upon disclosure to the Financial Intermediary of information on the Beneficial Ownership of such Sub-Intermediary, and (ii) procure that each Financial Sub-Intermediary will make the funding to each Beneficiary contingent upon the disclosure to the Financial Sub-Intermediary of information on the Beneficial Ownership of such Beneficiary.</p>
<p>Sanctions Undertakings</p>	<p>The Financial Intermediary shall, and shall procure that each Financial Sub-Intermediary will, not use the funds or economic resources made available by the</p>

	<p>EIF in any manner that would result in such funds or economic resources being made available to, or for the benefit of, a Sanctioned Person.</p> <p>The Financial Intermediary shall ensure that no person that is a Sanctioned Person will have any legal or beneficial interest in any funds repaid or remitted by the Financial Intermediary to the EIF in the context of the Counter-Guarantee.</p> <p>Promptly upon becoming aware, the Financial Intermediary shall supply to the EIF, and shall procure that each Financial Sub-Intermediary promptly upon becoming aware, supplies to the Financial Intermediary, details of any claim, action, suit, proceedings or investigation with respect to Sanctions against it, a Financial Sub-Intermediary or a Beneficiary under an Intermediary Transaction or a Beneficiary Transaction.</p>
Beneficial Ownership	<p>The Financial Intermediary shall disclose to EIF information on its Beneficial Ownership and, at any time thereafter, promptly inform it of any change in its Beneficial Ownership.</p>
Publicity	<p>Financial Intermediaries shall use reasonable efforts to carry out adequate marketing and publicity campaigns, including through their website, aimed at making the Facility known to potential Beneficiaries in the relevant jurisdiction.</p> <p>Financial Intermediaries shall ensure that agreements governing the Intermediary Transaction and the Beneficiary Transaction, and the promotional material to the Beneficiaries, and any press release, and any publication the Financial Intermediaries or the Financial Sub-Intermediaries may chose to make on their website will contain the following wording (in the relevant language): “[<i>Intermediary Transaction /Beneficiary Transaction agreement</i>] is supported by the <i>InnovFin SME Guarantee facility, with the financial backing of the European Union under Horizon 2020 Financial Instruments</i>”. In case the agreement is also provided by EFSI, the following wording shall be added (in the relevant language) “and the European Fund for Strategic Investments (EFSI) set up under the Investment Plan for Europe. The purpose of EFSI is to help support financing and implementing productive investments in the European Union and to ensure increased access to financing.”</p> <p>If the Financial Intermediary chooses alternative ways of communication with regard to the Counter-Guarantee or the Intermediary or the Beneficiary Transaction, the same visibility requirements shall apply, whenever possible.</p>
Risk Retention	<p>The Financial Intermediary shall maintain at all times an economic exposure of at least 20% of the outstanding principal amount of each Intermediary Transaction included in the Portfolio.</p>
Transfer	<p>The Financial Intermediary shall not be entitled to assign or transfer any of its rights or obligations under the Counter-Guarantee Agreement without the prior written consent of the EIF.</p>

SUBORDINATED DEBT SCHEDULE

The terms set out in the main body of this term sheet apply to Subordinated Beneficiary Transactions except for the following terms:

<p>Subordinated Beneficiary Transaction</p>	<p>means:</p> <p>(1) a Beneficiary Transaction, which is an SME Transaction or Small Mid-cap Transaction:</p> <p>(a) in which the rights of the Financial Intermediary or the Financial Sub-Intermediary are subordinated (rank junior) to the rights of senior secured or unsecured creditors of the Beneficiary; and</p> <p>(b) in which the rights of the Financial Intermediary or the Financial Sub-Intermediary rank: (i) at least pari passu with the rights of other holders of subordinated debt of the Beneficiary and (ii) senior to the rights of any holder of equity in the Beneficiary; and</p> <p>(c) which is not Quasi-Equity, or</p> <p>(2) a Beneficiary Transaction in which financing is provided through the Beneficiary to a partner or linked enterprise of the Beneficiary:</p> <p>(a) in which the rights of the Beneficiary are subordinated (rank junior) to the rights of senior secured or unsecured creditors of the partner or linked enterprise; and</p> <p>(b) in which the rights of the Beneficiary rank: (i) at least pari passu with the rights of other holders of subordinated debt of the partner or linked enterprise and (ii) senior to the rights of any holder of equity in the partner or linked enterprise; and</p> <p>(c) which is not Quasi-Equity.</p> <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>
<p>Quasi-Equity</p>	<p>means any of the following:</p> <p>(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</p> <p>(b) a debt agreement which provides that any amount of debt will be cancelled or forgiven following a restructuring or write-down event; or</p>

	<p>(c) a profit and loss participation instrument or other agreement that exposes the investor to the profit and loss of the counterparty; or</p> <p>(d) 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.)</p>
<p>Defaulted Amount</p>	<p>means, in respect of an Intermediary Transaction,</p> <p>(i) any principal amount and interest amount which accrued up to a period of 90,</p> <p>(ii) subject to the restriction below, any interest amount not covered under (i) above which has been accrued, deferred or capitalized pursuant to the terms of the Subordinated Beneficiary Transaction (“Permitted Additional Interest”), and</p> <p>(iii) any reduction in the initial principal amount and interest amounts,</p> <p>Current Interest or Permitted Additional Interest, in each case due in respect of the Subordinated Beneficiary Transaction covered by such Intermediary Transaction by the Financial Intermediary to the Financial Sub-Intermediary under the terms of such Intermediary Transaction following the occurrence of a Beneficiary Transaction Default, or a Beneficiary Transaction Acceleration, in the case of (i) and (ii) above, or a Beneficiary Transaction Restructuring, in the case of (iii) above, in respect of the relevant underlying Beneficiary Transaction.</p> <p>The term “Defaulted Amount” shall not include any late payment or default interest, fees, costs or expenses.</p> <p>Indicatively, the amount of Permitted Additional Interest should not exceed 20% of the initial principal amount of the Subordinated Beneficiary Transaction.</p> <p>The EIF will rank <i>pari passu</i> with Financial Intermediaries with respect to Recoveries.</p>
<p>Beneficiary Transaction Default</p>	<p>means, in respect of a Subordinated Beneficiary Transaction covered by an Intermediary Transaction and unless otherwise specified in the Counter-Guarantee Agreement unless otherwise specified in the Specific Terms, that (i) a Beneficiary is subject to formal bankruptcy or insolvency proceedings; or (ii) a Beneficiary has failed to meet any payment obligation under the relevant Subordinated Beneficiary Transaction as at the date of the contractual maturity of the Subordinated Beneficiary Transaction (including as a result of any amendment to the terms of such Subordinated Beneficiary Transaction).</p>

Beneficiary Transaction Acceleration	means, in respect of a Subordinated Beneficiary Transaction covered by an Intermediary Transaction, and unless otherwise specified in the Counter-Guarantee Agreement unless otherwise specified in the Specific Terms, the occurrence of an event of default (howsoever defined) under such Subordinated Beneficiary 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
Beneficiary Transaction Restructuring	means, in respect of a Subordinated Beneficiary Transaction covered by an Intermediary Transaction, unless otherwise specified in the Counter-Guarantee Agreement, that the Financial Sub-Intermediary acting in a commercially reasonable manner and in accordance with its standard internal procedures, agrees to the restructuring of such Subordinated Beneficiary Transaction such that the amount of principal or interest scheduled to be paid by the relevant Beneficiary is reduced, in order to improve the collectability of the claims arising from the relevant Subordinated Beneficiary Transaction.
Counter-Guarantee Fee Percentage	<p>The Counter-Guarantee Fee Percentage with respect to a Subordinated Beneficiary Transactions shall be:</p> <ul style="list-style-type: none"> • 1% per annum if, at the date of signature of the relevant Subordinated Beneficiary Transaction covered by an Intermediary Transaction included in the Portfolio, the Beneficiary is an SME; or • 1.3% per annum otherwise
Counter-Guarantee Fee Amount	<p>The Counter-Guarantee Fee Amount will be expressed in the Base Currency and payable by the Financial Intermediary to the EIF, with respect to each Intermediary Transaction included in the Portfolio covering a Subordinated Beneficiary Transaction means, on each Counter-Guarantee Fee Payment Date, if "Periodic Counter-Guarantee Fee Calculation" is specified in the Specific Terms, on a quarterly basis, calculated as the sum of the product, for each such Intermediary Transaction, of:</p> <p>(a) the Counter-Guarantee Fee Percentage;</p> <p>(b) on each day during the calendar quarter on which the Subordinated Beneficiary Transaction was a Performing Beneficiary Transaction in respect of the relevant Counter-Guarantee Fee Calculation Period, either:</p> <ul style="list-style-type: none"> (i) the outstanding principal amount; or (ii) the sum of the outstanding principal amount and the Permitted Additional Interest, <p>on each day of such Counter-Guarantee Fee Calculation Period quarterly period that the Subordinated Beneficiary Transaction covered by such Intermediary Transaction is a Performing Beneficiary Transaction;</p>

	<p>(c) the guarantee rate applicable to the Intermediary Transaction;</p> <p>(d) the Counter-Guarantee Rate; and</p> <p>(e) 1/360 or as specified in the Specific Terms of the Counter-Guarantee Agreement.</p> <p>The Up-Front Counter-Guarantee Fee Calculation shall not be available with respect to any Portfolio comprising Intermediary Transactions covering Subordinated Beneficiary Transactions which are or include Subordinated Debt Transactions.</p>
<p>Agreed Portfolio Volume</p>	<p>The Agreed Portfolio Volume is the maximum aggregate amount of principal of Intermediary Transactions to be included in the Portfolio, as agreed in the Counter-Guarantee Agreement, provided that the amount of principal to take into account to determine the Agreed Portfolio Volume shall not include Permitted Additional Interest.</p> <p>The Agreed Portfolio Volume will correspond to a percentage of the Maximum Portfolio Volume and shall be denominated in the Base Currency, regardless of the denomination of the Intermediary Transactions included in the Portfolio.</p> <p>At any time during the Availability Period, the Agreed Portfolio Volume may be reduced by the EIF if the Financial Intermediary materially lags behind its Portfolio ramp up time schedule as reflected in the Counter-Guarantee Agreement.</p> <p>At any time during the Availability Period, the EIF may agree with the Financial Intermediary to increase the Agreed Portfolio Volume (up to an amount specified in the Counter-Guarantee Agreement, such amount being Maximum Portfolio Volume) if the ramp-up of the Portfolio has been substantially achieved or, considering the facts and circumstances, is likely to be achieved before the end of the Inclusion Period.</p>
<p>Actual Portfolio Volume</p>	<p>The aggregate amount of the principal committed to be made available under Intermediary Transactions included in the Portfolio from time to time, provided that:</p> <ul style="list-style-type: none"> • if any underlying Beneficiary Transaction covered by an Intermediary Transaction is prepaid or repaid, then this shall not reduce the Actual Portfolio Volume; • if an Intermediary Transaction is excluded from the Portfolio as a result of the exclusion process described below, then such Intermediary Transaction shall not be taken into account for the calculation of the Actual Portfolio Volume; • the Actual Portfolio Volume may in no circumstances exceed the Agreed Portfolio Volume; and

	<ul style="list-style-type: none">• with respect to Subordinated Beneficiary Transactions covered by an Intermediary Transaction, the amount of principal to take into account to determine the Actual Portfolio Volume shall not include Permitted Additional Interest.
Upside	If any financial gains other than principal, interest, Current Interest, or Permitted Additional Interest are realised in connection with a Subordinated Beneficiary Transaction (including the proceeds from options, warrants, other equity instruments and performance fees), such gains shall be shared between the parties pursuant an agreement between the parties on a case by case basis and set out in the Counter-Guarantee Agreement. Such gains shall be reported and paid to EIF when realised.