

## Appendix 1 to Call for Expression of Interest

### Glossary of terms

(updated on 12 December 2023)

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| <b>Actual (Counter-) Guarantee Volume</b>    | Means, with respect to Guarantee Transactions included in the Portfolio, the aggregate amount of Guarantee Transaction (Counter-) Guaranteed Principal Amount.<br><br>Such Actual (Counter-) Guarantee Volume is subject to adjustments in accordance with the provisions of the Individual (Counter-) Guarantee Agreement. |
| <b>Applicant</b>                             | 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, as applicable for any InvestEU Portfolio Guarantee Product(s).        |
| <b>Base Currency</b>                         | Means the reference currency of the Individual (Counter-) Guarantee Agreement.                                                                                                                                                                                                                                              |
| <b>Cap Amount</b>                            | Means, the maximum obligation of EIF to pay for guarantee calls under the Capped (Counter-) Guarantee, in relation to a Portfolio, expressed in the Base Currency, as specified in the Individual (Counter-) Guarantee Agreement, for each of the covered Portfolios.                                                       |
| <b>Capped (Counter-) Guarantee</b>           | Means a first-loss portfolio (counter-) guarantee whereby EIF covers a percentage of Defaulted Amounts on a Portfolio up to the Cap Amount.                                                                                                                                                                                 |
| <b>Cohesion Regions</b>                      | Means, any regions below the EU economic development average as defined in the EU Cohesion Policy 2021-2027.                                                                                                                                                                                                                |
| <b>Committed (Counter-) Guarantee Volume</b> | Means the maximum aggregate amount of Guarantee Transaction (Counter-) Guaranteed Principal Amount as set out in the Individual (Counter-) Guarantee Agreement.                                                                                                                                                             |
| <b>Commission SME Recommendation</b>         | 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.                                                  |
| <b>Counter-Guarantee</b>                     | 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.                                                                                   |
| <b>(Counter-) Guarantee Cap Rate</b>         | In respect of a Capped (Counter-) Guarantee, means a percentage, which shall not exceed 25%, with the exception of Guarantee Transactions under                                                                                                                                                                             |

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|                                            | Microfinance and Social Entrepreneurship Portfolio Guarantee, as further described in Annex IV (e) of this Call.                                                                                                                                                                                                                                                                                                           |
| <b>(Counter-)Guarantee Fee</b>             | Means a percentage per annum to be paid by the Financial Intermediary to the EIF for the (Counter-) Guarantee. The applicable (Counter-) Guarantee Fee depends on the type of (Counter-) Guarantee, the type of Final Recipient Transaction covered and the InvestEU Portfolio Guarantee Product (as further described in Sections 2.4 and 2.5 of Annex II or Annex III of this Call, as applicable).                      |
| <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 Individual (Counter-) Guarantee Agreement.                                                                                                                                                                                                                                                           |
| <b>Credit Limit Amount</b>                 | Means the maximum principal amount that a Financial (Sub-) Intermediary commits under a Revolving Final Recipient Transaction.                                                                                                                                                                                                                                                                                             |
| <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>Eligible Countries</b>                  | Means any Member State of the European Union, OCTs <sup>2</sup> (Overseas Country or Territory linked to a Member State as set out in Annex II to the Treaty on the Functioning of the European Union) and any Other Participating Country <sup>3</sup> .                                                                                                                                                                  |
| <b>EU-Compartment</b>                      | Means the compartment of InvestEU, as further described in Article 9(1)(a) of the InvestEU Regulation.                                                                                                                                                                                                                                                                                                                     |
| <b>Restricted Sectors and activities</b>   | Means: (1) restricted sectors set out in EIF's guidelines published on EIF's website, as at the date of the Individual (Counter-) Guarantee Agreement and (2) <i>Paris Alignment Restrictions</i> .<br><br>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 Individual (Counter-) Guarantee Agreement. |
| <b>Enhanced Access to Finance Measures</b> | Means one or more of the following measures:<br><br>a) reduction of cost of financing;<br><br>b) reduction or limitation of collateral requirements;<br><br>c) increasing financing volumes;<br><br>d) extending maturities;<br><br>e) providing for a financing that improves the solvency of the Final Recipients;<br><br>f) providing bespoke repayment terms to Final Recipients;                                      |

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

<sup>2</sup> EUR-Lex - EN (europa.eu)

<sup>3</sup> Except for (i) Microfinance and Social Portfolio Guarantee Product (Annex IV(e) of this Call) and (ii) Skills and Education Portfolio Guarantee Product (Annex VI(f) of this Call).

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|                            | <p>g) providing financing in a form or in geographical areas or market segments, which have not been previously provided by Financial Intermediaries;</p> <p>h) reduction in down-payment in respect of Final Recipient Transactions, which are in the form of leases; or</p> <p>i) other measures as set out in the Individual (Counter-) Guarantee Agreements for each of the Portfolio(s),</p> <p>as further elaborated under the terms of the InvestEU Portfolio Guarantee Products defined in Annexes IV (a) – (f).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <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 Individual (Counter-) Guarantee Agreement or Guarantee Transaction, as applicable, and which is for one of the following reasons: <ol 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> </ol> </li> </ol> |

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|                                      | <p>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);</p> <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> |
| <b>Expression of Interest</b>        | Means the application sent by an Applicant in the form of Annex I of this Call.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Financial Intermediary</b>        | <p>Means an entity that has entered with EIF into an Individual (Counter-) Guarantee Agreement.</p> <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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

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| <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 Individual (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 line with the Financial (Sub-) Intermediary's credit and collection policies and which has continued for at least 90 consecutive calendar days.</li> </ul> <p>The Individual (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> | <p>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.</p> <p>The Individual (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.</p>                                                                                                                                                                                                        |
| <b>Financial Benefit</b>                         | <p>Means, in the case of:</p> <ul style="list-style-type: none"> <li>a) Guarantees: the level of the reduction of the customary risk spread (before taking into account the coverage by the Guarantee) that the Financial Intermediary charges to the Final Recipients under Final Recipient Transactions, for the part covered by the Guarantee and net of the Guarantee Fees;</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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|                                                                                 | b) Counter-Guarantees: the level of the reduction of the customary guarantee risk premium charged by the Financial Intermediary directly or indirectly under the Intermediary Transaction included in the Portfolio, for the part covered by the Counter-Guarantee and net of the Counter-Guarantee Fees.                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Guarantee</b>                                                                | Means a direct guarantee where credit protection is offered to Financial Intermediaries in order to originate Final Recipient Transactions, as further described in Annex II of this Call.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Guarantee Transaction (Counter-) Guaranteed Principal Amount<sup>4</sup></b> | Means: <ul 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> </ul>                                                                                                                                                                                                                                                      |
| <b>Guarantee Transaction</b>                                                    | Means, in the case of: <ul style="list-style-type: none"> <li>a) Guarantees, a Final Recipient Transaction, or</li> <li>b) Counter-Guarantees, an Intermediary Transaction.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Inclusion Period</b>                                                         | Means the period during which a Guarantee Transaction can be signed <sup>5</sup> in order to benefit from the (Counter-) Guarantee, as set out in the Individual (Counter-) Guarantee Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Individual (Counter-) Guarantee Agreement</b>                                | Means the legal agreement signed between the EIF and a Financial Intermediary, outlining the terms and conditions applicable to the (Counter-) Guarantee. The Financial Intermediary can opt for a Capped and/or an Uncapped (Counter-) Guarantee, each covering one or more InvestEU Portfolio Guarantee Products under a single Individual (Counter-) Guarantee Agreement.                                                                                                                                                                                                                                                                                                                      |
| <b>InvestEU Excluded Activities</b>                                             | means: <ul style="list-style-type: none"> <li>(1) activities which limit individual rights and freedoms or that violate human rights;</li> <li>(2) in the area of defence activities, the use, development, or production of products and technologies that are prohibited by applicable international law;</li> <li>(3) tobacco-related products and activities (production, distribution, processing and trade);</li> <li>(4) activities excluded from financing pursuant to the relevant provisions of the Horizon Europe Regulation: research on human cloning for reproductive purposes; activities intended to modify the genetic heritage of human beings which could make such</li> </ul> |

<sup>4</sup> The principal amount shall be detailed in the Individual (Counter-) Guarantee Agreement depending on the type of Debt Financing.

<sup>5</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.

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|  | <p>changes heritable; and activities to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer;</p> <p>(5) gambling (production-, construction-, distribution-, processing-, trade- or software-related activities);</p> <p>(6) sex trade and related infrastructure, services and media;</p> <p>(7) activities involving live animals for experimental and scientific purposes insofar as compliance with the European Convention for the Protection of Vertebrate Animals used for Experimental and other Scientific Purposes ( 1 ) cannot be guaranteed;</p> <p>(8) real estate development activity, such as an activity with a sole purpose of renovating and re-leasing or re-selling existing buildings as well as building new projects; however, activities in the real estate sector that are related to the specific objectives of the InvestEU Programme as specified in Article 3(2) and to the areas eligible for financing and investment operations under Annex II of the Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017, such as investments in energy efficiency projects or social housing, shall be eligible;</p> <p>(9) financial activities such as purchasing or trading in financial instruments. In particular, interventions targeting buy-out intended for asset stripping or replacement capital intended for asset stripping shall be excluded;</p> <p>(10) activities forbidden by applicable national legislation;</p> <p>(11) the decommissioning, operation, adaptation or construction of nuclear power stations;</p> <p>(12) investments related to mining or to the extraction, processing, distribution, storage or combustion of solid fossil fuels and oil, as well as investments related to the extraction of gas. This exclusion does not apply to:</p> <ul style="list-style-type: none"> <li>a) projects where there is no viable alternative technology;</li> <li>b) projects related to pollution prevention and control;</li> <li>c) projects equipped with carbon capture and storage or carbon capture and utilisation installations; industrial or research projects that lead to substantial reductions of greenhouse gas emissions as compared with the applicable EU Emission Trading System benchmarks;</li> </ul> <p>(13) investments in facilities for the disposal of waste in landfill. This exclusion does not apply to investments in:</p> <ul style="list-style-type: none"> <li>a) on-site landfill facilities that are an ancillary element of an industrial or mining investment project and where it has been</li> </ul> |
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|                                                 | <p>demonstrated that landfilling is the only viable option to treat the industrial or mining waste produced by the activity concerned itself;</p> <p>b) existing landfill facilities to ensure the utilisation of landfill gas and to promote landfill mining and the reprocessing of mining waste;</p> <p>(14) investments in mechanical biological treatment (MBT) plants. This exclusion does not apply to investments to retrofit existing MBT plants for waste-to-energy purposes or recycling operations of separated waste such as composting and anaerobic digestion;</p> <p>(15) investments in incinerators for the treatment of waste. This exclusion does not apply to investments in:</p> <p>a) plants exclusively dedicated to treating non-recyclable hazardous waste;</p> <p>b) existing plants, where the investment is for the purpose of increasing energy efficiency, capturing exhaust gases for storage or use or recovering materials from incineration ashes, provided such investments do not result in an increase of the plants' waste processing capacity.</p> |
| <b>InvestEU Portfolio Guarantee Product</b>     | Means each of the portfolio guarantee product offered by EIF under the InvestEU Fund as described in Annexes IV(a) – (f) of this Call.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <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>Just Transition Regions</b>                  | Means territories identified in the Territorial Just Transition Plans as defined in article 7 of Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund (OJ L 231, 30.6.2021, p. 1).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <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>MS-Compartment</b>                           | Means the Member State compartment, as further described in Article 9(1)(b) and 10 of the InvestEU Regulation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>National Promotional Bank or Institution</b> | Means a legal entity that carries out financial activities on a professional basis which has been given mandate by a Member State or an Other Participating Country or a Member State's or an Other Participating Country's entity at central, regional or local level to carry out development or promotional activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Non Compliant Jurisdiction ("NCJ")</b>       | Means a jurisdiction:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |



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|                                               | <ul 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 against the international standard on exchange of information on request;</li> <li>e) included in the Financial Action Task Force statement “High risk Jurisdictions subject to a Call for Action”; or</li> <li>f) included in the Financial Action Task Force statement “Jurisdictions under Increased Monitoring”,</li> </ul> <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/or (ii) wholly artificial arrangements aimed at tax avoidance.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Other Participating Country</b>            | <p>Means a country other than a Member State which is contributing with additional resources to the EU Compartment.</p> <p>As of 17 November 2023, such countries are Norway and Iceland.</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 Individual (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</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

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|                                      | <p>Recipient Transaction Acceleration or (iii) Final Recipient Transaction Restructuring has occurred and has been reported to the EIF, provided that:</p> <ul style="list-style-type: none"> <li>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;</li> <li>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.</li> </ul> |
| <b>Permitted Additional Interest</b> | Means the interest which has been accrued, deferred or capitalized pursuant to the terms of the Subordinated Debt Transaction or a Final Recipient Transaction under Category A of Skills and Education Portfolio Guarantee Product.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Portfolio</b>                     | Means each portfolio of Guarantee Transactions, originated under a specific InvestEU Portfolio Guarantee Product in line with the Individual (Counter-) Guarantee Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Quasi-Equity</b>                  | <p>Means any of the following financing agreements:</p> <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>                      | <p>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:</p> <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,</li> </ul>                                                                                                                                                                                                                                                                                                                                                          |

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|                                              | net of recovery and foreclosure costs (if any), in relation to the Defaulted Amounts shall be treated as a “Recovery”.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <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, including those embedded in or linked to a current account and exclude any credit or loan resulting from utilisation of credit card limits.<br><br>The Individual (Counter-) Guarantee Agreement may specify further the deviations from the above definition of Revolving Final Recipient Transaction, taking into account specificities of certain types of Debt Financing. |
| <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>Small Mid-cap</b>                         | Means an entity with fewer than 500 full-time equivalent employees that is not an SME.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Small Public Enterprise</b>               | means (i) a Small Mid-Cap with 25% or more of its issued share capital directly held by public bodies; or (ii) an entity that would qualify as an SME <sup>6</sup> , other than for the fact that 25% or more of its issued share capital is held by one or more public bodies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Start-up</b>                              | Means an SME defined as a start-up by the Financial (Sub-) Intermediary in accordance with its credit policy which either:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

<sup>6</sup> In accordance with the Commission SME Recommendation, except in the cases set out in Article 3.2, an enterprise cannot be considered an SME if 25 % or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies.

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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|                                                     | <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>Social Enterprise</b>                            | <p>Means an undertaking, regardless of its legal form, or a natural person which:</p> <ul style="list-style-type: none"> <li>a) in accordance with its articles of association, statutes or with any other legal document that may result in liability under the rules of the Member State or OCT where it is located, has the achievement of measurable, positive social impacts, which may include environmental impacts, as its primary social objective rather than the generation of profit for other purposes, and which provides services or goods that generate a social return or employs methods of production of goods or services that embody social objectives; and</li> <li>b) uses its profits first and foremost to achieve its primary social objective, and has predefined procedures and rules that ensure that the distribution of profits does not undermine the primary social objective; and</li> <li>c) is managed in an entrepreneurial, participatory, accountable and transparent manner, in particular by involving workers, customers and stakeholders on whom its business activities have an impact.</li> </ul> <p>The compliance with item a) of the definition of the Social Enterprise can alternatively be proven on the basis of a Social Enterprise Declaration provided to the Financial Intermediary.</p> |
| <b>Social Enterprise Declaration</b>                | <p>Means:</p> <p>A social enterprise declaration in the form provided by the EIF to the Financial Intermediary, and which:</p> <ul style="list-style-type: none"> <li>a) is duly completed and signed by the Final Recipient;</li> <li>b) is approved by the general assembly or any other equivalent corporate body or authorised representative of the Final Recipient; and</li> <li>c) is legally binding,</li> </ul> <p>in each case as verified by the Financial (Sub-) Intermediary.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Solvency Support Final Recipient Transaction</b> | <p>Means a Final Recipient Transaction that is a Subordinated Debt Transaction and meets the criteria set out in Annex IV (a) of this Call, under Higher risk category 3.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <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:</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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|                                              | <p>(i) at least pari passu with the rights of other holders of subordinated debt of the Final Recipient and</p> <p>(ii) senior to the rights of any holder of equity in the Final Recipient.</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>                           |
| <b>Subordinated Debt Transaction Default</b> | <p>means, unless otherwise specified in the Individual (Counter-) Guarantee Agreement, that:</p> <p>a) a Final Recipient has failed to meet any payment obligation under the relevant Subordinated Debt Transaction as at the date of the contractual maturity of the Subordinated Debt Transaction (including as a result of any amendment to the terms of such Subordinated Debt Transaction) or</p> <p>b) is subject to formal bankruptcy or insolvency proceedings.</p> |
| <b>Target Final Recipient</b>                | <p>Means the type of Final Recipient as set out in each of the InvestEU Portfolio Guarantee Product annex.</p>                                                                                                                                                                                                                                                                                                                                                              |
| <b>Upside</b>                                | <p>Any financial gains (including without limitation the proceeds from options, warrants, other equity instruments, and performance fees) other than principal, any interest, capitalised interest, default interest, fees, penalties, any other costs and expense, that are realised by the Financial (Sub-) Intermediary in connection with a Final Recipient Transaction.</p>                                                                                            |
| <b>Uncapped (Counter-) Guarantee</b>         | <p>Means a portfolio (counter-) guarantee whereby EIF covers at the (Counter-) Guarantee Rate the Defaulted Amounts on a Portfolio.</p>                                                                                                                                                                                                                                                                                                                                     |