

ANNEX II: TO CALL FOR EXPRESSION OF INTEREST TO SELECT FINANCIAL INTERMEDIARIES UNDER WB EDIF Guarantee Facility - Youth Employment

The Western Balkans Enterprise Development and Innovation Facility Guarantee Facility - Youth Employment

Indicative Terms and Conditions of the Guarantee

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) or any other person to enter into one or more transaction(s). Any finance commitment by the EIF can only be made, inter alia, after appropriate approval, conclusion of legal due diligence and finalisation of the required legal documentation. The EIF does not act as adviser to you or owe you any fiduciary duty or duty of care. The EIF does not make any representations or warranties (whether explicitly or implicitly) with respect to the information contained in this document.

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Capitalised terms used in this Term Sheet and not otherwise defined herein shall have the meaning given to them in the Call for Expression of Interest.

Overview of the Guarantee

The guarantee (the “**Guarantee**”) shall be issued by EIF (the “**Guarantor**”) in the context of the Western Balkans Enterprise Development and Innovation Guarantee Facility - Youth Employment (the “**WB EDIF GF Youth**” or the “**Facility**”) for the benefit of a selected financial intermediary. It shall partly cover the credit risk associated with underlying, newly extended debt financing (including loans and finance leases) to Final Recipients included in the guaranteed portfolio.

In order to ensure an alignment of interest between the Financial Intermediary and the Facility, eligible Final Recipient Transactions shall be covered by EIF at a Youth Employment Guarantee rate of 80%, or a Standard Guarantee Rate of 50% depending on the features of the Guaranteed Portfolio.

The Guarantee shall constitute a direct financial guarantee and shall cover losses (relating to unpaid principal and interest) incurred by the Financial Intermediary in respect of each defaulted eligible Final Recipient Transaction.

The origination, due diligence, documentation and servicing of the Final Recipient Transactions shall be performed by the Financial Intermediary in accordance with its standard origination and servicing procedures. In this context, the Financial Intermediary shall retain the direct client credit relationship with each Final Recipient.

Eligible Final Recipient Transactions will be automatically covered, by way of submitting inclusion notices on a semi-annual basis until the end of the relevant Inclusion Period.

Indicative terms of the Facility	
Target Region	The Western Balkan Beneficiary Economies, being Serbia, Bosnia and Herzegovina, The Republic of North Macedonia, Kosovo*, Albania and Montenegro.

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Structure	<p>The Guarantee is a capped first loss portfolio guarantee providing credit risk coverage on a loan by loan (or lease by lease) basis for the creation of a portfolio of eligible Final Recipient Transactions.</p> <p>The Guarantee shall cover Losses incurred by the Financial Intermediary in respect of each defaulted eligible Final Recipient Transaction at the Guarantee Rate and subject to the Guarantee Cap Amount.</p> <p>Losses covered by the Guarantee in respect of the Portfolio of eligible Final Recipient Transactions shall in aggregate not exceed the Guarantee Cap Amount agreed in the guarantee agreement between EIF and the Financial Intermediary (the "Guarantee Agreement"). The recoveries on the underlying debt instruments will be shared pari passu by the Financial Intermediary and the Guarantor in the same proportion of the default cover.</p> <p>The Financial Intermediary shall maintain an economic exposure of at least 20% of the outstanding principal amount of each Final Recipient Transaction included in the Portfolio, and it shall not enter into any credit support, guarantee or other transfer of risk arrangements with respect to such portion (provided that any collateral, security or guarantee payable to the Financial Intermediary that qualify as recoveries under the relevant Guarantee Agreement shall not be taken into account for this purpose).</p>
Governing Law and Language	<p>The terms of the Guarantee Agreement shall be in the English language and the Guarantee Agreement shall be governed by the laws of Luxembourg.</p>
Guarantee Currency	<p>The Guarantee shall be denominated in EUR. The currency of Final Recipient Transactions included in the Portfolio can be EUR or the relevant local currency.</p> <p>In case Final Recipient Transactions are denominated in a currency other than EUR, and losses or loss recoveries are denominated in a currency other than EUR, the FX mechanism described below shall be applied.</p>
Availability Period	<p>Typically 24 to 36 months from the date of signature of the Guarantee Agreement, or such other period as decided by EIF (unless terminated earlier due to a trigger event).</p> <p>During the Availability Period, eligible Final Recipient Transactions may be included by the Financial Intermediary in the Portfolio for coverage under the Guarantee. Such inclusion of Final Recipient Transactions shall occur automatically upon receipt by EIF of an inclusion notice submitted by the Financial Intermediary on a semi-annual basis. For the avoidance of doubt, the Final Recipient Transactions so included shall be deemed to be covered by the Guarantee from the date of the signature of such Final Recipient Transactions.</p>
Financial Intermediaries	<p>Financial or credit institutions or micro-finance institutions duly authorised to carry out lending or leasing activities under the applicable regulatory framework, established and operating in the Target Region. Such institutions shall not be in an exclusion situation as further described in Annex I to the Call.</p>
Exclusivity	<p>Financial Intermediaries shall be obliged to include in the Portfolio all Final Recipient Transactions that are eligible under the terms of the Guarantee Agreement, provided that such an obligation shall not be applicable if a Financial Intermediary is already subject to a similar binding exclusivity requirement under a prior, but not subsequent, agreement.</p>

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Agreed Portfolio Volume	<p>The aggregate amount of principal of the Final Recipient Transactions (the relevant amount for a Revolving Final Recipient Transaction being the Credit Limit Amount) expected to be included in the Portfolio, as agreed for each relevant Guarantee¹.</p> <p>The Agreed Portfolio Volume shall be denominated in EUR, regardless of the denomination of the Final Recipient Transactions included in the Portfolio.</p> <p>For the avoidance of doubt, a volume of the Portfolio below the Agreed Portfolio Volume shall not affect the legal validity of the Guarantee.</p> <p>The Availability Period may be terminated if the Financial Intermediary fails to include a certain volume of Final Recipient Transactions in the Portfolio.</p> <p>At any time during the Availability Period, provided there are sufficient budgetary resources available, EIF may agree with the Financial Intermediary to increase the amount of Agreed Portfolio Volume if the ramp-up of the Portfolio has been substantially achieved or, considering the facts and circumstances, is likely to be achieved well before the end of the Availability Period.</p>
Actual Portfolio Volume	<p>The aggregate amount of the principal committed to be available under eligible Final Recipient Transactions (the relevant amount for a Revolving Final Recipient Transaction being the Credit Limit Amount) included in the Portfolio from time to time, provided that, for the avoidance of doubt:</p> <ul style="list-style-type: none"> i) if any eligible Final Recipient Transaction is prepaid and/or repaid, then this shall not reduce the Actual Portfolio Volume; ii) if a Final Recipient Transaction is excluded from the Portfolio as a result of the exclusion process described below, then such Final Recipient 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. <p>In case the Portfolio consists of eligible Final Recipient Transactions denominated in EUR and a local currency, for the purpose of the calculation of Actual Portfolio Volume, Final Recipient Transactions denominated in the local currency will be converted into EUR at the Relevant FX Rate.</p>
Commitment Fee	<p>The Guarantee shall be subject to a commitment fee if the Actual Volume does not equal at least 90% of the Agreed Portfolio Volume at the end of the Availability Period. Such Commitment Fee shall be calculated on the basis of the difference between the Actual Volume (following a relevant adjustment, if any) and the Agreed Portfolio Volume.</p>
Guarantee Rate	<p>Means either Youth Employment Guarantee Rate or Standard Guarantee Rate.</p>
Youth Employment Guarantee Rate	<p>The Youth Employment Guarantee Rate shall be 80% with respect to each eligible Final Recipient Transaction;</p>

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Standard Guarantee Rate	The Standard Guarantee Rate shall be 50% with respect to each eligible Final Recipient Transaction. The Standard Guarantee Rate will apply to any Portfolio that is not a Youth Employment Portfolio.
Guarantee Cap Rate	The Guarantee Cap Rate shall be determined by the EIF on a case-by-case basis based on a number of factors, the most relevant of which is the risk profile of the relevant Portfolio, and shall not exceed 25%.
Guarantee Cap Amount	Expressed in EUR, the pre-set amount at which EIF's obligation to pay a portion of the Loss arising under a Portfolio is capped, which is, at any time, the maximum liability guarantee amount under the Guarantee. The Guarantee Cap Amount is calculated on a Portfolio basis as the product of i) the Actual Portfolio Volume (adjusted to reflect disbursed amounts), ii) the Guarantee Rate, and iii) the Guarantee Cap Rate.
Guarantee Fee	Other than a Commitment Fee (if applicable), the Guarantee shall be provided free of charge to the Financial Intermediaries.
Losses	<p>The Guarantee covers Losses incurred by the Financial Intermediary at the Guarantee Rate, subject to the Guarantee Cap Amount, that have been incurred by the Financial Intermediary, where Losses mean:</p> <ul style="list-style-type: none"> i. Principal and/or interest amounts² (excluding (i) late payment or default interest, capitalised interest, fees and other costs and expenses, and (ii) in the case of Revolving Final Recipient Transactions, principal amounts exceeding the relevant Credit Limit Amount and any interest amounts which accrued thereon and (iii) any interest amounts which accrued after a period of 90 days from the last due payment) due, payable and outstanding at such time under the terms of a Final Recipient Transaction following the occurrence of either a Final Recipient Transaction Default or a Final Recipient Transaction Acceleration; ii. Any reduction in principal or interest 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 from the last due payment) payable as a result of a Final Recipient Transaction Restructuring. <p>The Losses are covered by the Guarantee until the Termination Date.</p>
Final Recipient Transaction Default	Means, in respect of a Final Recipient Transaction and unless otherwise specified in the specific terms of the Guarantee Agreement that (i) the Financial Intermediary considers at any time (acting reasonably in accordance with its internal procedures) that a Final Recipient is unlikely to meet its payment obligations under such Final Recipient Transaction (without recourse by the Financial Intermediary to action such as realisation of security); or (ii) a Final Recipient has failed to meet any payment obligation under the relevant Final Recipient Transaction which has continued for at least 90 consecutive calendar days.

² In case of Finance Leases, the references to the 'interest amount' shall deem to refer to "lease interest amount", which shall mean the interest amount charged by the Financial Intermediary to the Final Recipient at the rate set out in the relevant Final Recipient Transaction documentation.

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Final Recipient Transaction Acceleration	Means, in respect of a Final Recipient Transaction, and unless otherwise specified in the specific terms of the Guarantee Agreement, the occurrence of an event of default (howsoever defined) under such Final Recipient Transaction which has entitled the Financial Intermediary to demand payment of any amounts owed to it prior to the contractual due date and the Financial Intermediary has exercised such right (or is prevented from exercising such right solely by application of mandatory laws and regulations preventing or staying the exercise of such right).
Final Recipient Transaction Restructuring	Means, in respect of a Final Recipient Transaction and unless otherwise specified in the specific terms of the Guarantee Agreement, that the Financial Intermediary, acting in a commercially reasonable manner and in accordance with its standard internal procedures, agrees to the restructuring of such Final Recipient Transaction such that the amount of principal scheduled to be paid, or any interest amount due, by the relevant Final Recipient is reduced, in order to improve the collectability of the claims arising from the relevant Final Recipient Transaction.
Guarantee Payment Date	Following the occurrence of a Loss on one or more eligible Final Recipient Transactions and subject to receiving valid payment demands, EIF shall make guarantee payments under the Guarantee within 60 calendar days of the relevant Report Date.
Events of Default under the Guarantee	Standard events of default (including, but not limited to, non-payment, breach of agreement, repudiation, unlawfulness and insolvency). The occurrence of an event of default, if it has not been remedied within the relevant grace period (if any) may result in the termination of the Guarantee Agreement (such event, an "Early Termination"). Upon Early Termination all amounts due by EIF or Financial Intermediary would be calculated in accordance with the terms of the Guarantee Agreement as if the Report Date were the Early Termination date.
Latest Final Recipient Transaction Maturity Date	Means the latest day on which a Final Recipient Transaction included in the Portfolio is scheduled to be repaid by the relevant Final Recipient in accordance with the scheduled repayment provisions of the documentation governing such Final Recipient Transaction (including as a result of any amendment to the terms of such Final Recipient Transaction).
Termination Date	The Guarantee shall terminate on the earlier of: (i) six months following the Latest Final Recipient Transaction Maturity Date; (ii) the date on which an Early Termination (if any) has occurred, and (iii) the date (if any) on which EIF is no longer liable to effect further payments to the Financial Intermediary and has no further claims under the Guarantee and (iv) 31 December 2028.
Final Recipient	Means a Final Recipient which entered into a Final Recipient Transaction.
Final Recipient Transaction	Means a debt financing provided by a Financial Intermediary or Financial Sub-Intermediary to a Final Recipient.

Final Recipients and Eligibility Criteria

Final Recipient	Any micro, small or medium-sized enterprise that qualifies as a Final Recipient under the Commission Recommendation 2003/361/EC (OJ L124, 20.05.2003, p. 36) "concerning the definition of micro, small and medium-sized enterprises" notified
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	under document number C(2003)1422)1 as amended, restated, supplemented or substituted from time to time.
Portfolio	<p>The aggregate of the Final Recipient Transactions from time to time included under the Guarantee. The Portfolio can alternatively:</p> <ul style="list-style-type: none"> (i) be comprised exclusively of Youth Employment Transactions, in which case the Portfolio will qualify as Youth Employment Portfolio; or (i) be comprised of Non-Youth Employment Transactions , in which case the Portfolio will not qualify as Youth Employment Portfolio.
Youth Employment Portfolio	Means a Portfolio composed of Youth Employment Transactions only. The Youth Employment Guarantee Rate will apply to Youth Employment Portfolios.
Revolving Final Recipient Transaction	An Final Recipient Transaction in the form of a loan (which shall include an overdraft line of credit and exclude any credit or loan resulting from utilisation of credit card limits or in the form of purchase of receivables, whether on a recourse or non-recourse basis) to a Final Recipient 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 a letter of credit.
Credit Limit Amount	The maximum principal amount that a Financial Intermediary commits under a Revolving Final Recipient Transaction without any repayments by the Final Recipient.
Eligibility Criteria	<p>Final Recipients, Final Recipient Transactions and the Portfolio, as relevant, shall comply with the criteria set out below and any additional eligibility criteria set out in the specific terms of the relevant Guarantee Agreement (collectively, the “Eligibility Criteria”).</p> <p>It should be noted that the Eligibility Criteria might be adapted during the implementation of the Guarantee in order to cater for relevant market developments and legislative changes. In any case, any such change will not affect eligibility of Final Recipient Transactions already included in the Portfolio and will be subject to the agreement of the parties.</p> <p>The breach of any of the Eligibility Criteria shall result in an exclusion of the relevant Final Recipient Transaction(s) from the Portfolio save as specified in the “Exclusion Process”.</p>
Final Recipient Eligibility Criteria	<p>The Final Recipient shall comply with each of the following eligibility criteria. It shall:</p> <ul style="list-style-type: none"> i) be a Final Recipient; ii) not be an “undertaking in difficulty” within the meaning of the General Block Exemption Regulation (Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty); iii) not have a substantial focus on one or more restricted sectors in accordance with the EIF Guidelines on Restricted Sectors (which determination shall be made by the Financial Intermediary in its discretion based, without limitation, on the proportionate importance of

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	<p>such sector on revenues, turnover or client base of the relevant Final Recipient) listed on EIF's website (as amended from time to time): http://www.eif.org/news_centre/publications/2010_Guidelines_for_Restricted_Sectors.htm;</p> <p>iv) be established and operating in the Target Region;</p> <p>v) not be to its knowledge in an Exclusion Situation, except if it is a natural person;</p> <p>vi) in order for any Final Recipient Transaction to be included in a Youth Employment Portfolio, such transaction shall fulfil the criteria of a Youth Employment Loan.</p> <p>Compliance with the Final Recipient Eligibility Criteria may be verified by the Financial Intermediaries on the basis of a representation by the Final Recipient.</p> <p>The Final Recipient Eligibility Criteria must be met on the signing date of the document(s) evidencing the relevant Final Recipient Transaction (or where specifically indicated, on the date of the Final Recipient's application for the Final Recipient Transaction).</p>
Final Recipient Transaction Eligibility Criteria	<p>Final Recipient Transactions shall comply with each of the following eligibility criteria:</p> <p>i) Final Recipient Transaction shall be newly originated;</p> <p>ii) the purpose of the Final Recipient Transaction shall be: (1) investment in tangible or intangible assets, (2) working capital, or (3) business transfers, or (4) finance for any other lawful purpose supporting the business of Final Recipients;</p> <p>iii) Final Recipient Transaction shall not be in the form of a mezzanine loan, a subordinated debt or a quasi-equity transaction;</p> <p>iv) If the Final Recipient Transaction is a lease, it shall be in the form of Finance Lease;</p> <p>v) The Final Recipient Transaction initial principal amount shall not exceed EUR 500,000 (or equivalent amount in local currency);</p> <p>vi) The Final Recipient Transaction shall have a fixed repayment schedule or be a Revolving Final Recipient Transaction;</p> <p>vii) The minimal contractual maturity of Final Recipient Transactions shall be twelve (12) months (rounded up to the nearest full calendar quarter, and including the relevant grace period (if any));</p> <p>viii) Final Recipient Transaction shall not be affected by an Irregularity or fraud;</p> <p>ix) Currency: a Final Recipient Transaction shall be denominated in EUR or in the relevant local currency.</p> <p>The Financial Intermediary shall offer more favourable features to the Final Recipients than it would have without the Guarantee, including (without limitation) (a) a reduction of the interest rate of the Final Recipient Transaction (the interest rate shall be justifiable with regard to underlying credit risks), and/or (b) reduction of the collateral requirements applicable to the Final Recipient Transactions (the collateral</p>

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	<p>requirements shall be justifiable with regard to underlying risks), and/or (c) a reduction of fees applicable to Final Recipient Transactions.</p> <p>The Final Recipient Transaction Eligibility Criteria shall be met at all times.</p>
Exclusion Situations	<p>Final Recipients shall be required to declare in writing to the Financial Intermediary that they are not in one of the situations:</p> <ul style="list-style-type: none"> (a) the Final Recipient: <ul style="list-style-type: none"> (i) is as of the signing date of the document(s) evidencing the relevant Final Recipient Transaction bankrupt or being wound up, (ii) is as of the signing date of the document(s) evidencing the relevant Final Recipient Transaction having its affairs administered by the courts, (iii) in this context, has during the last five (5) years from the date of signing of the document(s) evidencing the relevant Final Recipient Transaction entered into an arrangement with creditors, (iv) has as of the signing date of the document(s) evidencing the relevant Final Recipient Transaction suspended business activities, (v) is as of the signing date of the document(s) evidencing the relevant Final Recipient Transaction the subject of proceedings concerning those matters or (vi) is as of the signing date of the document(s) evidencing the relevant Final Recipient Transaction in any analogous situation arising from a similar procedure provided for in national legislation or regulations; (b) during the last five (5) years from the signing date of the document(s) evidencing the relevant Final Recipient Transaction, the Final Recipient or persons having powers of representation, decision-making or control over it has been convicted of an offence concerning its professional conduct by a judgment which has the force of res judicata, which would affect its ability to implement the Final Recipient Transaction. Alternatively, where such judgments exist the Final Recipient can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment; (c) during the last five (5) years from the signing date of the document(s) evidencing the relevant Final Recipient Transaction, the Final Recipient or persons having powers of representation, decision-making or control over it has been the subject of a judgment which has force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such illegal activity is detrimental to the Union's financial interests. Alternatively, where such judgments exist the Final Recipient can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment; (d) as of the signing date of the document(s) evidencing the relevant Final Recipient Transaction, the Final Recipient is guilty of misrepresentation in supplying information required for selection as a Final Recipient or fails to supply this information; and (e) as of the signing date of the document(s) evidencing the relevant Final Recipient Transaction, the Final Recipient is, to its knowledge, listed in the central exclusion database, established under Commission Regulation (EC,

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	Euratom) No 1302/2008 of 17 December 2008 on the central exclusion database.
Finance Lease	Means, unless otherwise specified in the specific terms of the Guarantee Agreement, any 'hire-purchase' or a lease contract where substantially all risks and rewards from the leased asset(s) accrue to the Final Recipient.
Fraud	Includes, without limitation, as set out in Article 1 in the Convention drawn up on the basis of Article K.3 of the Treaty on European Union, on the protection of the European Communities' financial interests (OJ C 316, 27.11.1995, p.49), fraud affecting the European Union's financial interests ³
Irregularity	Shall have the meaning as set out in Article 1.2 in Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p.1) ⁴
Exclusion Process	<p>If a Final Recipient Transaction which has been included in the Portfolio does not comply with relevant Eligibility Criteria, it shall be excluded from the Portfolio (and shall not be covered by the Guarantee).</p> <p>However, if a Transaction is or becomes non-eligible 1) as a result of any event or circumstance beyond the control of the Financial Intermediary and 2) after a Payment Demand relating to such Transaction was served by the Financial Intermediary to the Guarantor such Transaction shall remain covered by the Guarantee.</p> <p>Similarly, if a Final Recipient Transaction is or becomes non-eligible 1) as a result of any event or circumstance beyond the control of the Financial Intermediary but 2) before a Payment Demand relating to such Transaction was served by the FI to the Guarantor, then such Transaction shall remain covered by the Guarantee if the Financial Intermediary accelerated payment of all amounts owed to it under such Transaction no later than on the Report Date immediately following the date on which it became aware of the same. However, if the Financial Intermediary does not accelerate such Transaction within the timeframe specified above then the relevant Transaction shall be excluded from the Portfolio and shall be deemed never to have been covered by the Guarantee.</p>

³ Fraud affecting the EU's financial interests shall consist of:

(a) in respect of expenditure, any intentional act or omission relating to:

- the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Union or budgets managed by, or on behalf of, the European Union,
- non-disclosure of information in violation of a specific obligation, with the same effect,
- the misapplication of such funds for purposes other than those for which they were originally granted;

(b) in respect of revenue, any intentional act or omission relating to:

- the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the illegal diminution of the resources of the general budget of the European Union or budgets managed by, or on behalf of, the European Union,
- non-disclosure of information in violation of a specific obligation, with the same effect,
- misapplication of a legally obtained benefit, with the same effect.

⁴ Any infringement of a provision of European Union law resulting from an act or omission by a an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union 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.

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	<p>The Actual Portfolio Volume shall be adjusted following an exclusion from the Portfolio by deducting the aggregate committed principal amount of the Transactions excluded.</p> <p>If the Actual Portfolio Volume is adjusted pursuant to this section, the Financial Intermediary may include one or more further Transactions in the Portfolio to the extent that the Actual Portfolio Volume does not exceed the Agreed Portfolio Volume and provided that such inclusions are made before the end of the Availability Period.</p>
Right of Clawback by EIF	<p>EIF will be entitled to be repaid by the Financial Intermediary certain amounts in specified circumstances, including any amounts paid under the Guarantee by EIF in excess of the Loss, and any excess amount paid by EIF as a result of an exclusion of a Final Recipient Transaction from the Portfolio.</p>
Adjustment of the Actual Portfolio Volume	<p>In respect of each eligible Final Recipient 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 utilisation by a Final Recipient), 2. the date on which the commitment made available for utilisation under an eligible Final Recipient 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 Final Recipient (in the case of the Revolving Final Recipient Transaction meaning that the aggregate of drawdown amounts is less than the Credit Limit Amount thereunder), the Actual Portfolio Volume shall be adjusted to reflect the actual amount of principal drawn by the relevant Final Recipient. The Financial Intermediary shall reflect any such adjustment in the Report immediately following such Adjustment Date.</p> <p>If the Actual Portfolio Volume is adjusted pursuant to this section or the section “Exclusion Process” as described above (the amount of reduction of the Actual Volume, the “Adjusted Portion”), the Financial Intermediary may include one or more further eligible Final Recipient Transactions in the Portfolio up to the aggregate of Adjusted Portions and to the extent that the Actual Portfolio Volume does not exceed the Agreed Portfolio Volume and if such inclusions are made until the earlier of (i) the Termination Date and (ii) the third Report Date following the Adjustment Date or the date on which a Party has been effectively notified that the Final Recipient Transaction shall be an excluded Final Recipient Transaction.</p> <p>The replacements shall be made pursuant to the terms described in the Availability Period section above.</p>
Relevant FX Rate	<p>Means the relevant foreign exchange reference rate displayed by the European Central Bank from time to time on its website (www.ecb.int for the time being) and which is based on the daily consultation procedure between central banks within and outside the European System of Central Banks or, if such rate is not or is no longer available at the relevant time, on the exchange rate fixed by the relevant central bank.</p>
FX Mechanism	<p>(a) In case the Portfolio is to consist of eligible Final Recipient Transactions denominated in EUR and a local currency, for the purpose of the calculation of the Actual Portfolio Volume, the amount of principal of Final Recipient Transactions</p>

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	<p>denominated in a local currency shall be determined using the Relevant FX Rate prevailing to be specified in the Guarantee Agreement.</p> <p>(b) For the purpose of paying amounts claimed by the Financial Intermediary under the Guarantee, any amounts in respect of a Final Recipient Transaction shall be paid by EIF in EUR. Where the amount claimed under the Guarantee is not denominated in EUR, the EUR equivalent of such amount shall be determined using the Relevant FX Rate not earlier than four business days prior to the date of payment by EIF to the Financial Intermediary.</p> <p>(c) For the purpose of paying Loss Recoveries to EIF (if applicable), any amounts in respect to a Final Recipient Transaction shall be paid to EIF in EUR. Where the amount to be paid is not denominated in EUR, the EUR equivalent of such amount shall be determined using the Relevant FX Rate not earlier than four business days prior to the date of payment by the Financial Intermediary to EIF.</p> <p>When proposing the Guarantee Cap Amount, Financial Intermediaries shall consider any foreign exchange risk for Final Recipients.</p>
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Final Recipient Transaction conditions

Credit Policy	<p>Intermediary Transactions shall be originated and monitored and amendments and waivers shall be made, in compliance with the internal guidelines and procedures of the Financial Intermediary.</p>
Servicing and Loss Recoveries	<p>The Financial Intermediary shall perform the servicing of the Portfolio, including monitoring and recovery actions, in accordance with its internal guidelines and procedures.</p> <p>The Financial Intermediary shall take recovery actions (including the enforcement of any security) in relation to each defaulted eligible Final Recipient Transaction in accordance with its internal guidelines and procedures.</p> <p>Loss Recoveries⁵ mean each and every amount, net of recovery and foreclosure costs (if any), recovered or received by the Financial Intermediary in respect of a Loss. EIF will rank pari passu with the Financial Intermediary with respect to Loss Recoveries, which shall be shared between EIF and the Financial Intermediary pro rata to the Guarantee Rate.</p> <p>EIF shall be entitled to its portion of the Loss Recovery up to the date on which the Financial Intermediary, acting in good faith and in commercially reasonable manner, determines in accordance with its internal guidelines and standard recovery procedures that the recovery period for the relevant Final Recipient Transactions shall be terminated.</p> <p>If Loss Recoveries are recovered or received by the Financial Intermediary in connection with a Loss for which a guarantee call has already been sent by the Financial Intermediary, the Financial Intermediary shall send to EIF at any relevant time, but not later than 30 days after the end of each calendar quarter, a recovery notice with accompanying Loss Recoveries schedule and shall pay to EIF any</p>

⁵ In relation to Final Recipient Transactions which are Finance Leases, "Loss Recoveries" means each and every amount (including, in case assets leased to a Final Recipient are repossessed by the Financial 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 Losses, where EIF has paid amounts under the Guarantee in respect of such Losses.

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	<p>relevant amount, within three months of the end of each calendar quarter in which Loss Recoveries are recovered or received by the Financial Intermediary.</p> <p>If Loss Recoveries are recovered or received by the Financial Intermediary in connection with a Loss for which no guarantee call has been sent by the Financial Intermediary, the Financial Intermediary shall include such Recoveries in the guarantee call at the time it sends it. Any payment due from the Financial Intermediary to the Guarantor regarding such Recoveries shall be set off against any payment due by the Guarantor to the Intermediary regarding such guarantee call.</p>
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Miscellaneous

Reporting	<p>Financial Intermediaries shall provide EIF within 30 calendar days after the end of each calendar semester (the 'Report Date') with semi-annual information in a standardised form, including among others, information on the Final Recipients covered by the Guarantee, new eligible Final Recipient Transactions provided and eligible Final Recipient Transaction amounts outstanding (the 'Report').</p> <p>Other reporting may be required from the Financial Intermediary as per specific schedule to the Guarantee Agreement.</p>
Monitoring and Audit	<p>Financial Intermediaries and the relevant Final Recipients covered by the Guarantee shall agree to allow and to provide access to documents and premises related to the relevant Guarantee for the European Commission (including the European Anti-Fraud Office (OLAF)), the European Court of Auditors, EIF, any other European Union institution or European Union body which is entitled to verify the use of the Guarantee in the context of WB EDIF GF Youth and any other authorised bodies duly authorised under applicable law to carry out audit or control activities. To that effect, the Financial Intermediaries shall ensure the inclusion of appropriate provisions in each agreement with the Final Recipients.</p>
Compliance with Laws	<p>The Financial Intermediary shall comply in all respects with all laws and regulations (whether national laws and regulations or laws and regulations of the European Union) to which it may be subject and the breach of which may (i) adversely impact the performance of the Guarantee Agreement or (ii) adversely prejudice the interests of EIF or the Commission under the Guarantee Agreement.</p> <p>The Financial Intermediary shall include in the documentation applicable to each eligible Final Recipient Transaction included in the Portfolio, representations, warranties and undertakings for the purpose of ensuring that each such eligible Final Recipient Transaction shall comply at any relevant time with the Eligibility Criteria in accordance with the Guarantee Agreement.</p>
Publicity	<p>Financial Intermediaries shall be required to ensure that the following statement (in the relevant language) is transposed in the relevant agreements with Final Recipients: <i>"The finance provided to the [name of Financial Intermediary] has been made possible through the support of the European Union under the "the</i></p>

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	<p><i>EU for Youth Employment and Entrepreneurship in the Western Balkans”, a pillar of the Western Balkans Enterprise Development and Innovation Facility”.</i></p> <p>Financial Intermediaries shall also be required to include in any press release and in any publication that the Financial Intermediary may choose to make with regard to the Guarantee the statement referred to above, including the Union Emblem. Instead of issuing a press release, the Financial Intermediary may choose alternative ways of communication in which case the same visibility requirements shall apply, whenever possible.</p>
Visibility	<p>The Financial Intermediary shall propose an adequate visibility plan in order to publicise the product on the ground to the whole spectrum of potentially eligible Final Recipients, where emphasis should ideally be given to the benefit to be passed onto final beneficiaries as a result of the Guarantee and on the marketing actions that the Financial Intermediary plans to take.</p>
Transfer	<p>The Financial Intermediary shall not be entitled to assign or transfer any of its rights or obligations under the Guarantee Agreement without the prior written consent of EIF.</p>
State Aid	<p>The Guarantee is considered to be consistent with State aid rules.</p>
Publication	<p>EIF shall be entitled to publish from time to time on its website, or produce press releases containing, information on Financial Intermediaries and Final Recipients supported under the Guarantee, including the name, nature and purpose of the WB EDIF GF Youth and the following additional information:</p> <ul style="list-style-type: none"> i) the name and address of the Financial Intermediary, as well as the Guarantee Cap Amount; ii) a list of Final Recipients that entered into Final Recipient Transactions for which the portion that is covered by the Guarantee exceeds EUR 250,000⁶, containing for each Final Recipient its name, address and country of establishment (in the case of natural persons the address shall be replaced by the region at NUTS level 2) and whether it received, directly or indirectly, a guarantee from EIF. <p>Any Financial Intermediary and Final Recipient may, prior to receiving financial support under the WB EDIF GF Youth, declare in writing (including by a representation in the relevant agreement) that the publication requirements set out above risks harming its commercial interests or risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union, on the basis of a written justification.</p> <p>In the context of the Commission’s controlling and monitoring activities only, the Financial Intermediary acknowledges and agrees, and shall procure that each Final Recipient acknowledges and agrees, that the Commission may directly request further explanations from the Financial Intermediary or Final Recipient in case of objection to the publication as set out above.</p> <p>In addition, such publication shall not be required if it would be illegal under the applicable laws and regulations. Furthermore, where the Final Recipient is a</p>

⁶ If a Final Recipient Transaction is denominated in a non-EUR currency, equivalent amounts to the maximum thresholds specified under ii) above should be respected as specified in the specific terms of the Guarantee Agreement.

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	natural person, prior consent to publication may not be made a condition for receiving financial support under the WB EDIF GF Youth.
Record keeping	The Financial Intermediary shall undertake to maintain or be able to produce all the documentation related to the implementation of the Guarantee Agreement for a period of seven (7) years following the Termination Date.
Additional requirements	The WB EDIF GF Youth is funded by EU funds and it is therefore subject to regulation and requirements, some of which have already been presented in this document. It should be noted, however, that more detailed information on actions necessary to ensure compliance of operations linked to the WB EDIF GF Youth with all requirements will be provided to, and discussed with, the selected Financial Intermediary during the contractual negotiations process.