



Ref: The Guarantee Facility under the Horizon 2020 Framework Programme with respect to Research and Innovation driven SMEs and Mid-Caps – Open Call for Expression of Interest to select Financial Intermediaries published on 4 August 2014 (updated on 15 June 2016 and 6 April 2020)

The European Investment Fund (the “EIF”) hereby offers to any Financial Intermediary that has already entered into a Guarantee Agreement with the EIF where the Eligibility Criteria are provided in Clause 5 (*Eligibility Criteria*) before 13 May 2020 to amend the Guarantee Agreement with the purpose of reflecting some of the updated terms set out in the Termsheet (updated on 6 April 2020) (the “Offer”).

The proposed amendments to Clauses 1 (*Background*), 2.1 (*Definitions*), 5 (*Eligibility Criteria*), 6.2 (*Exclusion Process*), 16.4 (*Maintenance of Records – Authorisations*) and Schedules 1 (*Specific Terms*), 3 (*Form of Inclusion Notice*), 3A (*Form of Report*) and 12 (*Subordinated Debt*) of the Guarantee Agreement (as applicable), as well as the introduction of a new COVID-19 Support Schedule, are set out in the Form of Amendment for Guarantee Agreements / On-Lending Structure herein.

In the event of any inconsistency between the terms of the Guarantee Agreement and this Offer (e.g., in the numbering of the relevant provisions), the Guarantee Agreement shall be construed so as to give effect to the substance of the amendments set out in this Offer.

Any Financial Intermediary that wishes to accept this Offer shall send to the EIF a duly signed letter substantially in the Form of Acceptance for Guarantee Agreements / On-Lending Structure (the “Acceptance”) herein. Detailed execution instructions are also provided herein.

The amendment to the Guarantee Agreement made pursuant to the agreement reached by the Offer and the Acceptance will take effect as of (and including) 6 April 2020.

This Offer is final and no additional conditions or counter-proposals can be accepted. This Offer remains valid until 30 June 2020. No Acceptance can be made after such date.

In case of an umbrella Guarantee Agreement entered into between the EIF, a Financial Intermediary and a Coordination Entity, the Acceptance shall be returned by the Coordination Entity and signed by both the Coordination Entity and the Financial Intermediary. In the remaining cases, the Acceptance shall be returned by the Financial Intermediary and signed by both the Financial Intermediary and any other original signatory of the Guarantee Agreement (e.g., any Participating Entity, Originating Entity or Fund).

Intermediaries should take note of the implications of the application of a new guarantee rate for COVID-19 Support Working Capital Transactions. Such transactions can benefit from a higher guarantee rate than other Final Recipient Transactions. As a result, the same Guarantee may support Final Recipient Transactions benefiting from two different guarantee rates. In that case, the maximum amount guaranteed under the Guarantee will remain the same. However, Intermediaries have to ensure that the guaranteed portion of the Final Recipient Transactions does not exceed the Maximum Guarantee Amount. Intermediaries are invited to contact their EIF transaction officer in case they have any queries in this regard.

Capitalised terms used in this Offer shall, unless otherwise defined herein, have the meanings attributed to them in the Open Call for Expression of Interest. This does not apply to capitalised terms used in the Form of Amendment for Guarantee Agreements / On-Lending Structure or the Acceptance herein.

InnovFin SME Guarantee Facility: Information note to Financial Intermediaries

This Offer and any non-contractual obligations arising out of or in connection with it are governed by English law.

Authorised for and on behalf of the EIF:

Alain Godard
Chief Executive of the European Investment Fund

FORM OF AMENDMENT FOR GUARANTEE AGREEMENTS / ON-LENDING STRUCTURE

Paragraphs (A) and (B) of Clause 1 (*Background*) of the Guarantee Agreement / On-Lending Structure shall be amended in their entirety to read as follows:

- “(A) *In the context of Horizon 2020, the EU, the EIB and the EIF entered into the delegation agreement establishing joint financial instruments and delegating the management of the related EU contribution in respect of the Horizon 2020 financial instruments, dated 12 June 2014, as amended and amended and restated from time to time (the “**Delegation Agreement**”). The Horizon 2020 financial instruments aim, among others, to ease the access to risk financing for SMEs and Mid-Caps, in order to support eligible R&I and investment in digitalisation.*
- (B) *In the context of Horizon 2020, the InnovFin SME Guarantee Facility has been structured, inter alia, in the form of a guarantee, using the EU’s contribution for first loss taking and the risk-taking capacity of the EIF for second loss taking. The objective of the InnovFin SME Guarantee Facility is to incentivise Intermediaries to extend debt financing (including, as applicable, loans, Subordinated Debt Transactions, Mini Bonds or Finance Leases), to SMEs and Mid-Caps with significant R&I activities on more favourable terms, represented inter alia, with respect to SMEs and Small Mid-Caps, by the Financial Benefit, than would otherwise apply to such debt financing.”*

The definitions of Final Recipient, Financial Benefit, Guarantee Fee Percentage, Guarantee Institution, Innovation Eligibility Criteria, InnovFin SME Guarantee Facility, Maximum Revolving Final Recipient Transaction Maturity, Minimum Final Recipient Transaction Maturity, Revolving Final Recipient Transaction and Small Mid-cap within Clause 2.1 (*Definitions*) of the Guarantee Agreement / On-Lending Structure shall be amended in their entirety to read as follows:

*“**Final Recipient**” means an SME or a Mid-Cap.*”

*“**Financial Benefit**” means the level of reduction of the interest rate (through a reduced Final Recipient Transaction’s risk spread) that the On-Lending Bank charges to Final Recipients that are SMEs or Small Mid-Caps under the relevant Final Recipient Transactions, as further specified in the Specific Terms. For the avoidance of doubt, this definition does not apply to Final Recipient Transactions entered into with Final Recipients that are Large Mid-Caps.*”

*“**Guarantee Fee Percentage**” means:*

- (a) 0.5% per annum if, at the date of signature of the relevant Final Recipient Transaction included in the Portfolio, the Final Recipient is an SME;*
- (b) 0.8% per annum if, at the date of signature of the relevant Final Recipient Transaction included in the Portfolio, the Final Recipient is a Small Mid-Cap; or*
- (c) The higher of: (i) 0.8% per annum, and (ii) the credit risk spread in basis points per annum charged by the On-Lending Bank under the relevant Final Recipient Transaction included in the Portfolio if, at the date of signature of such Final Recipient Transaction, the Final Recipient is a Large Mid-Cap.”*

*“**Guarantee Institution**” means an institution which (a) specialises in the provision of guarantees to the benefit of SMEs or Mid-Caps and (b) is duly authorised to provide guarantees in the relevant jurisdiction.”*

*“**Innovation and Digitalisation Eligibility Criteria**” has the meaning given to it in Clause 5 (Eligibility Criteria).”*

*“**InnovFin SME Guarantee Facility**” means the risk sharing facility for innovative and research oriented SMEs and Mid-Caps.”*

*“**Maximum Revolving Final Recipient Transaction Maturity**” means in respect of any Revolving Final Recipient Transaction, six (6) years (the maturity of the Revolving Final Recipient Transaction being rounded down to the nearest full calendar quarter) or such shorter period as specified in the Specific Terms.”*

*“**Minimum Final Recipient Transaction Maturity**” means, unless a longer period is specified in the Specific Terms, twelve (12) months or, in the case of Final Recipient Transactions taking the form of Bridge Finance, six (6) months.”*

*“**Revolving Final Recipient Transaction**” means a Final Recipient Transaction in the form of a loan (which shall include an overdraft line of credit, liquidity lines of credit and exclude any credit or loan resulting from utilisation of credit card limits) 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.”*

“Small Mid-Cap” means an enterprise within the meaning of Article 1 of the Title I of the Annex of the Commission Recommendation which

- (a) has up to 499 employees calculated in accordance with Articles 3, 4, 5 and 6 of the Title I of the Annex of the Commission Recommendation; and
- (b) is not an SME.”

The following new definitions of Bridge Finance, Large Mid-Cap, Mid-Cap, Quasi-Equity Transaction, Subordinated Debt Transaction and, to the extent not yet provided in the Guarantee Agreement / On-Lending Structure, Mini Bond, shall be added to Clause 2.1 (Definitions) of the Guarantee Agreement / On-Lending Structure in alphabetical order:

“**Bridge Finance**” means any Final Recipient Transaction that includes working capital financing and where the purpose is to provide short-term interim financing/funding necessary until ordinary financing conditions and business operations are restored and a longer-term financing can be provided.”

“**Large Mid-Cap**” means an enterprise within the meaning of Article 1 of the Title I of the Annex of the Commission Recommendation which has between (and including) 500 and 3,000 employees calculated in accordance with Articles 3, 4, 5 and 6 of the Title I of the Annex of the Commission Recommendation.”

“**Mid-Cap**” means a Small Mid-Cap or a Large Mid-Cap.”

“**Mini Bond**” means a bond either issued by a Final Recipient and subscribed to by an On-Lending Bank or purchased on issuance by an On-Lending Bank from the Final Recipient.”

“**Quasi-Equity Transaction**” means any of the following:

- (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;
- (b) a debt agreement which provides that any amount of debt will be cancelled or forgiven following a restructuring or write-down event;
- (c) a profit and loss participation instrument or other agreement that exposes the investor to the profit and loss of the counterparty; or
- (d) a debt agreement in which the rights of the investor are subordinated (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.).”

“**Subordinated Debt Transaction**” means a transaction in the form of a Final Recipient Transaction:

- (a)
 - (i) in which the rights of the Intermediary or the On-Lending Bank are subordinated (rank junior) to the rights of senior secured or unsecured creditors of the Final Recipient; and
 - (ii) in which the rights of the Intermediary or the On-Lending Bank rank: (A) at least pari passu with the rights of other holders of subordinated debt of the Final Recipient and (B) senior to the rights of any holder of equity in the Final Recipient; and
 - (iii) which is not a Quasi-Equity Transaction, or
- (b)
 - (i) in which financing is provided through the Final Recipient to a partner or linked enterprise of the Final Recipient in which the rights of the Final Recipient are

subordinated (rank junior) to the rights of senior secured or unsecured creditors of the partner or linked enterprise; and

(ii) in which the rights of the Final Recipient rank:

(A) at least pari passu with the rights of other holders of subordinated debt of the partner or linked enterprise; and

(B) senior to the rights of any holder of equity in the partner or linked enterprise; and

(iii) which is not a Quasi-Equity Transaction.

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.”

Clause 5.1 (Eligibility Criteria) of the Guarantee Agreement / On-Lending Structure shall be amended in its entirety to read as follows:

“5.1 Eligibility Criteria

*Subject to Clauses 5.3 (Time of Compliance) and 5.4 (Included Final Recipient Transactions deemed Eligible), the Portfolio shall only contain Final Recipient Transactions which comply with the following criteria (such transactions, “**Eligible Final Recipient Transactions**” and such criteria, the “**Eligibility Criteria**”):*

- (i) at least one of the Innovation and Digitalisation Eligibility Criteria,*
- (ii) each of the Final Recipient Eligibility Criteria,*
- (iii) each of the Final Recipient Transaction Eligibility Criteria, and*
- (iv) each of the Portfolio Eligibility Criteria.”*

Clause 5.2 (Definitions) of Clause 5 (Eligibility Criteria) of the Guarantee Agreement / On-Lending Structure shall be amended in its entirety to read as follows:

“5.2 Definitions

For the purposes of the Agreement:

“Innovation and Digitalisation Eligibility Criteria” means the following criteria:

- (i) *the Final Recipient is an SME or a Mid-Cap that intends to use the Final Recipient Transaction to invest in producing, developing or implementing new or substantially improved (i) products, processes or services, or (ii) production or delivery methods, or (iii) organisational or process innovation including business models that are innovative (as defined in the paragraphs 15(y) and 15 (bb) of 1.3 Definitions of the Communication from the Commission C(2014) 3282 of 21 May 2014 on the Framework for state aid for research and development and innovation) and where there is a risk of technological, industrial or business failure as evidenced by an evaluation carried out by an external expert;*
- (ii) *the Final Recipient is a "fast-growing enterprise" which is a Final Recipient operating in a market for less than 12 years following its first commercial sale and with an average annualised endogenous growth in employees or in turnover greater than 20% a year, over a three-year period, and with ten or more employees at the beginning of the observation period;*
- (iii) *the Final Recipient has been operating in a market for less than 7 years following its first commercial sale and its R&I Costs represent at least 5% of its total operating costs in at least one of the three years preceding the Final Recipient's application for the Final Recipient Transaction, or in the case of an enterprise (and particularly a start-up) without any financial history, according to its current financial statements;*
- (iv) *the Final Recipient is an SME or a Mid-Cap that shall have a significant innovation potential or be an "R&I-intensive enterprise", by satisfying at least one of the following conditions:*
 - (a) *the Final Recipient's R&I annual expenses are equal or exceed 20% of the Final Recipient Transaction amount as per the Final Recipient's latest statutory financial statements, under the condition that the Final Recipient's business plan indicates an increase of its R&I expenses at least equal to the Final Recipient Transaction amount;*
 - (b) *the Final Recipient undertakes to spend an amount at least equal to 80% of the Final Recipient Transaction amount on R&I activities as indicated in its business plan and the remainder on costs necessary to enable such activities;*
 - (c) *the Final Recipient has been formally awarded grants, loans or guarantees from European R&I support schemes (e.g. Horizon 2020 or FP7) or through their funding instruments (e.g. Joint Technology Initiatives or "Eurostars") or regional, national research or innovation support schemes over the last thirty-six (36)*

months, under the condition that the Final Recipient Transaction is not covering the same expense;

- (d) the Final Recipient has been awarded over the last twenty-four (24) months an R&D prize or Innovation prize provided by an EU institution or an EU body;*
- (e) the Final Recipient has registered at least one technology right (such as patent, utility model, design right, topography of semiconductor products, supplementary protection certificate for medicinal products or other products for which such supplementary protection certificates may be obtained, plant breeder's certificate or software copyright) in the last twenty-four (24) months, and the Final Recipient Transaction purpose is to enable, directly or indirectly, the use of this technology right;*
- (f) the Final Recipient is an early stage SME and has received an investment over the last twenty-four (24) months from a venture capital investor or from a business angel being a member of a business angels network; or such venture capital investor or business angel is a shareholder of the Final Recipient at the time of the Final Recipient's application for the Final Recipient Transaction;*
- (g) the Final Recipient requires a risk finance investment which, based on a business plan prepared in view of entering a new product or geographical market, is higher than 50% of its average annual turnover in the preceding 5 years;*
- (h) the Final Recipient's R&I Costs represent at least 10% of its total operating costs in at least one of the three years preceding the Final Recipient's application for the Final Recipient Transaction, or in the case of an enterprise without any financial history, as per its current financial statements;*
- (i) the Final Recipient is a Mid-Cap and its R&I Costs represent:*
 - (A) either, at least 15% of its total operating costs in at least one of the three years preceding the Final Recipient's application for the Final Recipient Transaction;*
 - (B) or, at least 10% per year of its total operating costs in the three years preceding the Final Recipient's application for the Final Recipient Transaction;*
- (j) the Final Recipient has incurred R&I expenses qualified in the past thirty-six (36) months by competent national or regional bodies or institutions as part of general support measures approved by the European Commission and designed to incentivise companies to invest in R&I, provided that i) such body or institution is independent of the Intermediary, the On-Lending Bank and the Final Recipient and ii) the Final Recipient Transaction covers incremental expenditure as indicated in the Final Recipient's business plan and iii) the Final Recipient Transaction is not covering the same eligible costs already supported by aforementioned measures; or*

- (k) *the Final Recipient has been designated in the past thirty-six (36) months as an innovative company by an EU or national or regional institution or body, provided that in each case*
- (A) *the designation is based on the publicly available criteria where such criteria:*
 - *shall not be limited to or otherwise favour any particular industry or sector, and*
 - *shall reflect at least one of the Innovation and Digitalisation Eligibility Criteria except the Innovation and Digitalisation Eligibility Criteria referred to in item (iv)(d), or shall reflect the substance of at least one of these criteria but shall not be less stringent;*
 - (B) *the body or institution is independent of the Intermediary, the On-Lending Bank and the Final Recipient; and*
 - (C) *the Final Recipient Transaction covers incremental expenditure as indicated in the Final Recipient's business plan;*
- (v) *the Final Recipient intends to use the Final Recipient Transaction to invest in digitalisation of at least one of the following areas:*
- (a) *expanding or transforming of existing business models or creating new business models;*
 - (a) *introducing or substantially enhancing digitalisation in supply chain management, including but not limited to interaction with suppliers, inventory management and participation in the supply chain of corporates or larger businesses;*
 - (b) *enhancement in products or services or processes by integrating digital technologies in the business processes of the company, including the design, development or delivery to customers;*
 - (c) *customer relationship management, including enhanced customer feedback systems or digital marketing capabilities;*
 - (d) *business development and customer acquisition, including but not limited to via expansion to new markets, geographies or type of customers;*
 - (e) *security of data or increasing business resilience against threats of cyberattacks;*
 - (f) *integration of any of the innovative deep technologies (artificial intelligence, blockchain, drones and robotics, biotechnology, photonics, electronics advanced materials and quantum computing), in the operations of the Final Recipient; or*

- (g) *development of digital skills and training of new or existing employees in digital technologies or management of business in digital world.*

“Final Recipient Eligibility Criteria” means the following criteria:

- (i) *the Final Recipient shall not perform R&I activities which are related to:*
 - (a) *illegal activities according to the applicable legislation in the country of the Intermediary or the Final Recipient (including national, Union and international legislation, including the Charter of Fundamental Rights of the European Union and the European Convention on Human Rights and its Supplementary Protocols); or*
 - (b) *any R&I Excluded Activities;*
- (ii) *the Final Recipient shall not, to its knowledge, be in an Exclusion Situation;*
- (iii) *the Final Recipient shall not be established in a Non-Cooperating Jurisdiction;*
- (iv) *the Final Recipient shall be an unlisted SME or Mid-Cap, without prejudice to the possibility for such companies to be quoted on an alternative trading platform, as defined in Article 4(1)(15) of Directive 2004/39/EC, where the majority of the financial instruments admitted to trading are issued by SMEs or Mid-Caps;*
- (v) *the Final Recipient shall not be an “undertaking in difficulty” within the meaning of the 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;*
- (vi) *the Final Recipient shall not have a substantial focus on one or more Restricted Sectors (which determination shall be made by the On-Lending Bank in its discretion based, without limitation, on the proportionate importance of such sector on revenues, turnover or client base of the relevant Final Recipient);*
- (vii) *the Final Recipient shall be established in at least one Participating Country;*
- (viii) *where the purpose of a Final Recipient Transaction is a business transfer:*
 - (a) *the Final Recipient Transaction must be combined with new capital representing at least 50% of the nominal amount of the Final Recipient Transaction; and*
 - (b) *the Final Recipient shall qualify as a Final Recipient as a result of such transfer and the Final Recipient shall either:*
 - (i) *comply with at least one of the Innovation and Digitalisation Eligibility Criteria; or*
 - (ii) *undertake to use the Final Recipient Transaction for the acquisition of an enterprise, which shall comply with at least one of the Innovation and Digitalisation Eligibility Criteria;*

- (ix) *the Final Recipient enters into a Final Recipient Transaction (i) on its own behalf or (ii) on behalf of one or more of its partner or linked enterprises in the meaning of the Commission Recommendation, where at least one of such enterprises complies with one or more of the Innovation and Digitalisation Eligibility Criteria, provided that the Innovation and Digitalisation Eligibility Criteria listed in items (ii), (iv)(a) and (iv)(b) under the definition of Innovation and Digitalisation Eligibility Criteria within this Clause 5.2 shall be assessed at the group level; and*
- (x) *the Additional Eligibility Criteria that are specified as “Final Recipient Eligibility Criteria” in the Specific Terms, if any.*

“Final Recipient Transaction Eligibility Criteria” means the following criteria:

- (i) *the Final Recipient Transaction shall be newly originated;*
- (ii) *the Final Recipient Transaction shall be entered into by the On-Lending Bank by the Inclusion Period End Date;*
- (iii) *the purpose of the Final Recipient Transaction shall be (1) an investment in tangible or intangible assets, (2) working capital, including Bridge Finance, or (3) business transfers;*
- (iv) *the Final Recipient Transaction shall not be in the form of equity, a mezzanine loan or mezzanine bond, a Subordinated Debt Transaction or a Quasi-Equity Transaction;*
- (v) *if the Final Recipient Transaction is permitted to be in the form of a lease as set out in Schedule 1 (Specific Terms), it shall be in the form of a Finance Lease;*
- (vi) *if the Final Recipient Transaction is permitted to be in the form of a bond as set out in Schedule 1 (Specific Terms), it shall be in the form of a Mini Bond;*
- (vii) *the amount committed by the On-Lending Bank under the Final Recipient Transaction shall not be lower than the Minimum Final Recipient Transaction Committed Amount, other than (a) as a result of a Permitted Final Recipient Transaction Amendment, or (b) in the case where the Final Recipient Transaction satisfies any of the Innovation and Digitalisation Eligibility Criteria listed in item (v) under the definition of Innovation and Digitalisation Eligibility Criteria within this Clause 5.2;*
- (viii) *the amount committed by the On-Lending Bank under the Final Recipient Transaction shall not exceed the Maximum Final Recipient Transaction Committed Amount;*
- (ix) *the Final Recipient Transaction shall have a pre-determined repayment schedule or be a Revolving Final Recipient Transaction, provided that this item (xi) shall not affect the Intermediary’s right to receive prepayments (either voluntarily or mandatorily) pursuant to the terms of a Final Recipient Transaction;*
- (x) *the Final Recipient Transaction’s maturity shall:*
 - (a) *not be lower than the Minimum Final Recipient Transaction Maturity, and*
 - (b) *in respect of*

- (i) *any Final Recipient Transaction that is not a Revolving Final Recipient Transaction, not exceed the Maximum Final Recipient Transaction Maturity other than as a result of a Permitted Final Recipient Transaction Amendment, or*
 - (ii) *any Revolving Final Recipient Transaction, not exceed the Maximum Revolving Final Recipient Transaction Maturity;*
- (xi) *with respect to Final Recipients that are SMEs or Small Mid-Caps, the customary risk spread applicable to the relevant Final Recipient Transaction included in the Portfolio shall be reduced by the level of the Financial Benefit;*
- (xii) *the Final Recipient Transaction shall not be affected by an Irregularity or fraud;*
- (xiii) *the Final Recipient Transaction shall be denominated in the Base Currency or Additional Currency;*
- (xiv) *the On-Lending Bank under the Final Recipient Transaction:*
 - (a) *the On-Lending Bank shall not perform R&I activities which are related to:*
 - (i) *illegal activities according to the applicable legislation in the country of the Intermediary or the Final Recipient (including national, Union and international legislation, including the Charter of Fundamental Rights of the European Union and the European Convention on Human Rights and its Supplementary Protocols); or*
 - (ii) *any R&I Excluded Activities;*
 - (b) *the On-Lending Bank shall not, to its knowledge, be in an Exclusion Situation;*
 - (c) *the On-Lending Bank shall not be established in a Non-Cooperating Jurisdiction;*
 - (d) *the Pass-Through Institution (if applicable) shall be established in the same jurisdiction as the relevant On-Lending Bank that entered into the underlying Final Recipient Transaction;*
 - (e) *the Intermediary shall rank at least pari passu with the On-lending Bank with regard to any Recoveries relating to the Final Recipient Transaction and the Intermediary shall undertake that at least pari passu ranking between the Intermediary and the On-Lending Bank and, if applicable, between any subsequent On-Lending Banks shall be reflected in the relevant subsequent agreements between such entities;*
 - (f) *the On-Lending Bank (except if it is a Pass-Through Institution) shall maintain an economic exposure of at least 20% of the outstanding principal amount of the Final Recipient Transaction (the "Portion"), and shall not enter into any credit support, guarantee or other transfer of risk arrangements with respect to this Portion, provided that any collateral, security or guarantee payable to the On-*

Lending Bank that qualify as Recoveries shall not be taken into account for this purpose; and

- (xv) *the Additional Eligibility Criteria that are specified as “Final Recipient Transaction Eligibility Criteria” in the Specific Terms, if any.*

“Portfolio Eligibility Criteria” means the following criteria:

- (i) *the aggregate principal amount of all Covered Final Recipient Transactions entered into with Final Recipients that are Large Mid-Caps (together with the aggregate principal amount of all Covered Final Recipient Transactions entered into with Final Recipients that are Large Mid-Caps under all other guarantee agreements entered into between the Parties under the InnovFin SME Guarantee Facility) shall not exceed the higher of:*
- (a) *EUR 30,000,000 or, if the Base Currency is not EUR, an equivalent amount in such Base Currency determined using the Relevant FX Rate on the Effective Date; and*
 - (b) *an amount which is the lower of: (i) 15% of the aggregate Maximum Portfolio Volume of all guarantee agreements entered into between the Parties under the InnovFin SME Guarantee Facility (for the purpose of this provision, “Maximum Portfolio Volume” shall mean as provided in each of the relevant agreements), and (ii) EUR 100,000,000 or, if the Base Currency is not EUR, an equivalent amount in such Base Currency determined using the Relevant FX Rate on the Effective Date.*
- (ii) *the Additional Eligibility Criteria that are specified as “Portfolio Eligibility Criteria” in the Specific Terms, if any.”*

Clause 5.3 (Time of Compliance) of Clause 5 (Eligibility Criteria) of the Guarantee Agreement / On-Lending Structure shall be amended in its entirety to read as follows:

“5.3 Time of Compliance

- (a) *Final Recipient Transactions shall comply with the Eligibility Criteria at all times while included in the Portfolio, except for the following Eligibility Criteria which shall be met as follows:*
- (i) *On the signing date of the document(s) evidencing the relevant Final Recipient Transaction:*
- (a) *the Final Recipient Eligibility Criteria set out in items (ii) to (ix);*
 - (b) *the Final Recipient Transaction Eligibility Criteria set out in items (vii) and (xiv)(b) to (xiv)(d);*
 - (c) *the Portfolio Eligibility Criteria set out in item (i); and*
 - (d) *the Innovation and Digitalisation Eligibility Criteria, except for those set out in items (iv)(c) to (iv)(k).*
- (ii) *On the date of the document(s) evidencing the application for the relevant Final Recipient Transaction: the Innovation and Digitalisation Eligibility Criteria set out in items (iv)(c) to (iv)(k).*
- (b) *Notwithstanding Clause 5.3(a) above, any Additional Eligibility Criteria specified in the Specific Terms to be “Continuing” shall be complied with at all times whereas any Additional Eligibility Criteria specified in the Specific Terms to be “Signing Date” shall be complied with at the date of the document evidencing the relevant Final Recipient Transaction only.”*

Clause 16.4(a) of Clause 16.4 (Maintenance of Records – Authorisations) of the Guarantee Agreement / On-Lending Structure shall be amended in its entirety to read as follows:

- “(a) *The Intermediary undertakes, and shall procure that each On-Lending Bank and each Final Recipient undertakes (except, with respect to the Final Recipients, for items (iii) and (iv) below), to prepare, update and at all times maintain available for the Relevant Parties, the following documentation:*
- (i) information necessary to verify that the use of the Guarantee is in compliance with the relevant requirements set by this Agreement, including, without limitation, the compliance of any and all Final Recipient Transactions included in the Portfolio with the Eligibility Criteria;*
 - (ii) information necessary to verify the proper implementation of the terms of this Agreement into the contracts evidencing Covered Final Recipient Transactions and the relevant Intermediary Transactions;*
 - (iii) information regarding the payment and recovery processes of the Intermediary and any On-Lending Bank;*
 - (iv) evidence of (i) the Financial Benefit for each Final Recipient Transaction in the Portfolio entered into with an SME or a Small Mid-Cap, (ii) the customary risk spread otherwise applicable to such Final Recipient Transaction, (iii) the overall interest rate for each Final Recipient Transaction in the Portfolio, and (iv) the overall interest rate for each Final Recipient Transaction in the Portfolio if it was not covered by the Guarantee; and*
 - (v) any other information reasonably required by any Relevant Party.”*

Section 7 (Financial Benefit) of Schedule 1 (Specific Terms) of the Guarantee Agreement / On-Lending Structure shall be supplemented by the addition of the provisions below:

“7. Financial Benefit and other financial terms

With respect to each COVID-19 Support Working Capital Transaction:

- 1) *For the purposes of the definition of “Financial Benefit”, the level of the reduction of the interest rate shall be equivalent to the product of (a) the relevant Guarantee Rate applicable to the Final Recipient Transaction, and (b) the difference between (i) the customary credit risk spread applicable to the Final Recipient Transaction (prior to cover by the Guarantee) and (ii) the cost of the Guarantee;*
- 2) *The Financial Benefit shall be calculated at the time the Final Recipient Transaction is entered into; and*
- 3) *In no case shall the overall interest rate of a Final Recipient Transaction covered by the Guarantee (including, for the avoidance of doubt, Final Recipient Transactions entered into with Large Mid-Caps) after taking into account the Guarantee Fee be higher than the overall interest rate of such Final Recipient Transaction if it was not covered by the Guarantee.”*

A new section 8.1 shall be added to section 8 (*Final Recipient Transactions*) of Schedule 1 (*Specific Terms*) of the Guarantee Agreement / On-Lending Structure as follows:

“8.1 COVID-19 Support

- (a) *The Schedule to this Agreement relating to COVID-19 Support will apply.*
- (b) *The Guarantee Rate applicable to COVID-19 Support Working Capital Transactions shall be the product of (i) either 50%, 60%, 70% or 80%, and (ii) the applicable Risk Sharing Rate, in each case as indicated by the Intermediary in the Acceptance and applicable from a date falling between (and including) 6 April 2020 and 30 June 2020, also as indicated by the Intermediary in the Acceptance.*

For the avoidance of doubt, the definition of Guarantee Rate in Clause 2.1 (Definitions) or section 6 (Availability Period, Guarantee Rate and Risk Sharing Rate) of the Specific Terms (if applicable) shall remain applicable with respect to all Covered Final Recipient Transactions that are not COVID-19 Support Working Capital Transactions.

- (c) **“Maximum Guarantee Amount”** *means the product of (i) the Guarantee Rate applicable with respect to all Covered Final Recipient Transactions that are not COVID-19 Support Working Capital Transactions, as set out in the definition of Guarantee Rate in Clause 2.1 (Definitions) or section 6 (Availability Period, Guarantee Rate and Risk Sharing Rate) of the Specific Terms (if applicable), and (ii) the Agreed Portfolio Volume.”*

Schedule 3 (Form of Inclusion Notice) of the Guarantee Agreement / On-Lending Structure shall be amended in its entirety to read as follows:

“Schedule 3

Form of Inclusion Notice

To: *The European Investment Fund*
37B avenue J.F. Kennedy
L-2968 Luxembourg
Attention: InnovFin SME Guarantee Facility - Guarantee Agreement / On-Lending Structure

From: *[Intermediary]*

[Date]

Dear Sir, Madam,

Re: InnovFin SME Guarantee Facility - Guarantee Agreement / On-Lending Structure dated [●] (the “Guarantee Agreement / On-Lending Structure”) – Inclusion Notice

Save as otherwise provided in this Inclusion Notice, terms defined in the Guarantee Agreement / On-Lending Structure shall have the same meanings when used in this Inclusion Notice.

We herewith notify you that [we have entered into the Final Recipient Transaction(s) set out in the Report sent to you on the same date as this Inclusion Notice which comply with all Eligibility Criteria and, in accordance with [Clause 6.1 (Inclusion process)] OR [Clause 7.2 (Replacement)] of the Guarantee Agreement / On-Lending Structure, we request you to include such Final Recipient Transaction(s) in the Portfolio.]

The aggregate original principal amount of the Final Recipient Transaction(s) we request you to include is [●]. Following inclusion in the Portfolio of these Final Recipient Transactions, the Actual Portfolio Volume will be [●], the Actual Guarantee Amount will be [●] and the number of Final Recipient Transactions included within the Portfolio will be [●].

We represent that all the conditions listed in the Guarantee Agreement / On-Lending Structure (including the Specific Terms or other Schedules) are fulfilled on the date of this Inclusion Notice.

Yours faithfully,

for and on behalf of
[the Intermediary]

Cc. 1: Report⁸

Schedule 3A (Form of Report) of the Guarantee Agreement / On-Lending Structure shall be amended in its entirety to read as follows:

“SCHEDULE 3A

Form of Report

PART A – A1 FINAL RECIPIENTS

A.1.1 <i>Final Recipient ID</i>	A.1.2 <i>Name</i>	A.1.3 <i>Address</i>	A.1.4 <i>Postal Code</i>	A.1.5 <i>Place</i>	A.1.6 <i>Region</i>	A.1.7 <i>Country</i>	A.1.8 <i>Date of establishment</i>	A.1.9 <i>Sector</i>	A.1.10 <i>Number of employees</i>	A.1.11 <i>Total turnover (EUR)</i>	A.1.12 <i>Total assets (EUR)</i>	A.1.13 <i>Final Recipient type</i>	A.1.14 <i>Innovation and digitalisation Criteria</i>
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory

A.1.15 <i>Level of digitalization of Final recipients (beginner/intermediate/advance)</i>	A.1.16 <i>Is the Final Recipient part of a group (Y/N)?</i>	<i>Comments</i>
Mandatory only if codes of digitalization are selected	Mandatory, if available	Optional

PART A – A2 NEW FINAL RECIPIENT TRANSACTIONS

A.1.1 <i>Final Recipient ID</i>	A.2.1 <i>Final Recipient Transaction ID</i>	A.2.1.1. <i>Final Recipient Transaction Type</i>	A.2.2 <i>Currency</i>	A.2.3 <i>Purpose</i>	A.2.4 <i>Principal amount</i>	A.2.4.1 <i>Purchase price</i>	A.2.4.2 <i>Down payment</i>	A.2.5 <i>Maturity (months)</i>	A.2.6 <i>Grace period (months)</i>	A.2.7 <i>Signature date</i>	A.2.8 <i>First disbursement date (Loan)/ Lease period start date</i>	A.2.9 <i>First installment date</i>	A.2.10 <i>Amortizati on profile</i>
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory - Lease	Mandatory - Lease	Mandatory	Mandatory	Mandatory	Mandatory, if applicable	Mandatory, if applicable	Mandatory

A.2.11	A.2.12	A.2.13	A.2.14	A.2.15	A.2.16	A.2.17	A.2.18	A.2.19	A.2.20	A.2.21	A.2.22
<i>Payment frequency</i>	<i>Reference rate</i>	<i>Interest rate/margin</i>	<i>Guarantee fee rate</i>	<i>Loss Given Default</i>	<i>Publication (Y/N)</i>	<i>Eco-innovation (Y/N)</i>	<i>Permitted Additional Interest (Y/N)</i>	<i>Permitted Additional Interest Frequency</i>	<i>On-Lending Bank name</i>	<i>On-Lending Bank address</i>	<i>On-Lending Bank Postal code</i>
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory

A.2.23	
<i>On-Lending Bank Place</i>	<i>Comments</i>
Mandatory	Optional

PART B – LIST OF INCLUDED FINAL RECIPIENT TRANSACTIONS

A.1.1	A.2.1	A.1.13	A.1.13.1	B.1	B.2	B.3	B.4	B.5	B.6	B.7	B.8	B.9	B.10	B.11
<i>Final Recipient ID</i>	<i>Final Recipient Transaction ID</i>	<i>Final Recipient internal scoring/rating (Rating Class)</i>	<i>FI Rating scale</i>	<i>Cumulative disbursement</i>	<i>Final Recipient Transaction outstanding principal amount</i>	<i>End of disbursement</i>	<i>Total outstanding principal amount (performing)</i>	<i>Delinquent Final Recipient Transaction</i>	<i>Delinquent period (nbr days)</i>	<i>Defaulted Final Recipient Transaction (Y/N)</i>	<i>Date of Defaulted Final Recipient Transaction</i>	<i>Permitted Additional Interest</i>	<i>Upside (amount)</i>	<i>Upside realised (Y/N)</i>
Mandatory	Mandatory	Mandatory	Mandatory, if applicable	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory, if applicable	Mandatory for subordinated debt	Mandatory for subordinated debt

PART D – EXPIRED FINAL RECIPIENT TRANSACTIONS

A.1.1	A.2.1	D.1
Final Recipient ID	Final Recipient Transaction ID	Repayment date
<i>Mandatory</i>	<i>Mandatory</i>	<i>Mandatory</i>

PART E – EXCLUDED FINAL RECIPIENT TRANSACTIONS

A.1.1	A.2.1	E.1	E.2
Final Recipient ID	Final Recipient Transaction ID	Event date	Event type
<i>Mandatory</i>	<i>Mandatory</i>	<i>Mandatory</i>	<i>Mandatory</i>

PART F - MODIFICATIONS

A.1.1	A.2.1	F.1	F.2
Final Recipient ID	Final Recipient Transaction ID	Reference field name with OLD value	Reference field name with NEW value
<i>Mandatory</i>	<i>Mandatory</i>	<i>Mandatory</i>	<i>Mandatory</i>

*F.1 is any value previously reported in any field of a given quarterly report i.e. values of fields in Part A1, A2, B, C, D, E
 F.2 is the correct value to be used to replace the previous erroneously reported i.e. F.1*

PART H – CONVERTED REVOLVING FINAL RECIPIENT TRANSACTIONS

H.1 Converted Final Recipient Transaction reference	A.1.1 Final Recipient ID	A.2.1 Final Recipient Transaction ID	A.2.2 Currency	A.2.4 Principal amount	A.2.5 Maturity (months)	A.2.6 Grace period (months)	H.2 Final Recipient Transaction conversion date	A.2.11 Payment frequency	Comments
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Optional

PART I – LIST OF FINAL RECIPIENTS THAT DID NOT AGREE TO THE DATA PUBLICATION

(to be provided annually as part of the Q4 report)

A.1.1 Final Recipient ID	A.1.2 Name	A.2.1 Final Recipient Transaction ID
Mandatory	Mandatory	Mandatory

”

A new Schedule (COVID-19 Support) shall be added to the end of the Guarantee Agreement / On-Lending Structure as Schedule 11 or Schedule 12 (as applicable) as follows:

“COVID-19 Support

1. When used in relation to a Portfolio that includes COVID-19 Support Transactions or Final Recipient Transactions (other than Subordinated Debt Transactions) that generated COVID-19 Permitted Additional Interest, “Actual Portfolio Volume” shall mean, at any time, subject to the further specifications (if any) set out in the Specific Terms:

“Actual Portfolio Volume” means, at any relevant time and subject to the provisions of Clause 7.1 (Adjustment of the Actual Portfolio Volume) and Clause 5.5 (Revolving Final Recipient Transactions), the aggregate amount of principal committed to be made available under Covered Final Recipient Transactions, provided that:

- (a) the Actual Portfolio Volume may in no circumstances exceed (i) the Agreed Portfolio Volume, nor (ii) any other amount which would result in the Actual Guarantee Amount exceeding the Maximum Guarantee Amount;
- (b) if amounts outstanding under Final Recipient Transactions are prepaid and/or repaid, then this shall not reduce the Actual Portfolio Volume;
- (c) if a Final Recipient Transaction is an Excluded Final Recipient Transaction, then such Final Recipient Transaction shall not be taken into account in the calculation of the Actual Portfolio Volume from (and including) the date on which it becomes an Excluded Final Recipient Transaction;
- (d) subject to paragraph (e) below, with respect to Revolving Final Recipient Transactions covered by an Intermediary Transaction, the amount of principal to take into account to determine the Actual Portfolio Volume shall be the Credit Limit Amount; and
- (e) the amount of principal committed to be made available under Covered Final Recipient Transactions shall not include COVID-19 Permitted Additional Interest.”

2. When used in relation to a Portfolio that includes Final Recipient Transactions (other than Subordinated Debt Transactions) that generated COVID-19 Permitted Additional Interest, “Agreed Portfolio Volume” shall mean, at any time, subject to the further specifications (if any) set out in the Specific Terms:

“Agreed Portfolio Volume” means the maximum aggregate amount of principal of Eligible Final Recipient Transactions to be included in the Portfolio in accordance with the terms of this Agreement, provided that:

- (a) subject to paragraph (b) below, with respect to Revolving Final Recipient Transactions the “amount of principal of an Eligible Final Recipient Transaction” shall be the Credit Limit Amount; and
- (b) the maximum aggregate amount of principal shall not include COVID-19 Permitted Additional Interest,

which amount shall be (i) on or before the date on which the Intermediary has received from the EIF an Extension Notice, the percentage specified in the Agreement, and (ii) at any time after the Intermediary has received from the EIF an Extension Notice, as the case may be, the Maximum Portfolio Volume.

For the avoidance of doubt, the Agreed Portfolio Volume shall be denominated in the Base Currency, regardless of the denomination of the Eligible Final Recipient Transactions included in the Portfolio.”

3. When used in relation to Final Recipient Transactions (other than Subordinated Debt Transactions) that generated COVID-19 Permitted Additional Interest, “Defaulted Amount” shall mean, at any time, subject to the further specifications (if any) set out in the Specific Terms:

“**Defaulted Amount**” means:

- (a) Any principal amount, Current Interest, or COVID-19 Permitted Additional Interest due, payable and outstanding at such time (or, in the case of a Covered Final Recipient Transaction subject to a Final Recipient Transaction Default, which would be due if that Covered Final Recipient Transaction were accelerated at such time on the assumption that an event of default had occurred at such time) under the terms of a Covered Final Recipient Transaction following the occurrence of either a Final Recipient Transaction Default or a Final Recipient Transaction Acceleration, whichever is specified to apply in the Specific Terms; or
- (b) any reduction in principal, Current Interest, or COVID-19 Permitted Additional Interest, made as a result of a Final Recipient Transaction Restructuring.”

4. When used in relation to any Portfolio that includes Final Recipient Transactions (other than Subordinated Debt Transactions) that generated COVID-19 Permitted Additional Interest, “Guarantee Fee Amount” shall mean as follows:

“**Guarantee Fee Amount**” means, on each Guarantee Fee Payment Date, the sum of the product for each Final Recipient Transaction of:

- (a) the Guarantee Fee Percentage;
- (b) the sum of the outstanding principal amounts and COVID-19 Permitted Additional Interest on each day that the Final Recipient Transaction is a Performing Final Recipient Transaction;
- (c) the applicable Guarantee Rate; and
- (d) 1/360 or as specified in the Specific Terms.

The Up-Front Guarantee Fee Calculation shall not be available with respect to Final Recipient Transactions in respect of which COVID-19 Permitted Additional Interest is due.”

5. When used in relation to any Portfolio that includes COVID-19 Support Transactions, “Guarantee Rate” shall mean as follows:

“**Guarantee Rate**” means (i) with respect to all Covered Final Recipient Transactions that are not COVID-19 Support Working Capital Transactions, the percentage specified in the definition of Guarantee Rate in Clause 2.1 (Definitions) or section 6 (Availability Period, Guarantee Rate and Risk Sharing Rate) of the Specific Terms (if applicable), and (ii) in the case of COVID-19 Support Working Capital Transactions, the percentage calculated in accordance with the formula indicated for this purpose in the Acceptance and in the first paragraph of item (b) of section 8.1 of the Specific Terms.”

6. Clause 2.1 (Definitions) shall be amended by the addition of the following:

“**Actual Guarantee Amount**” means, at any relevant time, the guaranteed portion of the Actual Portfolio Volume, calculated taking into account the applicable Guarantee Rate with respect to each Covered Final Recipient Transaction.”

“**COVID-19 Permitted Additional Interest**” means any interest that has been capitalised by the Intermediary pursuant to the terms of the Final Recipient Transaction and/or deferred or accrued by the On-Lending Bank pursuant to the terms of the Final Recipient Transaction, other than:

- (a) amounts covered under Current Interest; and
- (b) late payment or default interest, fees and any other costs and expenses,

provided that (i) the amount of COVID-19 Permitted Additional Interest on any Final Recipient Transaction shall not exceed the amount accrued, deferred or capitalised for a maximum of 360 calendar days or any other shorter period ending on the date of a Final Recipient Transaction Default or a Final Recipient Transaction Acceleration, (ii) such interest is generated as a result of a Permitted Final Recipient Transaction Amendment that occurred during the COVID-19 Support Period, and (iii) the Final Recipient Transaction is not subject to the Up-Front Guarantee Fee Calculation.”

“**COVID-19 Support Period**” means the period commencing on 6 April 2020 (included) and ending on 31 March 2021 (included), as it may be extended by the EIF by sending a notice to the Intermediary.”

“**COVID-19 Support Transaction**” means any Covered Final Recipient Transaction entered into during the COVID-19 Support Period.”

“**COVID-19 Support Working Capital Transaction**” means any COVID-19 Support Transaction that includes working capital finance.”

“**Current Interest**” means any interest other than (i) late payment or default interest, capitalised interest, fees and any other costs and expenses, (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 calendar days from the last payment made.”

“Intermediary Transaction” means a loan instrument entered into between the Intermediary and an On-Lending Bank (directly or through a Pass-Through Institution) to fund partially or entirely a Final Recipient Transaction and pursuant to which the Intermediary covers the On-Lending Bank’s exposure thereunder at the applicable Risk Sharing Rate. Unless explicitly stated otherwise in this Agreement, references to an Intermediary Transaction shall include, where applicable, both a reference to the agreement between the Intermediary and the Pass-Through Institution and to the agreement between the Pass-Through Institution and the On-Lending Bank (including, but not limited to, in the provisions of clauses 12 (Recoveries) and 16 (General Undertakings)).”

“Maximum Guarantee Amount” means the amount calculated in accordance with item (c) of section 8.1 of the Specific Terms.”

7. When used in relation to any Portfolio that includes COVID-19 Support Transactions, Clause 4 (Guarantee) shall be amended and restated to read as follows:

“4. GUARANTEE

4.1 The Guarantor hereby issues an irrevocable and unconditional financial guarantee in favour of the Intermediary subject to, and in accordance with, the terms of this Agreement (the **“Guarantee”**).

4.2 Subject to the terms of this Agreement, the Guarantor will pay to the Intermediary an amount (the **“Guarantee Amount”**) equal to the Defaulted Amounts incurred no later than on the Final Payment Demand Date in respect of the Covered Final Recipient Transactions at the Guarantee Rate, up to the Maximum Guarantee Amount.”

8. When used in relation to Final Recipient Transactions that are COVID-19 Support Transactions, the Eligibility Criteria in item (v) under the definition of Final Recipient Eligibility Criteria in Clause 5.2 (Definitions) of Clause 5 (Eligibility Criteria) shall read as follows:

“(v) the Final Recipient shall not be an “undertaking in difficulty” within the meaning of the 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, provided that Final Recipients that have entered into a COVID-19 Support Transaction and were an “undertaking in difficulty” as at the Signing Date due to the impact of COVID-19 disruption are deemed to comply with this eligibility criterion if they were not an “undertaking in difficulty” as at 31 December 2019;”

9. When used in relation to Final Recipient Transactions that are COVID-19 Support Transactions, the Eligibility Criteria in item (i) under the definition of Final Recipient Transaction Eligibility Criteria in Clause 5.2 (Definitions) of Clause 5 (Eligibility Criteria) shall read as follows:

“(i) the Final Recipient Transaction shall be newly originated which, in the case of COVID-19 Support Transactions, may include re-financing of Covered Final Recipient Transactions (at maturity or within the three (3) months prior to the maturity date);”

10. *If the Portfolio includes COVID-19 Support Transactions, the following Portfolio Eligibility Criteria shall be added as item (iii) under the definition of Portfolio Eligibility Criteria in Clause 5.2 (Definitions) of Clause 5 (Eligibility Criteria) and shall be complied with at all times:*
- “(iii) The Actual Guarantee Amount shall not exceed the Maximum Guarantee Amount.”*
11. *When used in relation to Final Recipient Transactions that are COVID-19 Support Transactions,*
- (a) The references in item (i) under the definition of Innovation and Digitalisation Eligibility Criteria in Clause 5.2 (Definitions) of Clause 5 (Eligibility Criteria) to “processes or services”, “production or delivery methods”, “business models” may include any changes or transition that the Final Recipient intends to undertake as a result of COVID-19 disruption in order to mitigate its effects and/or increase the economic resilience of the Final Recipient;*
 - (b) The reference in item (i) under the definition of Innovation and Digitalisation Eligibility Criteria in Clause 5.2 (Definitions) of Clause 5 (Eligibility Criteria) to a “business failure” shall also include the business failure due to the COVID-19 disruption affecting the Final Recipient as evidenced by a self-declaration of the Final Recipient to the Intermediary and which should not require justification by an external expert;*
 - (c) To be eligible under item (iv)(a) under the definition of Innovation and Digitalisation Eligibility Criteria in Clause 5.2 (Definitions) of Clause 5 (Eligibility Criteria), the condition that the “Final Recipient’s business plan indicates an increase of its R&I expenses at least equal to the Final Recipient Transaction amount” shall not apply;*
 - (d) The references in items (iv)(b), (iv)(g), (iv)(j) and (iv)(k)(C) under the definition of Innovation and Digitalisation Eligibility Criteria in Clause 5.2 (Definitions) of Clause 5 (Eligibility Criteria) to a “business plan” may be replaced by a “self-declaration of the Final Recipient provided to the Intermediary”;*
 - (e) Any Final Recipient that entered into a Covered Final Recipient Transaction prior to the COVID-19 Support Period and complied thereunder with one or more criteria from items (i) to (iv) under the definition of Innovation and Digitalisation Eligibility Criteria in Clause 5.2 (Definitions) of Clause 5 (Eligibility Criteria) shall, for the purpose of item (i) of Clause 5.1 (Eligibility Criteria), be deemed to comply with at least one of the Innovation and Digitalisation Eligibility Criteria when entering into a COVID-19 Support Transaction, provided that such COVID-19 Support Transaction is not covering the same expense as the relevant Covered Final Recipient Transaction; and*
 - (f) The condition set out in item (viii)(a) under the definition of Final Recipient Eligibility Criteria in Clause 5.2 (Definitions) of Clause 5 (Eligibility Criteria) that the “Final Recipient Transaction must be combined with new capital representing at least 50% of the nominal amount of the Final Recipient Transaction” shall not apply.”*
12. *When used in relation to a Portfolio that includes COVID-19 Support Transactions or Final Recipient Transactions (other than Subordinated Debt Transactions) that generated COVID-19 Permitted Additional Interest, Clause 6.1(e) of the Guarantee Agreement shall be amended and restated to read as follows:*

“(e) If the original principal amounts of Final Recipient Transactions referred to in an Inclusion Notice are such that, as a result of their inclusion in the Portfolio, the Actual Portfolio Volume would exceed the Agreed Portfolio Volume or the Actual Guarantee Amount would exceed the Maximum Guarantee Amount, the Final Recipient Transactions will be included in the Portfolio only to the extent that the Actual Portfolio Volume resulting from any such inclusion does not exceed the Agreed Portfolio Volume and the Actual Guarantee Amount does not exceed the Maximum Guarantee Amount. In this case, the Guarantor shall have sole and absolute discretion as to which of such Final Recipient Transactions shall be included and which shall not be included.

The principal amount of a Final Recipient Transaction included in the Portfolio may only be increased during the Availability Period if, at that time, as a result of such increase the Actual Portfolio Volume does not exceed the Agreed Portfolio Volume and the Actual Guarantee Amount does not exceed the Maximum Guarantee Amount. The principal amount of a Final Recipient Transaction included in the Portfolio may not be increased after the end of the Availability Period, provided that, with respect to Final Recipient Transactions that generated COVID-19 Permitted Additional Interest, capitalised interest may be included for cover as part of COVID-19 Permitted Additional Interest and reported as such.”

13. When used in relation to Final Recipient Transactions that are COVID-19 Support Transactions or Final Recipient Transactions (other than Subordinated Debt Transactions) that generated COVID-19 Permitted Additional Interest, the undertaking in Clause 16.7 (Intermediary Exposure to Final Recipient Transactions) shall read as follows:

“16.7 Intermediary Exposure to Final Recipient Transactions

The Intermediary undertakes, and shall procure that the On-Lending Bank (except for any Pass-Through Institution) shall undertake, at all times until the expiration of the Guarantee that, unless otherwise prior permitted in writing by the Guarantor:

- (a) it shall maintain an economic exposure of at least (i) 20% of the outstanding principal amount of each Final Recipient Transaction (including any COVID-19 Permitted Additional Interest that has been capitalised) included in the Portfolio that is not a COVID-19 Support Transaction, and (ii) 10% of the outstanding principal amount of each COVID-19 Support Transaction (including any COVID-19 Permitted Additional Interest that has been capitalised) included in the Portfolio (in each case, the “**Relevant Portion**”); and
- (b) it shall not enter into any credit support, guarantee or other transfer of risk arrangements with respect to the Relevant Portion, provided that any collateral, security or guarantee payable to the On-Lending Bank or the Intermediary that qualify as Recoveries shall not be taken into account for this purpose.”

FORM OF ACCEPTANCE FOR GUARANTEE AGREEMENTS / ON-LENDING STRUCTURE

To: The European Investment Fund

37B avenue J.F. Kennedy

L-2968 Luxembourg

Attention: InnovFin SME Guarantee Facility – Guarantee Agreement / On-Lending Structure

From: [Intermediary]

[Date]

Dear Madam, Sir,

Re: InnovFin SME Guarantee Facility – Guarantee Agreement / On-Lending Structure dated [●] (the “Agreement”) – Acceptance of proposal to amend the Agreement

Save as otherwise provided in this letter of acceptance (the “**Acceptance**”), terms defined in the Agreement shall have the same meanings when used herein.

We herewith notify you that we accept your offer published on your website on 13 May 2020 to make the amendments to the Agreement as set out in the Form of Amendment for Guarantee Agreements / On-Lending Structure (the “**Amendment**”).

We accept your offer that the Amendment will take effect on as of (and including) 6 April 2020. This Acceptance and any non-contractual obligations arising out of or in connection with it are governed by English law.

In accordance with item (b) of section 8.1 of Schedule 1 (*Specific Terms*) of the Agreement, as amended by the Amendment, the Guarantee Rate applicable to COVID-19 Support Working Capital Transactions shall be (i) the product of (a) [50/60/70/80]%, and (b) the Risk Sharing Rate of [●]%, and (ii) applicable from and including [*insert date falling between (and including) 6 April 2020 and 30 June 2020*].

Yours faithfully

Name:

Title:

for and on behalf of

[Intermediary]

EXECUTION INSTRUCTIONS

For the Acceptance of the Offer, please follow the execution procedure below:

- (i) complete the missing information in the Form of Acceptance for Guarantee Agreements / On-Lending Structure:
 - name of the Financial Intermediary;
 - date of the Financial Intermediary's signature;
 - date of the Guarantee Agreement;
 - the components of the Guarantee Rate applicable to COVID-19 Support Working Capital Transactions, as well as the date from when the same is applicable;
 - name of the relevant signatory/ies; and
 - title of the relevant signatory/ies.
- (ii) duly sign the document (for this purpose, please note that signature by hand, advanced digital signature or qualified digital signature in compliance with Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 are accepted);
- (iii) for umbrella agreements, do not forget to include the Coordination Entity as a signatory in addition to the Financial Intermediary. For the remaining agreements, do not forget to include all the original signatories in addition to the Financial Intermediary;
- (iv) send a pdf-scan thereof via email to eif-ls-debt-team-secretariat@eif.org with the title "InnovFin COVID amendment acceptance".

Do not insert any additional conditions or counter-proposals in the document.

Please keep a copy of your Acceptance together with a copy of the Offer and the Form of Amendment for Guarantee Agreements / On-Lending Structure for your records.