



Annex II: Direct Guarantee and Grant Facility Term Sheet applicable to the additional guarantee capacity from the Ukraine Investment Framework

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1 | Overview

In order to support the private sector affected by the rapidly intensifying economic effects of the Russian war against Ukraine, the European Commission has entrusted EIB to perform a set of activities from the dedicated Ukraine Investment Framework financial package: (i) a portfolio guarantee product, to be implemented and managed by EIF, as set out below, and (ii) a grant facility, to be implemented and managed by EIB.

The primary objective of a Guarantee is to enhance access to finance to SMEs and Labour-Intensive SMEs¹ (as such terms are defined below) in Ukraine. In addition, to further strengthen support for Ukrainian SMEs within specific target groups, the Guarantee will be supplemented by an incentive grant available to the Final Recipients that meet the Target Group Eligibility Criteria (the “**Grant**”).

The portfolio Guarantee shall be issued by EIB as guarantor, and managed by EIF as transaction agent, to offer credit risk protection to selected Financial Intermediaries originating Debt Financing, which comply with the criteria set out in this Call, including:

1. This document setting out the indicative terms of the Guarantee, and
2. Any additional criteria set out in the Guarantee Agreement (as described below).

The Guarantee shall partly cover the credit risk associated with a Financial Intermediary’s newly originated Debt Financing transactions which are included in the relevant Portfolio(s). The Guarantee is structured as a capped Guarantee.

The Guarantee is a financial guarantee and shall cover Defaulted Amounts, on a transaction by transaction basis, incurred by the Financial Intermediary in respect of each defaulted eligible Final Recipient Transaction, up to the Cap Amount.

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.

¹ Labour-Intensive SMEs under the Mandate are defined as enterprises that employ fewer than 500 persons, but otherwise comply with the Commission Recommendation 2003/361/EC (OJ L124, 20.05.2003, p. 36) as amended from time to time.



In this context, the Financial Intermediary will originate each Final Recipient Transaction based on the pre-defined eligibility criteria listed below, and on those set out in the relevant Guarantee Agreement.

In order to include a Final Recipient Transaction in a Portfolio (to be covered by the Guarantee) a Financial Intermediary will have to send an Inclusion Notice on a quarterly basis, in accordance with the terms of the Guarantee Agreement.

2 | Indicative terms of the direct Guarantee

The terms below apply to the portfolio guarantee issued by EIF and to all Final Recipients and Final Recipient Transactions.

2.1 | General Provisions

Type of Guarantee	The Guarantee shall be a capped Guarantee.
Language and Governing Law	<p>The terms of the Guarantee Agreement shall be in the English language and shall be subjected to the laws of Luxembourg.</p> <p>The parties shall agree to expressly submit the Guarantee to the professional payment guarantee regime governed by the Luxembourg law of 10 July 2020 on professional payment guarantees.</p>
Structure	<p>The Guarantee shall cover Defaulted Amounts incurred by the Financial Intermediary at a Guarantee Rate subject to the Guarantee Cap Rate. The Defaulted Amounts, net of any Recoveries, covered by the Guarantee shall in aggregate not exceed the Cap Amount stipulated in the Guarantee Agreement between EIB, EIF and the relevant Financial Intermediary. The Guarantee Cap Rate may cover both expected and part of the unexpected losses.</p>
Applicability of the Base Currency	Final Recipient Transactions shall be denominated in (i) the national currency of Ukraine, (ii) EUR and (iii) USD.



	<p>If the Portfolio consists of Final Recipient Transactions denominated in EUR and another currency, the Base Currency shall be EUR.</p> <p>The Committed Guarantee Volume shall be expressed in the Base Currency.</p> <p>Payments made under Payment Demands and Recovery notices shall typically be made in the Base Currency, as further specified in the Guarantee Agreement.</p> <p>The following main principles shall apply:</p> <ul style="list-style-type: none"> i. for the purpose of including Final Recipient Transactions in the Portfolio, any amounts denominated in a currency other than EUR shall be subject to conversion by the EIF using the relevant FX Rate on or around the date of signature or effectiveness of the relevant Guarantee Agreement. It may also be possible, at EIF's discretion, to define two or more such dates during the Inclusion Period; ii. for the purpose of paying amounts claimed by a Financial Intermediary under the Guarantee Agreement, any amounts denominated in a currency other than EUR referred to in any Payment Demand shall be subject to conversion either by the Financial Intermediary using the relevant FX Rate on or around the date submitting the guarantee payment demand or by the EIF using the relevant FX Rate on or around the reception date of the guarantee payment request (or a similar mechanism); iii. for the purpose of paying recoveries to the EIF (if applicable), any amounts denominated in a currency other than EUR shall be subject to conversion by the Financial Intermediary using the relevant FX Rate on or around the date of (i) receipt by the Financial Intermediary, in case where such amounts are retained, or (ii) payment by the Financial Intermediary to the EIF, in each case in accordance with the terms of the relevant Guarantee Agreement, (or a similar mechanism); and iv. for the purpose of determining the Guarantee Fee to be paid under the Guarantee Agreement, the EUR equivalent of the amount payable to the EIF in respect of a Transaction denominated in another currency shall be determined using the relevant FX Rate on the last day of the relevant quarter for which the calculation of the Guarantee Fee is performed; <p>in each case as further specified in the Guarantee Agreement.</p>
Inclusion Process	<p>In order for Final Recipient Transactions to be covered by the Guarantee, they must be signed during the Inclusion Period (or as otherwise agreed in the Guarantee Agreement) and reported to EIF by way of inclusion notices sent by the Financial Intermediary on a quarterly basis.</p> <p>The Inclusion Period typically starts on the date of the signature of a Guarantee Agreement with a Financial Intermediary.</p> <p>The Inclusion Period will be set out in the Guarantee Agreement and will typically last 2 to 5 years (and may be extended from time to time, subject to EIF's approval).</p>
Guarantee Termination Date	<p>The Guarantee shall terminate on the earlier of the following dates:</p> <ul style="list-style-type: none"> a) the date on which an Early Termination Event has occurred;



	<ul style="list-style-type: none"> b) the date (if any) on which EIB and/or EIF is no longer liable to effect further payments to the Financial Intermediary and the EIB and/or EIF has no further claims against the Financial Intermediary; and c) the date falling 6 months following the last scheduled maturity date of the Final Recipient Transaction; and d) ca 180 months from the Contribution Agreement signing date (which is on 20th June 2025), or any longer period as may be subsequently agreed in writing by the European Commission and EIB and notified to the Financial Intermediary by the EIF.
Trigger Event	<p>EIB and EIF may include trigger events in the Guarantee Agreement, in order to manage Portfolio ramp-up and credit quality.</p> <p>The occurrence of a trigger event entitles but does not oblige EIF to end the Inclusion Period for the relevant Portfolio.</p>
Early Termination Event	<p>The Guarantee Agreement contains certain events of default, including with respect to non-payment, breach of obligation, insolvency, unlawfulness, sanctions and misrepresentation.</p> <p>The occurrence of an event of default, if it has not been remedied within the relevant grace period (if any), may result in early termination of the Guarantee.</p>
Level of Guarantee Rate	<p>The Guarantee Rate shall typically be set at up to 80%, to be selected on a transaction by transaction basis.</p>
Determination of the Cap Amount	<p>The Cap Amount corresponds to the level at which the obligation of the EIB to pay under the Guarantee is capped, which is EIB's maximum liability under the Guarantee and is calculated for each Financial Intermediary by EIF at any relevant time, as the product of :</p> <ul style="list-style-type: none"> i) the lowest of (i) the Committed Guarantee Volume and (ii) the Actual Guarantee Exposure Volume (as evidenced in the last Report received prior to any such calculation); and ii) the Guarantee Cap Rate.
Defaulted Amounts	<p>Means:</p> <ul style="list-style-type: none"> 1. any principal and/or interest amounts due, payable and outstanding (or, in the case of a Final Recipient Transaction subject to a Final Recipient Transaction Default, which would be due if that Final Recipient Transaction was accelerated at such time on the assumption that an event of default had occurred 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, or, in the case of recourse trade receivables transactions, written off in accordance with the credit policy of the Financial Intermediary, excluding: <ul style="list-style-type: none"> a) late payment or default interest, capitalised interest, fees and any other costs and expenses;



	<ul style="list-style-type: none"> b) In the case of Revolving Final Recipient Transactions, principal amounts exceeding the relevant Credit Limit Amount and any interest amounts which accrued thereon; and c) any interest amounts which accrued after the earlier of (i) a period of ninety (90) calendar days from the first missed payment, (ii) the date of the Final Recipient Transaction Default, and (iii) the Final Recipient Transaction Acceleration (as applicable); and d) notwithstanding paragraph (c) above, any interest accrued and unpaid for a period exceeding twelve (12) months; <p>2. in the case of non-recourse trade receivables transactions, amounts of trade receivables due, payable by the third party (i.e. a debtor to the Final Recipient or the Financial Intermediary) and outstanding or written off in accordance with the credit policy of the Financial Intermediary following the occurrence of a trade receivables transaction default;</p> <p>3. any reduction in principal and/or interest amounts written off as a result of a Final Recipient Transaction Restructuring, excluding:</p> <ul style="list-style-type: none"> a) late payment or default interest, capitalised interest, fees and any other costs and expenses; b) any interest amount accrued and unpaid for a period exceeding twelve (12) months; and c) any interest amounts that accrued after the date of the Final Recipient Transaction Restructuring. <p>The Guarantee Agreement may specify deviations from the above definition of Defaulted Amount taking into account the specificities of certain types of Debt Financing and Subordinated Debt Transactions.</p>
Enhanced Access to Finance Measures Implementation	<p>The Guarantee agreement will contain specific obligations for the Financial Intermediary to ensure that the benefit of the guarantee is passed on to the largest extent possible to the Final Recipients. The Financial Intermediary shall implement financing features and/or focus on one or more categories of SMEs, which are not provided for at all by the Financial Intermediary and/or improve the requirements applied under the Financial Intermediary's current credit policy and/or financing practice.</p> <p>The benefits stemming from the guarantee coverage will be transferred to SMEs. Such benefits may include:</p> <ul style="list-style-type: none"> - reduced collateral requirements; - lower cost of borrowing; - longer maturity of provided loans; - local currency loans facilitated; <p>or a combination of any of such elements.</p> <p>In addition to the above, it is expected that the majority of Final Recipient Transaction in the Portfolio will be in the relevant local currency.</p>



	EIF shall analyse the transfer of benefit mechanism proposed by the Financial Intermediaries and may, where appropriate, adjust the transfer of benefit during the due diligence phase.
Right of clawback by the EIF	EIB and EIF will be entitled to be repaid by the Financial Intermediary certain amounts in specified circumstances, including any amounts paid under the Guarantee by EIB (acting through EIF as transaction agent) in excess of the Defaulted Amounts, in excess of the Cap Amount, and any excess amount paid as a result of an exclusion of a Final Recipient Transaction from the Portfolio.
Replenishment	<p>During the Inclusion Period and if so regulated in the Guarantee Agreement at the discretion of EIF, the Financial Intermediary may include further new transactions with Final Recipients in the Portfolio to replenish the amortised principal amount of Final Recipient Transactions.</p> <p>In case the provisions on Replenishment would not be applicable, the terms and conditions of the Guarantee Agreement, including inter alia the definition of Committed Guarantee Volume, Actual Guarantee Volume, Actual Guarantee Exposure Volume and the Cap Amount, shall be adjusted accordingly.</p>
Final Recipient and Final Recipient Transaction Eligibility Criteria	The Financial Intermediary shall ensure that each Final Recipient and Final Recipient Transaction shall comply with the eligibility criteria indicated in Section 2.3.
Process for Payment Demands	<p>The Financial Intermediary may call on the Guarantee for incurred Defaulted Amounts by sending a Payment Demand to EIF via email.</p> <p>A Payment Demand shall only be valid if it relates to the Defaulted Amounts with respect to Credit Events reported to EIF no later than the third Report Date following the calendar quarter in which the relevant Credit Event occurred.</p> <p>Payment Demands shall only be valid if they are relating to Defaulted Amounts incurred by the Financial Intermediary in respect of Credit Events occurred no later than the Guarantee Termination Date.</p> <p>One Payment Demand may be sent by Financial Intermediaries for each calendar quarter, provided that it is sent no later than the Report Date following the end of such calendar quarter.</p> <p>If the Payment Demand is valid, the EIF (on behalf of EIB) shall pay any amounts claimed thereunder within 90 calendar days of the Report Date following the end of such calendar quarter.</p>
Process for Recoveries	<p>Where the Financial Intermediary receives Recoveries, a Recovery notice must be sent to EIF in order to notify Recoveries recovered or received by the Financial Intermediary in relation to the Final Recipient Transaction included in the relevant Portfolio(s).</p> <p>The Financial Intermediary shall send to the EIF at any relevant time, but not later than 30 days after the end of each calendar quarter a Recovery notice with the accompanying Recoveries schedule and shall pay to the EIF any relevant amount, within three months</p>



	of the end of each calendar quarter in which Recoveries are recovered or received by the Financial Intermediary.
Recoveries sharing	Recoveries shall be shared between the EIF and the Financial Intermediary in accordance with the Guarantee Rate (e.g. if the Guarantee Rate is 80%, the Intermediary keeps 20% of the Recoveries and shall pass on 80% of the Recoveries to EIF). However, if the amount of the losses exceeds the Guarantee Cap Amount, a corresponding amount of recoveries may first be allocated to the Financial Intermediary as further specified in the Guarantee Agreement.
Exclusion Process	<p>At any time, the EIF may verify (and/or ask information to the Financial Intermediary) whether a Final Recipient Transaction included in the relevant Portfolio is an eligible Final Recipient Transaction and whether its inclusion in the relevant Portfolio is in compliance with the terms of the Guarantee Agreement. At any time, the EIF may notify the Financial Intermediary of a non-eligible Final Recipient Transaction by sending an exclusion notice.</p> <p>If a Financial Intermediary becomes aware that a Final Recipient Transaction is or becomes a non-eligible Final Recipient Transaction or any other undertakings, requirements or requests of the Guarantee Agreement are not complied with or satisfied in connection with such Final Recipient Transaction, the Financial Intermediary shall include such information in the immediately following Report delivered to the EIF and flag any such Final Recipient Transaction as excluded.</p> <p>Final Recipient Transactions that do not comply with the Final Recipient Transaction Eligibility Criteria are deemed excluded from the relevant Portfolio (and shall not be covered by the Guarantee). However, if an eligible Final Recipient Transaction is or becomes a non-eligible Final Recipient Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary after a Payment Demand relating to such Final Recipient Transaction was sent by the Financial Intermediary to the EIF, and the Financial Intermediary could not, acting diligently, have become aware thereof prior to such date, that Final Recipient Transaction shall nonetheless be covered by the Guarantee for the period until the Financial Intermediary became aware.</p> <p>Similarly, if an eligible Final Recipient Transaction becomes a non-eligible Final Recipient Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary before a Payment Demand relating to such Final Recipient Transaction was sent by the Financial Intermediary to the EIF, or the Financial Intermediary could not, acting diligently, have become aware thereof prior to such date, then such Final Recipient Transaction shall be covered by the Guarantee if the Financial Intermediary accelerates payment of all amounts owed to it under such Final Recipient Transaction no later than on the Report Date immediately following the date on which it became aware of the same or could, acting diligently, have become aware thereof.</p> <p>If a Subordinated Debt Transaction is or becomes a non-eligible Final Recipient Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary and the Financial Intermediary was, upon the occurrence of a default under such Subordinated Debt Transaction, prevented from accelerating any amount owed to it under such Subordinated Debt Transaction (either by contract or by virtue</p>



	<p>of mandatory laws and regulations), such transaction shall be deemed to be covered by the Guarantee provided that the Financial Intermediary accelerates the Subordinated Debt Transaction as soon as the contractual terms or applicable laws and regulations allow for it.</p> <p>However, if the Financial Intermediary is entitled to accelerate the Final Recipient Transaction but fails to do so within the timeframe specified above, then the respective Final Recipient Transaction shall be excluded from the relevant Portfolio.</p>
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2.2 | Miscellaneous provisions

Guarantee Fee and Payment Mechanics	<p>The Guarantee Fee rate shall be 0.4% per annum, subject to potential adjustments.</p> <p>The Guarantee Fee amount will be payable in the Base Currency.</p> <p>The Guarantee Fee will be calculated periodically on the basis of the sum of the guaranteed part of outstanding principal amounts of the Performing Final Recipient Transactions included in the Portfolio.</p>
Servicing	The Financial Intermediary shall perform the servicing of the Portfolio(s), including monitoring and recovery actions, in accordance with its internal policies and procedures.
Reporting	<p>Financial Intermediaries shall provide EIF with the information in respect of that calendar quarter in a Report on the Report Date.</p> <p>Other reporting may be required from the Financial Intermediary as specified in the Guarantee Agreement.</p>
Monitoring and Auditing	Financial Intermediaries shall agree to allow and to provide access to documents and premises related to the relevant Guarantee for the representatives of the European Commission, the European Court of Auditors, the European Anti-Fraud Office (OLAF), the European Public Prosecutor's Office (EPPO), the EIF, agents of the EIF, the EIB, and any EU or national institution or body which is entitled to verify the use of the Guarantee in the context of the EU4Business Guarantee Facility. To that effect, the Financial Intermediaries shall also include appropriate provisions in each agreement with Final Recipients.
Know your Customer	The Financial Intermediary shall, prior to the signature of the Guarantee Agreement, disclose to the EIF information on its beneficial owners and at any time thereafter, promptly inform the EIF of any change in its beneficial owners.
Record keeping	<p>The Financial Intermediary shall maintain or be able to produce all the documentation related to the implementation of the Guarantee Agreement for a period of five (5) years following the Guarantee Termination Date.</p> <p>The Final Recipient shall maintain or be able to produce all the documentation related to the implementation of the Final Recipient Transaction and to the Grant (if applicable) for a period of five (5) years following the date of termination of the Final Recipient Transaction.</p>



State aid	Final Recipient Transactions complying with the conditions set out in this Annex II and the Guarantee Agreement are considered as consistent with State aid rules.
Visibility and promotion	<p>The Financial Intermediaries shall carry out adequate information, marketing and publicity campaigns, including through their website or alternative ways of communication, to achieve equivalent visibility.</p> <p>The Financial Intermediaries shall further ensure that the Final Recipient Transaction agreements, promotional material, press releases and any publication on their website (or alternative ways of communication to achieve equivalent visibility pertaining to the Guarantee Facility) contains a statement to the effect that the Final Recipient Transactions benefit from support from the Ukraine Investment Framework (as further detailed in the Guarantee Agreement).</p>
Risk Retention	The Financial Intermediary shall maintain at all times a relevant portion corresponding to an economic exposure of at least 20% of the outstanding global principal amount of the Final Recipient Transactions included in the Portfolio. For this 20% portion, the Financial Intermediary shall not enter into any credit support, guarantee or other transfer of risk arrangement, 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.
Transfer	The Financial Intermediary shall not be entitled to transfer any or all of its rights and obligations under the Guarantee without the prior written consent of the EIF and the EIB.
Restrictive Measures Implementation	Contractual provisions shall be included in the Guarantee Agreement to ensure that no funds or economic resources are made available directly or indirectly to, or for the benefit of, persons or entities subject to the Restrictive Measures.

2.3 | Eligibility Criteria

Final Recipient Eligibility Criteria	<p>The Financial Intermediary shall ensure that each Final Recipient shall comply with each of the following eligibility criteria:</p> <ol style="list-style-type: none"> 1. It shall be acceptable as a counterparty to the Financial Intermediary in accordance with its respective internal policies and guidelines; 2. It shall be deemed potentially economically viable at the time of the signature of the relevant Final Recipient Transaction; 3. It shall not be a Restricted Final Recipient; 4. It shall comply with EIF’s Policy on Exclusions and Restrictions; 5. It shall not conduct as part of their business activities illegal activities according to applicable legislation; 6. in the case of Israeli entities, comply with the eligibility criteria formulated in Commission notice Nr 2013/C 205/05 setting out the Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by
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	<p>Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards;²</p> <ol style="list-style-type: none"> 7. It shall be established and operating in Ukraine; 8. It shall be an SME³ or a Labour-Intensive SME; 9. It shall not be in an Exclusion Situation; 10. It shall comply with any additional Final Recipient eligibility criteria that may be specified in the relevant Guarantee Agreement.
Final Recipient Transaction Eligibility Criteria	<p>The Financial Intermediary shall ensure that each Final Recipient Transaction shall comply with each of the following eligibility criteria:</p> <ol style="list-style-type: none"> 1. It shall be newly originated (signed during the Inclusion Period); 2. It shall be denominated in (i) the national currency of Ukraine, or (ii) EUR, or (iii) USD; 3. It shall be in the form of a Debt Financing; 4. The purpose of the Final Recipient Transaction shall be (i) investment in tangible or intangible assets, (ii) working capital, and/or (iii) finance for any other purpose supporting the business of SMEs and Labour-Intensive SMEs; 5. It shall comply with the maximum principal amount, which shall not exceed EUR 5,000,000 (or equivalent amount in any eligible currency); 6. It shall comply with the minimum contractual maturity, which shall be six (6) months (rounded up to the nearest full calendar quarter), except for documentary credit transactions such as bank guarantees and letters of credit that shall have no minimum maturity; 7. If it is a subordinated debt product, it shall be in the form of Subordinated Debt Transaction; 8. It shall comply with the provisions on Enhanced Access to Finance Measures; 9. Re-financing of previous debt obligations of a Final Recipient shall not be eligible; 10. It shall comply with EIF's Policy on Exclusions and Restrictions;⁴ 11. It shall comply with any additional Final Recipient Transaction eligibility criteria that may be specified in the relevant Guarantee Agreement.
Portfolio Eligibility Criteria	<ol style="list-style-type: none"> 1. The Financial Intermediary shall ensure that the sum of the guaranteed initial principal amounts of the Final Recipient Transactions issued to SMEs shall account for at least 80% of the sum of the guaranteed initial principal amounts of all Final Recipient Transactions. The criterion is measured at the end of the Inclusion Period.

² OJ C 205 of 19.07.2013, pp. 9-11.

³ Commission SME Recommendation as amended from time to time.

⁴ For the purpose of compliance with this eligibility criterion the Financial Intermediary may rely on representations or undertakings from the Final Recipient.



	<p>2. At the end of Inclusion Period, the Financial Intermediary shall ensure that the aggregate sum of the guaranteed committed principal amount of Final Recipient Transactions issued to Final Recipients meeting the Target Group Eligibility Criteria shall be at least the lower of:</p> <ul style="list-style-type: none"> i) 50% of the Actual Guarantee Exposure Volume; ii) Cap Amount multiplied by two (calculated by applying the relevant FX Rate for the non-euro denominated Final Recipient Transactions).
Target Group Eligibility Criteria	<p>Final Recipients or Final Recipient Transactions (as the case may be) which meet at least one of the following criteria:</p> <ul style="list-style-type: none"> 1. Final Recipient or the investment project supported under the Final Recipient Transaction is located in a War Zone; 2. Final Recipients impacted by war whose assets were damaged or destroyed; 3. Final Recipients owned by (including self-employed), managed by or employing War Veterans, defined as persons who are taking or took part in the defence of Ukraine, which include participants in hostilities, persons with disabilities as a result of the war, and participants in the war; 4. Final Recipients who are Internally Displaced Persons from War Zones; 5. Final Recipients owned by Internally Displaced Persons (including self-employed), managed by or employing Internally Displaced Person(s); 6. Final Recipients owned by (including self-employed) or managed by women; 7. Final Recipients owned by (including self-employed), managed by or employing Youth; 8. Final Recipients qualifying as start-ups, defined as Final Recipients that have existed for less than three (3) years: <ul style="list-style-type: none"> i) following its registration, where such Final Recipient is subject to registration; or ii) from the start of its economic activity or from when it becomes liable to tax for its economic activity. where such Final Recipient is not subject to registration. <p>The criteria as regards ownership, shall mean more than 50% ownership.</p> <p>The criteria as regards management, shall mean more than 30% relevant persons in senior management.</p> <p>The criteria as regards employment, shall include Final Recipients, where the relevant persons should constitute at least 20% of the Final Recipients' employees (regardless of the type of their employment contract).</p>

3 | Indicative terms of the Grant Facility



Grant Facility	<p>In addition to the Guarantee, the Guarantor will also offer Grants with the overall objective to provide financial support to Final Recipients supported by the Guarantee, meeting Grant Eligibility Criteria.</p> <p>The Guarantor will disburse, subject to applicable conditions precedent, the relevant amount of the Grant in EUR to each relevant Financial Intermediary upfront and on a dedicated Grant Facility account.</p> <p>In turn each Financial Intermediary shall disburse the Grants to the relevant Final Recipients to be used for the repayment of the Final Recipient Transaction.</p> <p>For the purpose of disbursing the Grant, the Financial Intermediary may carry out any conversion of any amounts corresponding to the Grant for Final Recipient Transactions. For the avoidance of doubt, any amount unduly paid to, or unused or misused by the Final Recipient and transferred back to the Financial Intermediary or the Guarantor shall be denominated in EUR and equal to the corresponding amount denominated in EUR initially paid to such Final Recipient.</p> <p>The Grant shall be applied by a Financial Intermediary in a manner that the amount of a loan/lease outstanding, under a Final Recipient Transaction, is reduced (e.g. by way of voluntary prepayment, change to the amortisation schedule, etc.) or, for a leases only, to enable a Final Beneficiary to exercise the call option under a lease.</p>
Reporting	<p>Financial Intermediary shall submit information on Final Recipients receiving Grants and the allocated and disbursed Grant amounts on the Report Dates as part of the Reports.</p>
Grant Eligibility Criteria	<p>Final Recipients and Final Recipient Transactions benefiting from the Grant shall meet the following criteria:</p> <ol style="list-style-type: none"> 1. Final Recipient shall be an SME (for the avoidance of doubt, Labour Intensive SMEs are excluded); 2. Final Recipient shall meet at least one of the Target Group Eligibility Criteria; 3. Final Recipient Transaction shall be in a form of a loan or a lease; 4. The purpose of the Final Recipients Transactions in relation to which the Grant is awarded shall be the purchase, construction or reconstruction of assets, such as machinery, equipment, and buildings. For the avoidance of doubt, working capital is excluded from the scope of the Grant, unless it is for a Final Recipient located in the Red Zones at signature date of the Final Recipient Transaction; 5. The aggregate maximum amount of the Grant(s) per Final Recipient shall not exceed EUR 200,000 (for the avoidance of doubt the limit applies to all Grants that are implemented in relation to this Guarantee or a guarantee under the Ukraine Facility⁵ issued either by the European Investment Bank or the European Investment Fund); 6. In respect of Final Recipients benefiting from the Grant in agriculture (under NACE division A.01):

⁵ Please see [Ukraine Facility - European Commission](#).



	<ul style="list-style-type: none"> i) Farms with over 1.500 hectares of agricultural land shall not be eligible for the Grant; ii) Farms with over 1.500 livestock units shall not be eligible for the Grant.
Grant Intensity	<p>The amount of the Grant shall not exceed 10 % - 15 % of the loan/lease amount of the Final Recipient Transaction.</p> <p>For Final Recipients operating or investment projects located in the War Zones, the amount of the Grant may be increased to 25 %. For Final Recipients operating in the Red Zones as the date of the signature of the loan agreement, the Grant may be used also for supporting working capital loans, not exceeding 10% - 15% of the loan amount of such Final Recipient Transaction.</p>
Utilization of the Grant	<p>The disbursement procedure of the Grant to the Final Recipient shall only start upon the occurrence of one of the following trigger events:</p> <ol style="list-style-type: none"> 1. The relevant assets (such as machinery or equipment) are purchased by the Final Recipient; and/or 2. The construction or renovation has already started and the Final Recipient Transaction is fully or partially disbursed in case of premises and buildings 3. in respect of working capital loans in the Red Zones, the utilization of the Grant may start after the disbursement of such working capital loan. <p>Amongst others, conditions precedent to disbursement of the Grant, the relevant Final Recipient shall provide evidence or the Financial Intermediary shall maintain evidence that:</p> <ul style="list-style-type: none"> (a) the asset(s) or premise(s) or building(s) financed or under lease has not benefitted already from the Grant Facility; (b) the Final Recipient Transaction has been used for the acquisition of asset(s) (such as machinery or equipment) or construction or renovation of premises and buildings; (c) in respect of working capital loans in the Red Zones, the loan has been fully or partially disbursed; and (d) there is no default or in potential default outstanding under the Final Recipient Transaction.
Additional Requirements	<p>The Grant agreement to be concluded by the European Investment Bank with the Financial Intermediary shall reflect all applicable obligations required by the European Commission under the contribution agreement signed between the European Commission and the European Investment Bank in respect thereof.</p>

