



Ref: The Guarantee Financial Instrument under the European Union Programme for Employment and Social Innovation (EaSI) – Open Call for Expression of Interest dated 24 June 2015 and at the latest updated on 24 July 2020 (“Call”)

The EIF hereby offers to any Financial Intermediary that has already entered into a Guarantee Agreement in respect of either Microfinance Guarantee or Social Entrepreneurship Guarantee with the EIF before 16 July 2020 to amend such Guarantee Agreement with the purpose of reflecting the updated features set out in the [Addendum introducing COVID-19 Support Measures](#) and in [Annex II to the Call – Microfinance Guarantee Term Sheet \(updated on 24 July 2020\)](#) or [Annex III to the Call – Social Entrepreneurship Guarantee Term Sheet \(updated on 24 July 2020\)](#), as applicable (the “Offer”). The updated features consist mainly of adapting certain terms of the Guarantee Agreements during the COVID-19 crisis.

This information note does not address any requests for amendments of any Counter-Guarantee Agreements or Guarantee Agreements with bespoke structural features, including umbrella agreements. In case of amendment requests relating to such agreements, the Financial Intermediaries are requested to contact their EIF transaction officer.

Furthermore, this information note does not address any requests for increases of any Guarantees.

The proposed amended clauses are set out in the form of amendment of Guarantee Agreements herein (“**Form of Amendment of Guarantee Agreements**”).

In the event of any inconsistency between the terms of the Guarantee Agreement and this Offer, 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 EIF a duly signed letter substantially in the form of acceptance of Guarantee Agreement herein (the “**Acceptance**”). Detailed execution instructions are set out herein.

Following receipt by the EIF of the duly completed and signed Acceptance, the amendments to the Guarantee Agreement made pursuant to the agreement reached by the Offer and that Acceptance will take effect as of the date of the Acceptance *provided that* any amendment set out in Section IV of Form of Amendment of Guarantee Agreements shall only be effective if the Availability Period in respect of the relevant Guarantee Agreement is continuing on the date of the Acceptance.

Intermediaries should take note of the implications of the application of a new guarantee cap rate in respect of the Guarantee and a new, higher guarantee rate for COVID-19 Final Recipient Transactions. As a result, the same Guarantee may support final recipient transactions benefiting from two different guarantee rates. However, the maximum guarantee cap amount shall remain the same and under no circumstances it can be exceeded. Intermediaries are invited to contact their EIF transaction officer in case they have any queries in this regard.

This Offer is final and no additional conditions or counter-proposals can be accepted.

This Offer remains valid until the earlier of (a) 31 October 2020 or (b) such earlier date as may be determined by EIF in its discretion and notified by publication of a related statement on

the EIF's website at https://www.eif.org/what_we_do/microfinance/easi/easi-guarantee-instrument/index.htm. **No Acceptance can be made after such date.**

Capitalised terms used in this Offer shall, unless otherwise defined herein, have the meanings attributed to them in the Call or in any annex to such Call. This does not apply to capitalised terms used in the Form of Amendment for Guarantee Agreements or the Acceptance herein.

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

European Investment Fund

Alain GODARD
Chief Executive of the European Investment Fund

FORM OF AMENDMENT FOR GUARANTEE AGREEMENTS

I. AMENDMENTS TO DIRECT GUARANTEE AGREEMENTS IN RESPECT OF MICROFINANCE GUARANTEE OR SOCIAL ENTREPRENEURSHIP GUARANTEE:

A. In Clause 2.1 (*Definitions*) of the Guarantee Agreement, the following new definitions are added in alphabetical order:

“**COVID-19 Additional Interest**” means any interest amounts accrued, deferred or capitalised for a maximum period of 360 calendar days or any shorter period ending on the date of a Transaction Default or a Transaction Acceleration (whichever is the earliest) *provided that* such interest amounts are generated as a result of a Permitted Final Recipient Transaction Amendment that occurred during the COVID-19 Support Period.”

“**COVID-19 Support Period**” means the period starting on (and including) 1 April 2020 and ending on (and including) 31 March 2021.”

“**Current Interest**” means any interest amounts accrued for a maximum period of 90 days (excluding any capitalised interest).”

B. In Clause 2.1 (*Definitions*) of the Guarantee Agreement, the definition of “Loss” is amended to read as follows:

“**Loss**” means:

- a) any principal and/or Current Interest and/or COVID-19 Additional Interest (excluding (i) late payment or default interest, fees, and any other costs and expenses, and (ii) in the case of Revolving Final Recipient Transactions, principal amounts exceeding the relevant Credit Limit Amount and any interest amounts which accrued thereon), due, payable and outstanding under the terms of a Covered Final Recipient Transaction at such time (or, in the case of a Covered Final Recipient Transaction subject to a 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) following the occurrence of either a Transaction Default or a Transaction Acceleration; or
- b) any reduction in principal and/or Current Interest and/or COVID-19 Additional Interest (excluding late payment or default interest, fees, and any other costs and expenses) payable as a result of a Transaction Restructuring.”

C. The table set out in Schedule 4A (*Form of Guarantee Call Schedule*) of the Guarantee Agreement is amended to read as follows:

A.1.1 Final Recipient ID	A.2.1 Final Recipient Transaction ID	A.2.2 Currency	C.1 Event date	C.2 Event type	C.3 Defaulted principal amount	C.4 Unpaid Current Interest	C.4.1 Unpaid COVID-19 Additional Interest
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory, if any

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II. ADDITIONAL AMENDMENTS FOR EASI GUARANTEE AGREEMENTS IN RESPECT OF MICROFINANCE GUARANTEE:

- A. Paragraph v) of Clause 3.2 (*Guarantee*) of the Guarantee Agreement is amended to read as follows:
- “v) in respect of which a Loss has occurred no later than the earlier of (i) seven (7) years after the entry into of the relevant Final Recipient Transaction and (ii) 31 December 2032.”
- B. Item (iv) of the definition of Final Recipient Transaction Eligibility Criteria in Clause 5.2 (*Definitions*) of the Guarantee Agreement is amended to read as follows:
- “(iv) shall not cause the aggregate maximum amount of principal committed by the Intermediary to be available for utilisation or utilised (to the extent not cancelled or reduced) by a single Final Recipient under one or more Final Recipient Transactions benefitting from the Guarantee to exceed EUR 50,000 (or, where the Final Recipient Transactions are denominated in a currency other than Euro, the equivalent amount set out in the Intermediary Terms);”
- C. Paragraph (i) iv. of Clause 9.1 (*Form*) of the Guarantee Agreement is amended to read as follows:
- “iv. relate to one or more Covered Final Recipient Transactions in respect of which the relevant Loss has occurred no later than the earlier of (i) seven (7) years after the entry into of the relevant Final Recipient Transaction and (ii) 31 December 2032;”
- D. Paragraph (ii) of Clause 18.1 (*Term*) of the Guarantee Agreement is amended to read as follows:
- “(ii) the seventh anniversary of the Inclusion Period End Date;”
- E. If the Base Currency or, where applicable, any Non-Base Currency is a currency other than Euro, the following shall be added as last paragraph in item 11 (*Currency of Final Recipient Transactions*) of in Schedule 1 (*Intermediary Terms*) of the Guarantee Agreement:
- “For the purpose of item (iv) of the definition of Final Recipient Transaction Eligibility Criteria in Clause 5.2 (*Definitions*), the equivalent amount in the Base Currency or Non-Base Currency, as applicable, of €50,000 shall be two times the amount set out in the preceding paragraph.”

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III. ADDITIONAL AMENDMENTS FOR EASI GUARANTEE AGREEMENTS IN RESPECT OF A SOCIAL ENTREPRENEURSHIP GUARANTEE:

- A. Paragraph v) of Clause 3.2 (*Guarantee*) of the Guarantee Agreement is amended to read as follows:
- “v) in respect of which a Loss has occurred no later than the earlier of (i) eleven (11) years after the entry into of the relevant Final Recipient Transaction and (ii) 31 December 2032.”
- B. Item (iv) of the definition of Final Recipient Transaction Eligibility Criteria in Clause 5.2 (*Definitions*) is amended to read as follows:
- “(iv) shall not cause the aggregate maximum amount of principal committed by the Intermediary to be available for utilisation or utilised (to the extent not cancelled or reduced) by a single Final Recipient under one or more Final Recipient Transactions benefitting from the Guarantee to exceed EUR 1,000,000 (or, where the Final Recipient Transactions are denominated in a currency other than Euro, the equivalent amount set out in the Intermediary Terms);”
- C. Paragraph (i) iv. of Clause 9.1 (*Form*) of the Guarantee Agreement is amended to read as follows:
- “viii. relate to one or more Covered Final Recipient Transactions in respect of which the relevant Loss has occurred no later than the earlier of (i) eleven (11) years after the entry into of the relevant Final Recipient Transaction and (ii) 31 December 2032;”
- D. Paragraph (ii) of Clause 18.1 (*Term*) of the Guarantee Agreement is amended to read as follows:
- “(ii) the eleventh anniversary of the Inclusion Period End Date;”
- F. If the Base Currency or, where applicable, any Non-Base Currency is a currency other than Euro, the following shall be added as last paragraph in item 10 (*Currency of Final Recipient Transactions*) of in Schedule 1 (*Intermediary Terms*) of the Guarantee Agreement:
- “For the purpose of item (iv) of the definition of Final Recipient Transaction Eligibility Criteria in Clause 5.2 (*Definitions*), the equivalent amount in the Base Currency or Non-Base Currency, as applicable, of €1,000,000 shall be two times the amount set out in the preceding paragraph.”

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IV. **ADDITIONAL AMENDMENTS FOR EASI GUARANTEE AGREEMENTS IN RESPECT OF MICROFINANCE GUARANTEE OR SOCIAL ENTREPRENEURSHIP GUARANTEE WITH AN AVAILABILITY PERIOD THAT IS CONTINUING ON THE DATE OF THE ACCEPTANCE:**

- A. In Clause 2.1 (*Definitions*) of the Guarantee Agreement, the following new definitions are added in alphabetical order:

“**Acceptance**” means the acceptance by the Intermediary of the offer to amend the Guarantee Agreement in connection with the COVID-19 crisis made by the Guarantor on 24 July 2020, in the form prescribed in such offer.”

“**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 Final Recipient Transaction.

In no circumstances may the overall Actual Guarantee Amount exceed the Maximum Guarantee Amount.”

“**COVID-19 Amendment Date**” means the date of the Acceptance by the Intermediary.

“**COVID-19 Portion**” means either 0%, 20%, 40%, 60%, 80% or 100%, as indicated by the Intermediary in the Acceptance when taking into account estimated volume of the Unutilised Portion to be allocated to COVID-19 Final Recipient Transactions.”

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

“**Initial Guarantee Cap Rate**” means the Guarantee Cap Rate set out in the Agreement immediately preceding the COVID-19 Amendment Date.”

“**Initial Guarantee Rate**” means the Guarantee Rate set out in the Agreement immediately preceding the COVID-19 Amendment Date.”

“**Initial Fixed Recovery Rate**” means the Fixed Recovery Rate (if any) set out in the Agreement immediately preceding the COVID-19 Amendment Date.”

“**Initial Maximum Guarantee Cap Amount**” means the amount calculated in accordance with the following formula:

$$\text{Maximum Portfolio Volume} \times \text{Initial Guarantee Rate} \\ \times \text{Initial Guarantee Cap Rate.}”$$

“**Maximum Guarantee Amount**” means the amount calculated in accordance with the following formula:

$$\text{Initial Maximum Guarantee Cap Amount} / \text{Guarantee Cap Rate}”$$

“**Unutilised Portion**” means:

- (i) 100%; or
- (ii) if the Availability Period under the Agreement started prior to 31 March 2020, then the percentage calculated in accordance with the following formula:

$$(\text{Maximum Portfolio Volume} - \text{Actual Portfolio Volume as at 31 March 2020})$$

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/ Maximum Portfolio Volume”

- B. In Clause 2.1 (*Definitions*) of the Guarantee Agreement, the definition of “Guarantee Cap Amount” is amended to read as follows:

“**Guarantee Cap Amount**” means the maximum aggregate net amount which the EIF may be liable to pay under the Guarantee and calculated, at any relevant time, in accordance with the following formula:

Actual Guarantee Amount x the Guarantee Cap Rate,

where the Actual Guarantee Amount to be taken into account shall be the Actual Guarantee Amount as evidenced in the last Report received by the EIF prior to any such calculation and provided that if the Guarantee Cap Amount so calculated exceeds the Initial Maximum Guarantee Cap Amount, the Initial Maximum Guarantee Cap Amount shall be applied.

For the avoidance of doubt, from the Adjustment Date, the Guarantee Cap Amount shall be calculated with reference to the adjusted Actual Guarantee Amount.”

- C. In Clause 2.1 (*Definitions*) of the Guarantee Agreement, the definition of “Guarantee Rate” is amended to read as follows:

“**Guarantee Rate**” means the relevant percentage of each Loss covered by the Guarantee, as set out in the Intermediary Terms.”

- D. Paragraph ii) of Clause 3.2 (*Guarantee*) of the Guarantee Agreement is amended to read out as follows:

“ii) at the relevant Guarantee Rate;”

- E. Paragraph (v) of Clause 6.1 (*Inclusion Process*) of the Guarantee Agreement is amended to read as follows:

“(v) If the principal amount of the Final Recipient Transaction(s) referred to in an Inclusion Notice is such that, as a result of their inclusion in the Portfolio, the Actual Guarantee Amount would exceed the Maximum Guarantee Amount, such Final Recipient Transactions will be included in the Portfolio only up to and to the extent that the Actual Guarantee Amount resulting from any such inclusion does not exceed the Maximum Guarantee Amount. The EIF shall have discretion as to which of such Final Recipient Transaction(s) shall be included with a view to reaching the greatest Actual Guarantee Amount.”

- F. A following new paragraph is added as a last paragraph in Clause 7.1 (*Adjustment of the Actual Portfolio Volume*) of the Guarantee Agreement:

“Any adjustment of the Actual Portfolio Volume will result in a corresponding adjustment of the Actual Guarantee Amount.”

- G. Clause 8 (*End of Inclusion Period Notice*) of the Guarantee Agreement is amended to read as follows (and the form of notice in Schedule 2 (*Form of Inclusion Notice*) is deemed to be amended accordingly):

“Within six (6) calendar months after the Inclusion Period End Date, the EIF will send a notice to the Intermediary (the “**End of Inclusion Period Notice**”) stating the Actual Portfolio Volume, Actual Guarantee Amount and the Guarantee Cap Amount, such amounts being based on the last Report sent to the EIF prior to the date of such notice. For the avoidance of doubt, amounts

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stated in the End of Inclusion Period Notice reflect the position as at the date of such notice only. The Actual Portfolio Volume, Actual Guarantee Amount and the Guarantee Cap Amount may be adjusted in accordance with applicable provisions of this Agreement following the date of the End of Inclusion Period Notice. “

- G. Paragraph (i) viii. of Clause 9.1 (*Form*) of the Guarantee Agreement is amended to read out as follows:

“viii. be in respect of an amount calculated taking into account, (i) the Fixed Recovery Rate or the Recoveries, whichever is applicable, (ii) the Guarantee Cap Amount, (iii) the relevant Guarantee Rate, and (iv) the exchange rate mechanism set out in Clause 10 (*Exchange Rate*) and in the Intermediary Terms (if any, and if applicable);”

- H. Paragraph (i) of Clause 15.6 (*Intermediary Exposure to Final Recipient Transactions*) of the Guarantee Agreement is amended to read as follows:

“(i) it shall maintain an economic exposure to each Covered Final Recipient Transaction of at least 20% of the outstanding principal amount of such Covered Final Recipient Transaction comprised in the Portfolio or, if such Covered Final Recipient Transaction is a COVID-19 Final Recipient Transaction, of at least 10 % of the outstanding principal amount of such Covered Final Recipient Transaction (the “**Relevant Portion**”) unless otherwise specified in the Intermediary Terms; and”

- I. Clause 15.8 (*Maximum Portfolio Volume*) of the Guarantee Agreement is amended to read as follows:

“15.8 Maximum Guarantee Amount

The Intermediary undertakes to use its best efforts to ensure that the Actual Guarantee Amount reaches the Maximum Guarantee Amount.”

- J. Item 3 (*Guarantee Rate*) in Schedule 1 (Intermediary Terms) of the Guarantee Agreement is amended to read as follows:

“Guarantee Rate means:

- (a) in respect of Final Recipient Transactions other than COVID-19 Final Recipient Transactions, the Initial Guarantee Rate; and
- (b) in respect of COVID-19 Final Recipient Transactions, either the Initial Guarantee Rate or 90%, as indicated by the Intermediary in the Acceptance.”

- K. Item 4 (*Guarantee Cap Rate*) in Schedule 1 (*Intermediary Terms*) of the Guarantee Agreement is amended to read as follows:

“Guarantee Cap Rate means the percentage calculated in accordance with the following formula:

$(1 + \text{Unutilised Portion} \times \text{Covid-19 Portion} \times 50\%) \times \text{Initial Guarantee Cap Rate},$

provided that if the result of the calculation is more than 30 %, the Guarantee Cap Rate shall be 30%”

- L. Item 6 or 7 (*Availability Period End Date*) of in Schedule 1 (*Intermediary Terms*) of the Guarantee Agreement is amended to read as follows:

“**Availability Period End Date**” means the earlier of:

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- (a) the Availability Period End Date set out in the Agreement immediately preceding the COVID-19 Amendment Date extended by 6 calendar months; and
- (b) 31 December 2027.

M. Unless indicated as “Not applicable” in the Guarantee Agreement, item 8 or 9 (*Fixed Recovery Rate*) in Schedule 1 (*Intermediary Terms*) of the Guarantee Agreement is amended to read as follows:

“**Fixed Recovery Rate** means the percentage calculated in accordance with the following formula:

Initial Fixed Recovery Rate x (1 - Unutilised Portion x Covid-19 Portion x 50%)”

- D. Notwithstanding Clause 4 (*Fees*) or any other provisions of the Guarantee Agreement, any Commitment Fee shall not be payable.
- E. For the avoidance of doubt, the Guarantee Cap Amount shall never exceed the Initial Maximum Guarantee Cap Amount.

FORM OF ACCEPTANCE FOR GUARANTEE AGREEMENT
IN RESPECT OF GUARANTEE AGREEMENTS
WHERE THE AVAILABILITY PERIOD HAS ENDED AT THE DATE OF THE ACCEPTANCE

To: The European Investment Fund (“EIF”)
37B avenue J.F. Kennedy
L-2968 Luxembourg
Attention: Legal Department – LS Debt Assistants
Email: eif-ls-debt-team-secretariat@eif.org

From: _____ (the “**Intermediary**”)

Date: _____

Dear Madam, Sir,

Re: EaSI Guarantee Agreement relating to Microfinance or Social Entrepreneurship Guarantee dated _____ (the “Agreement**”) – Acceptance of proposal to amendment of certain terms**

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 24 July 2020 to make the amendments to the Agreement as set out in the Form of Amendment for Guarantee Agreements published on your website (the “**Amendments**”).

We accept your offer that, following receipt by EIF of this Acceptance duly completed and signed, the Amendments will take effect as of the date of the Acceptance.

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

Yours faithfully,

Name:

Title:

for and on behalf of the Intermediary

FORM OF ACCEPTANCE FOR GUARANTEE AGREEMENT
IN RESPECT OF GUARANTEE AGREEMENTS
WHERE THE AVAILABILITY PERIOD IS CONTINUING AT THE DATE OF THE ACCEPTANCE

To: The European Investment Fund (“EIF”)
37B avenue J.F. Kennedy
L-2968 Luxembourg
Attention: Legal Department – LS Debt Assistants
Email: eif-ls-debt-team-secretariat@eif.org

From: _____ (the “Intermediary”)

Date: _____

Dear Madam, Sir,

Re: EaSI Guarantee Agreement relating to Microfinance or Social Entrepreneurship Guarantee dated _____ (the “Agreement”) – Acceptance of proposal to amendment of certain terms

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 24 July 2020 to make the amendments to the Agreement as set out in the Form of Amendment for Guarantee Agreements published on your website (the “**Amendments**”).

The Availability Period is ongoing on the date hereof and therefore:

- for the purposes of the definition of “Covid-19 Portion”, we indicate the following percentage:
 0% or 20% or 40% or 60% or 80% or 100%
- for the purposes of item (b) of the definition of “Guarantee Rate”, we indicate the following percentage: the Initial Guarantee Rate or 90 %

We accept your offer that the Amendments will take effect as of the date of the Acceptance.

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

Yours faithfully,

Name:

Title:

for and on behalf of the Intermediary

EXECUTION INSTRUCTIONS REGARDING THE ACCEPTANCE

To complete the Form of Acceptance for Guarantee Agreements, please follow the execution procedure below:

- choose the relevant form of Acceptance depending on whether the Availability Period under the relevant Guarantee Agreement is continuing on such date the Acceptance is intended to be signed and sent to EIF
- complete the missing information:
 - name of the Intermediary;
 - date of the Intermediary's signature;
 - date of the Guarantee Agreement;
 - indicate whether the Acceptance relates to a Microfinance Guarantee or a Social Entrepreneurship Guarantee;
 - ONLY where the Availability Period is continuing at the date of the Acceptance:
 - the relevant percentage for the purposes of COVID-19 Portion should be indicated as either 0%, 20%, 40%, 60%, 80% or 100%, as determined by the Intermediary when taking into account estimated volume of the Unutilised Portion to be allocated to COVID-19 Final Recipient Transactions; and
 - the relevant percentage for the purposes of Guarantee Rate should be indicated as either the Initial Guarantee Rate or 90%;
 - name of the relevant signatory/ies; and
 - title of the relevant signatory/ies
- duly sign the document (for this purpose, please note that signature by hand, advanced electronic signature or qualified electronic signature in compliance with Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 ("EIDAS") are accepted);
- send a pdf-scan thereof via email to eif-ls-debt-team-secretariat@eif.org and your transaction manager at EIF with the title "EaSI COVID-19 Amendment Acceptance".

Please do not insert any additional conditions or counter-proposals in the document. No additional conditions or counter-proposals can be accepted.

Please keep a copy of your acceptance together with a copy of the Offer and the Form of Amendment for Guarantee Agreements for your records.