

ANNEX 1 to the Call for Expression of Interest No JER-004/2

To:

European Investment Fund

Attention: Regional Business Development Unit
96 Boulevard Konrad Adenauer
L-2968 Luxembourg

EXPRESSION OF INTEREST

Call for Expression of Interest No.: JER-004/2

Deadline for the submission of the Expression of Interest: 3rd April 2009

Interest:

Expression of Interest for Funded Risk Sharing Financial Instrument

Applicant submitting the Expression of Interest: _____,

**(company name, registration
number)**

Dear Sir or Madam,

Herewith we are submitting our Expression of Interest on behalf of (Applicant) in response to the Call for Expression of Interest No.JER-004/2 in the framework of JEREMIE initiative implemented through EIF acting as JEREMIE Holding Fund (JHF). Capitalised expressions utilised herein shall have the meaning attributed to them in the above mentioned Call for Expression of Interest.

The undersigned duly authorised to represent the (Applicant), by signing this form certifies/certify and declare(s) that the information contained in this Expression of Interest and its Appendices is complete and correct in all its elements.

The undersigned certifies/certify that the (Applicant) is not in one of the situations which would exclude it from taking part in this Call for Expression of Interest listed out in Appendix 4 to this Expression of Interest. The undersigned shall, upon request, provide all evidence to that extent.

Yours sincerely,

Signature(s):

Stamp of the Applicant (if applicable):

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Name and position in capitals:
Applicant's name
Place:

Date (day/month/year):

Appendixes

Appendix 1 Applicant Identification

Appendix 2 List of Documents Attached

Appendix 3 Declaration of Absence of Conflict of Interest

Appendix 4 Statement Regarding Situations of Exclusion

**Appendix 1 to Expression of Interest
APPLICANT IDENTIFICATION**

1.1. Applicant identification

INFORMATION REQUIRED	
APPLICANT NAME	
CONTACT DETAILS	address: telephone: fax: email:
LEGAL FORM	
COMMERCIAL REGISTER , ETC. – REGISTRATION DETAILS	Denomination of register: Date of registration: Country of registration: Registration number:
VAT	Registration number or Statement of exemption issued by the national VAT authority dated.....enclosed under reference..... Issued by.....

1.2. Person authorised to submit the Expression of Interest on behalf of the Applicant and appropriate evidence of such authorisation

INFORMATION REQUIRED	
TITLE	Mr/Ms/Dr/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
FUNCTION	
CONTACT DETAILS	address: telephone: fax: email:

1.3. Contact person (if different from 1.2)

TITLE	Mr/Ms/Dr/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
FUNCTION	
CONTACT DETAILS	address: telephone:

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	fax: email:
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**Appendix 2 to Expression of Interest
LIST OF DOCUMENTS ATTACHED**

1) Project proposal:

a) Description of the Applicant:

(aa) Short description of the Applicant's institution (date of establishment, number of employees, shareholders etc.), legal status, and applicable regulatory framework;

(bb) Geographical area of operation and branch network in Lithuania;

b) Information on the Applicant's present activities:

(aa) Commitment to SME lending in Lithuania:

i. Total volume of loans provided to enterprises with up to 249 employees, for the last day of the last accounting period (year);

ii. Percentage of loans provided to enterprises with up to 249 employees, in total portfolio, for the last day of the last accounting period (year);

iii. Other information describing experience of lending activities to SMEs: number of SMEs financed over the past three calendar years (on an annual basis); change in number of SMEs credited, as compared with the previous period; etc.;

iv. Overall strategy of the Applicant in general and SME lending strategy in particular, positioning vis-à-vis competitors in SME lending segment, product range offered in the SME lending segment, expected impact of current market environment on SME lending;

(bb) Interest rates and pricing of the current comparable lending portfolio (in terms of maturity, purpose, collateral, etc.) to a similar target group:

(i) Interest rate (split in the cost of funding and margin over the cost of funding);

(ii) Up-front fees and any other non-interest payments;

c) Information on the implementation of the Financial Instrument by the Applicant:

(aa) Terms and conditions of the Financial Instrument:

i. The targeted market of the eligible SMEs;

ii. Lending criteria, terms and conditions (including the planned pricing policy);

TABLE for pricing policy:

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Proposed interest rate margin in basis points					
	Collateralisation				
	High LGD ≤ 30%	Normal 31% ≤ LGD ≤ 59%	Low LGD ≥ 60%		
Low risk					
Medium risk					
High risk					
Base rate:					
Comments:					
Fees related to a loan agreement:					
<i>calculation based on 100 000 EUR (or equivalent in other currency) loan, provided for 36 month duration</i>					
Name	Value	Single payment	Monthly	Annual	Comments, remarks
Administration fee		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Fee for the loan granting, loan maturity extension, increase in the loan amount		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Amendment of terms under the loan agreement terms		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other fees (please provide details)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

- iii. Estimate of the expected timing for implementation;
- iv. Justification for the contribution from the JEREMIE Holding Fund (e.g. increased lending volume, new target groups, new lending products, better lending conditions, etc.);

- (bb) The operational budget of the Financial Instrument, of which:
 - i. Amount of Applicant's own co-financing offered in addition to JEREMIE Holding Fund funding;

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- ii. Amount of financing requested from the JEREMIE Holding Fund that the Applicant undertakes to lend to SMEs over a period of 24 months (please indicate the minimum amount if proposal is limited to any);
 - iii. Description of the sources of co-financing;
 - iv. Amount of the annual management costs (pro rata share of total annual administrative costs of the Applicant incurred in managing the loan portfolio financed by the Financial Instrument). The management fee shall be calculated as a percentage of the pro rata share (i.e. on the co-funding contributed by EIF acting through the JHF) of the average outstanding amount of the SME loan portfolio;
- 2)** Annual reports for the last three calendar years;
 - 3)** Copy of banking license or other proof of Applicant's authorisation to operate as banking institution in Lithuania;
 - 4)** Information on the actual external rating of Applicant, including the relevant rating report(s) (if applicable; provided by at least one of the following rating agencies: Moody's Investor Service Limited, Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or Fitch Ratings Ltd. on the Applicant or mother company, if available);
 - 5)** Appropriate evidence of the representative's authorisation to act for and on behalf of the Applicant (signatory powers);
 - 6)** Declaration on absence of conflict of interest as per template provided in Appendix 3, duly signed;
 - 7)** Statement regarding situations of exclusion as per template provided in Appendix 4, duly signed.

The Applicant may be requested to submit additional information to complement its Expression of Interest before or during the due diligence process, in particular:

- a) Information on the Applicant's present operating principles:
 - (i) Origination;
 - (ii) Risk assessment procedures (internal rating / scoring system);
 - (iii) Loan approval procedures;
 - (iv) Delegation system;
 - (v) Collateral requirements;
 - (vi) Monitoring;
 - (vii) Recovery procedures (what steps are taken and when; which departments are involved);
 - (viii) Risk management: methods utilised for loss forecasting, provisioning and credit risk management on portfolio level;
- b) Track-record of SME lending (of the past three years, if available):
 - (i) Non-performing loan rates (defaulted loans /outstanding loan amount);

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- (ii) Details on annual gross (before recoveries) and net (after recoveries) losses
 - (iii) Average time lags between the granting of the loan, the payment default by the borrower and the establishment of the final loss;
- c) Information on the implementation of the Financial Instrument by the Applicant:
 - Indicative cash flow for the duration of the Financial Instrument: all revenue sources, expenditure, and assumptions, and the repayments to the JEREMIE Holding Fund (on the quarterly basis).

There is no set expectation on the documents' length, but the Applicants are encouraged to be concise.

**Appendix 3 to Expression of Interest
DECLARATION OF ABSENCE OF CONFLICT OF INTERESTS**

The undersigned declares that neither (i) the Applicant nor (ii) he/she/they personally as authorised representative(s) of the Applicant have a direct or indirect interest of such a nature and scale that may affect the performance of the tasks assigned the Applicant under any Operational Agreement referred to in the Call for Expression of Interest No. JER-004/2.

The undersigned is/are aware that a conflict of interest could arise in particular as a result of economic interests, political or national affinities, family or emotional ties, or any other relevant connection or shared interest.

The Applicant will inform EIF, without delay, of any situation constituting a conflict of interest or which could give rise to a conflict of interest.

Furthermore, the Applicant and the undersigned in his/her/their capacity as duly authorised representative(s) of the Applicant confirm to have read the EIF Anti-Fraud Policy and declare not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the Operational Agreement and not to have granted nor to grant, not to have sought nor to seek, not to have attempted nor to attempt to obtain, and not to have accepted nor to accept, any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal practice or involving corruption, either directly or indirectly, as an incentive or reward relating to signing of the Operational Agreement.

Yours sincerely,

Signature:

Stamp of the Applicant's (if applicable):

Name and position in capitals:

Applicant's name

Place:

Date (day/month/year):

**Appendix 4 to Expression of Interest
STATEMENT REGARDING SITUATIONS OF EXCLUSION**

The undersigned certifies/certify that the (Applicant) is not in any of the situations which would exclude it from taking part in this Call for Expression of Interest and accordingly declare(s) that the (Applicant):

- i) has never been the subject of a conviction by final judgment for one or more reasons listed below:
 - participation in a criminal organisation, as defined in Article 2 (1) of the Council Joint Action of 21 December 1998 adopted by the Council on the basis of Article K.3 of the Treaty on European Union, on making it a criminal offence to participate in a criminal organisation in the Member States of the European Union (98/733/JHA);
 - corruption, as defined in the Council Act of 26 May 1997 and in Article 3 (1) of the Council Joint Action 98/733/JHA;
 - fraud within the meaning of Article 1 of the Convention drawn up on the basis of Article K.3 of the Treaty on European Union, on the protection of the European Communities' financial interests;
 - money laundering as defined in the Directives 2005/60/EC¹ of 26 October 2005 and 2006/70/EC² of 1 August 2006, and Directive 2001/97/EC of 4 December 2001³;
- ii) has not performed any act which may be qualified as illegal activity in the meaning of the terms of the EIF Anti-Fraud Policy;
- iii) is not bankrupt or is being wound up, where its affairs are not being administered by the court, where it has not entered into an arrangement with creditors, where it has not suspended business activities or is not in any analogous situation arising from a similar procedure under national laws and regulations;
- iv) is not the subject of proceedings for a declaration for bankruptcy, for an order for compulsory winding up or administration by the court or of an arrangement with creditors or of any other similar proceedings under national laws and regulations;
- v) no member of its senior management has been convicted as a consequence of a judgment which has the force of *res iudicata*, in accordance with the legal provisions of the country of any offence concerning its professional conduct;

¹ Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing

² Commission Directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of 'politically exposed person' and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis

³ Directive 2001/97/EC of the European Parliament and of the Council of 4 December 2001 amending Council Directive 91/308/EEC on prevention of the use of the financial system for the purpose of money laundering

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- vi) no member of its senior management has been guilty of grave professional misconduct;
- vii) has fulfilled obligations relating to the payment of social security contributions in accordance with the legal provisions of the country in which it is established;
- viii) has fulfilled obligations relating to the payment of taxes in accordance with the legal provisions of the country in which it is established and in the countries where it operates, as applicable;
- ix) will respect the policy of gender equality and non-discrimination;
- x) will respect the framework of sustainable development and the Community promotion of the goal of protecting and improving the environment as set out in Article 6 of the Treaty;
- xi) is not found to have provided serious misrepresentation in supplying the information required in accordance with the Call for Expression of Interest or has supplied such information.

The Applicant and the undersigned in his/her/their capacity as duly authorised representative of the Applicant commit to provide all evidence to the above, upon request by the JHF or EIF.

Signature:

Stamp of the Applicant (if applicable):

Name and position in capitals:

Applicant's name

Place:

Date (day/month/year):