



Clarification on the Call for Expressions of Interest No. JER-010/2010/1 to select Financial Intermediaries that will receive resources from the European Investment Fund acting through the JEREMIE Holding Fund for Sicilia to implement the Funded Risk Sharing Financial Instruments for SMEs.

Reference number: Call for EoI No. JER-010/2010/1

The Deadline for the submission of Expressions of Interest is the 25th of February 2011.

Question 1 (Q1):	Is it possible to consider a Business Unit (Branch) operating in Sicily with the headquarter in Turin as an eligible Applicant? Is it possible to consider a finance consulting company as an eligible Applicant?
EIF Answer:	Financial Intermediaries could be headquartered anywhere. What is relevant is the capacity to provide loans in Sicily Region (Eligibility Criteria). Moreover, according to the Quality assessment Criteria, the <i>"Ability to operate in all the provinces of the Sicily Region coupled with a good knowledge of the region and a wide network (so-called Filiali or Sportelli) of financial activities throughout the Sicily Region"</i> , will be evaluated and assessed to select the Financial Intermediaries. The Financial Intermediary, according to point 1.1 of the Eligibility Criteria, should be a <i>"Credit institution authorised to carry out business in Italy under the applicable regulatory framework."</i>
Q2:	Does the Sicilian branch of the Financial Intermediary need to have a minimum number of years of activity already carried out in Sicily?
EIF Answer:	No, a minimum number of years of activity is not requested.
Q3:	Is a repayment foreseen to EIF of sums not lent to SMEs by the Financial Intermediary through the Financial Instrument?
EIF Answer:	Yes.
Q4:	What does no re-utilisation of the JHF Funds mean? In case of loans with maturities shorter than 8 years, for example 4 years, is it possible to re-lend money to other SMEs?
EIF Answer:	No, this is not possible. Amounts can only be lent once. In accordance with the Indicative Summary of Transaction Terms of Annex 2 (Repayment under the Operational Agreement), re-utilisation of the JEREMIE funds is not

	possible.
Q5:	Is an interest on the JEREMIE portion of co-financing foreseen?
EIF Answer:	No interests will be charged on the JEREMIE portion of co-financing.
Q6:	Is it possible to submit a joint application encompassing a leading bank together with some other joint applicants? Are the joint applications possible through the so-called "ATI" or "RTI" (temporary association/group of enterprises/applicants)?
EIF Answer:	Yes.
Q7:	Once the SMEs start to reimburse the loans, what is the timing for the Financial Intermediary in order to pay back JHF portion of the co-funding?
EIF Answer:	Every quarter, the Financial Intermediary shall transfer to EIF an amount equal to the risk sharing rate of all repayments received in the previous calendar quarter.
Q8:	<p>Drawdowns: Could you please explain the exact mechanism in case of a request of drawdown?</p> <p>What about JHF co-funding for drawdowns? When is the 50% of the JHF credited to the Financial Intermediary? At the beginning of the month? Semi-annually? Every single drawdown?</p> <p>If the amounts made available by the JHF are disbursed up-front to the Financial Intermediary and the Financial Intermediary is unable to use the entire amount within the foreseen 24 months from the signing of the contract, does the Financial Intermediary just pay interest and/or a penalty?</p>
EIF Answer:	<p>The Financial Intermediary undertakes to originate a new portfolio of loans to SMEs according to pre-determined volumes;</p> <p>EIF, acting through JHF, disburses funds to Financial Intermediary in tranches in advance or ex-post (see the Call: <i>"Disbursement in several tranches, either ex ante or ex post, based on actual utilisation."</i>)</p> <p><i>Decision on whether funding will be provided to the Financial Intermediary ex ante or ex post will be taken by EIF on the basis of EIF's assessment regarding the credit ability of the selected Financial Intermediary (as concluded during the evaluation/due diligence process)."</i>) in EUR based on the forecast and agreed lending volumes, subject to a co-financing ratio (EIF can cover up to 50%). In case of ex-ante tranche disbursement, each tranche must be substantially disbursed (e.g. 80%) for new loans to SMEs prior to disbursement of the following tranche;</p> <p>Disbursed loans in full or in limited number of tranches included in the Portfolio are notified by the Financial Intermediary to EIF on a quarterly basis;</p> <p>To the extent funds provided are utilised for SME loans, EIF acting through JHF, will share with the Financial Intermediary the principal repayments under SME loans included in the portfolio, according to the risk sharing rate (equal to the co-financing rate), i.e. repayment of the facility granted</p>

	<p>by the EIF acting through JHF will reflect repayment of the SME loans included in the portfolio;</p> <p>Payments in relation to the included loan (loan repayments, interest and recoveries) will be received by the Financial Intermediary. The amounts corresponding to principal repayment will be split between the Financial Intermediary and the JHF at the risk sharing rate. The portion of such amounts earmarked for the JHF will be paid to the JHF on a quarterly basis as principal repayment of the facility.</p> <p>Interest will be payable by the Financial Intermediary to the JHF only (i) in respect of amounts disbursed to the Financial Intermediary but not yet used for the purpose of loans to SMEs and (ii) in respect of repayment amounts or recovered amounts collected by the Financial Intermediary and not yet disbursed to the JHF.</p> <p>In case of lack of utilisation of disbursed amounts towards SME lending in accordance with predefined thresholds, the availability period for drawdowns under the Operational Agreement may be reduced. No penalties are foreseen for the Financial Intermediaries.</p>
Q9:	<p>What is the procedure in case of losses? Can the Financial Intermediary decide the most appropriate credit recovery strategy or are there some constraints in this respect?</p>
EIF Answer:	<p>All the lending activities, including the recovery actions, are fully delegated to the Financial Intermediary. EIF will review the current procedures during a due diligence. Any subsequent material change to the credit and collection policy will require the EIF's prior written approval.</p>
Q10:	<p>Risk-sharing: EIF and the Financial Instrument will share the risk on each loan financed, up to 50%. In order to cover potential losses, could the Financial Intermediary be secured by other guarantees and co-guarantees, according to the Italian legislation?</p> <p>Given the pari passu nature of the co-funding, what happens if the Financial Intermediary asks for a guarantee? Does it have to cover or be shared with JHF portion too?</p> <p>Can the Financial Intermediary part of the loans benefit from a guarantee from the State Guarantee Fund?</p>
EIF Answer:	<p>If the Financial Intermediary obtains any guarantee/collateral for the loans, it is to be shared on a pari passu basis between the Financial Intermediary and the JEREMIE portion.</p> <p>Provided that the State Guarantee Fund is financed by national funds and not by EU structural funds, the loans could benefit of the so-called <i>Fondo di Garanzia per le PMI</i> – L. 662/1996.</p>
Q11:	<p>If an eligible loan is approved and committed by the Financial Intermediary, is it automatically agreed by the JHF? Or is a specific authorisation and approval by JHF necessary too?</p>
EIF Answer:	<p>As all the lending activities are fully delegated to the Financial Intermediary, if an eligible SME loan is approved by the Financial Intermediary it is</p>

	automatically included in the Portfolio without any specific authorisation from the JHF.
Q12:	Is the 3% maximum management fee computed annually on the full amount of the fund? Is it computed on the amount of the portfolio managed by the Financial Intermediary, or the amount disbursed by the JHF. How is it paid to the Financial Intermediary?
EIF Answer:	Financial Intermediaries might receive a Management Fee in accordance with applicable rules but not exceeding 3% on an annual basis for their origination and servicing of the portfolio. 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) on the average outstanding amount (i.e. disbursed and not repaid) of the SME loan portfolio.
