



Call for Expression of Interest ("EoI") to select Financial Intermediaries that will receive resources from the JEREMIE Holding Fund for Slovakia to implement the First Loss Portfolio Guarantee Financial Instrument

Reference number: Call for EoI No. JER-005/1

Introduction

The JEREMIE initiative is a framework providing a series of coherent actions to promote increased access to finance for micro, small and medium-sized enterprises.

The JEREMIE initiative in Slovakia is organised through Slovenský záručný a rozvojový fond, s.r.o., a joint stock company incorporated under Slovak law (hereinafter, "SZRF"). The European Investment Fund (hereinafter, "EIF") contributed to SZRF, in exchange for shares of SZRF, the JEREMIE funds allocated for the JEREMIE Initiative by the Slovak Republic (hereinafter, "SR"), utilising funds made available from the European Regional Development Fund (hereinafter, "ERDF") and related public expenditure. EIF holds the shares in SZRF in its name, but for the ultimate benefit, and on the account, of SR, with an obligation to return such shares to SR (and/or another entity designated by SR) upon termination of the Agreements (as defined below). SZRF is advised and operated by EIF and they constitute together the JEREMIE Holding Fund hereinafter, "JHF").

As part of the Operational Programme Competitiveness and Economic Growth (hereinafter, "OP CaEG")¹, the competent national authorities have agreed to dedicate resources to the implementation of the JEREMIE initiative with EIF, in accordance with Article 44 of the Council Regulation (EC) No. 1083/2006² (hereinafter, "Reg. 1083/2006") and in accordance with the provisions of (i) the Framework Agreement (hereinafter, "Framework Agreement") entered into on 23 December 2008 and subsequently amended on 28 April 2010 and on 12 January 2011, between SR and EIF, (ii) the Funding Agreement (hereinafter, "Funding Agreement") entered into on 28 October 2009, and subsequently amended on 25 May 2010, between the Ministry of Economy of the Slovak Republic and EIF, and (iii) the Holding Fund Agreement (hereinafter, "HF Agreement"), valid and effective on 12 January 2011, between SZRF and EIF (the Framework Agreement, the Funding Agreement and the HF Agreement, hereinafter, collectively the "Agreements"). Further to the HF Agreement, as necessary, there will be further contractual arrangements between SZRF and EIF for the purposes of EIF issuing the First Loss Portfolio

¹ Operational Programme approved by European Commission Decision C/2007/5940 on 28 November 2007.

² Council Regulation (EC) No. 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No. 1260/1999 (Official Journal of the European Union L210 of 31.07.2006), as amended from time to time.

Guarantee. Relevant rules for implementing Reg. 1083/2006 are set out in the Commission Regulation (EC) No. 1828/2006³ (hereinafter, "**Reg. 1828/2006**").

The cooperation between SR, EIF and SZRF is governed by the Agreements, which define the type of cooperation and the operational modalities of the JHF financing expenditure in respect of an operation, as this term is defined in Reg. 1083/2006 (hereinafter, "**Operation**") comprising contributions to support financial engineering instruments. The Agreements also provide for an Investment Board established as the supervisory board of SZRF for the purpose of performing certain advisory and strategic functions in relation to the JHF activity (hereinafter, "**Investment Board**"). EIF, in its capacity as operator of SZRF, acts on the basis of its usual business principles and of an investment strategy and planning for the implementation of the JEREMIE initiative in Slovakia.

The First Loss Portfolio Guarantee Financial Instrument is funded from OP CaEG; Priority Axis 1 "Innovation and growth of competitiveness", Measure 1.3 "Support of innovation in enterprises" and from Measure 1.1 "Innovation and technology transfers". Further funding may be allocated to the instrument from Measure 1.1 "Innovation and technology transfers".

This Call for Expression of Interest targets financial engineering instruments referred to in Article 44 of Reg. 1083/2006 and is addressed to bodies or firms, whether public or private, which are interested in receiving resources out of the JHF for the activities in respect of Operations (hereinafter "**Financial Intermediaries**"). Such activities shall be carried out in accordance with the contractual agreements to be entered into by EIF and the selected Financial Intermediaries (hereinafter, "**Operational Agreement(s)**").

The Financial Intermediaries should express their interest by completing and submitting an Expression of Interest, a template of which is attached hereto as Annex 1.

1. Definitions and Interpretation

In this Call for Expression of Interest, capitalised terms and expressions shall have the meaning attributed to them below, unless otherwise defined above or the context requires otherwise:

Applicant	means a Financial Intermediary applying to this Call for Expression of Interest;
Business Day	means a day during which EIF Luxembourg office is open, and banks are open for general business in Slovakia and Luxembourg;
Deadline	means 14 October 2011 ;
Eligibility Criteria	means the criteria with which the Expressions of Interest and the Applicants must comply with and which are listed in Annex 2 hereof;
Expression of Interest	means a proposal sent by an Applicant in response to this

³ Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (Official Journal of the European Union L371 of 27.12.2006), as amended from time to time, including by Commission Regulation (EC) No 846/2009 of 1 September 2009 amending Regulation (EC) No 1828/2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (Official Journal of the European Union L250 of 23.09.2009).

Call for Expression of Interest, within the Deadline, to be drafted in accordance with the template attached hereto as Annex 1;

JEREMIE	means the initiative “Joint European Resources for Micro to Medium Enterprises” launched by the Commission and EIF, as member of the European Investment Bank Group, in order to promote increased access to finance for the development of SMEs in the European Union;
EIB Group	The EIB Group consists of the European Investment Bank (EIB) and the European Investment Fund (EIF);
JHF	means SZRF and EIF as its advisor and operator under the Agreements;
Operational Agreement or Guarantee Agreement	means an agreement entered into between a Financial Intermediary and EIF regarding a financial instrument on the basis of this Call for Expression of Interest and the selection process;
Quality Assessment Criteria	means the quality assessment criteria applied by EIF at the sole discretion of EIF to the suitability of the Applicant and/or the proposed financial instrument according to the business standards of EIF and which are listed in Annex 2 hereof;
Selection Criteria	means the Eligibility Criteria and the Quality Assessment Criteria;
Small and Medium-sized Enterprises or SMEs	means micro, small and medium-sized enterprises as defined in the Commission Recommendation 2003/361/EC;
SZRF	means Slovenský záručný a rozvojový fond, s.r.o., managed and operated by EIF under the Agreements.

2. JEREMIE Holding Fund

SZRF shall, in accordance with the Agreements, be operated by the European Investment Fund, 96 Boulevard Konrad Adenauer, L-2968 Luxembourg ((URL): www.eif.org).

The EIF, which is appointed until the end of 2015, may be substituted in its role as the entity carrying out the JHF activity. In the event of such substitution, SR, or the entity appointed by SR to carry out the JHF activity, will assume the full discretion and responsibility to perform the tasks of the JHF and to implement the Operations in Slovakia, and may take over the financial instruments. The Operational Agreements will provide for the possible substitution of EIF, in order to allow the transfer of the Operational Agreements to the successor entity.

3. Description of the activities expected from the selected Financial Intermediaries

The selected Financial Intermediaries will have to implement a financial instrument briefly described in the table below (hereinafter, “**Financial Instrument**”) as provided for in Art. 44 of

Reg. 1083/2006. The Financial Instrument shall be set up in accordance with Art. 43 of Reg. 1828/2006.

It is planned to allocate out of the JHF an initial amount up to EUR 38 million to the Financial Instrument.

See below list of indicative allocation and the relevant Annex setting out the Selection Criteria and the description of the Financial Instrument.

Financial Instrument	Indicative capital allocation (EUR million)	Applicable Annexes
First Loss Portfolio Guarantee on a portfolio of loans to SMEs	Up to 38	Annex 2 (Financial Instrument: Description and Selection Criteria)

The indicative capital allocated to the Financial Instrument, as well as the amounts available for contribution by the JHF to the selected Financial Intermediary, may be changed as necessary, at EIF's sole discretion, particularly if the funding available changes during the JHF implementation process or the demand for the Financial Instrument so requires.

To be noted that joint ventures and/or consortiums can express their interest as long as they indicate/nominate one coordinating entity as a contractual counterpart for the EIF for the entire term of the Operational Agreement (in case of selection) and under the condition that all partners in the relevant joint venture or consortium are credit or financial institutions duly authorised to carry out such activities according to Slovak legislation. Such Applicants are required to submit one, joint Expression of Interest, in which the coordinating entity should be indicated.

4. Expression of Interest

A template for the Expression of Interest is attached hereto as Annex 1 and can also be found at the following internet address: www.eif.org.

The Expression of Interest includes the Applicant's identification, the project description, the supporting documents, the declaration of absence of conflict of interest and the statements regarding situations of exclusion.

Until no later than **14 September 2011**, the Applicants may request clarifications regarding the Call for Expression of Interest or the nature of the Financial Instrument. Such requests must indicate the Call for Expression of Interest reference number and the name of the Applicant and shall be submitted in English via email to:

Regional Business Development Unit
European Investment Fund
info.rbd@eif.org

Requests for clarifications from Applicants shall not receive individual replies. Instead, answers to all requests for clarifications received within the relevant deadline will be published together in a clarification document to be posted on the website www.eif.org.

EIF will, in principle, not contact any Applicant prior to the Deadline, unless it considers it necessary to clarify issues of a mere technical nature. However, should EIF discover any errors, inaccuracies, omissions or any other type of clerical defect in the text of the Call for Expression of Interest before the Deadline, EIF will correct the text and inform accordingly.

5. Language

The Expressions of Interest, including the submitted documents, shall be in English.

6. Submission of Expression of Interest

The Expressions of Interest shall be submitted on or before the Deadline **both** by (i) e-mail **and** (ii) registered mail or professional courier service. The Expressions of Interest sent by registered mail or professional courier service shall consist of a closed single package, and shall contain the Expression of Interest, together with its attachments, in paper form and in removable electronic storage medium (e.g. CD-ROM).

The Deadline for the submission of Expressions of Interest is 14 October 2011.

The Deadline applies (i) in case of e-mails to the reception by EIF and (ii) in case of registered mail or professional courier service to the date of dispatch proven by the post office stamp or a dispatch receipt.

The Expressions of Interest shall indicate the reference number of the Call (No. JER-005/1) and the name of the Applicant and shall be sent to the following address:

Postal Address:

European Investment Fund
Attention: Regional Business Development Unit
96 Boulevard Konrad Adenauer
L-2968 Luxembourg
LUXEMBOURG

The outer envelope (package) shall indicate the following: "Expression of Interest – Reference number of the Call (No. JER-005/1) – Not to be opened by the reception – To be passed without opening to Regional Business Development Unit".

E-mail Address:

Attention: Regional Business Development Unit
info.rbd@eif.org

Prior to the Deadline and in the same manner as specified above, the Applicants may change or amend their Expressions of Interest by clearly indicating the parts to be changed or amended.

Prior or after the Deadline and in the same manner as specified above, the Applicants may withdraw their Expressions of Interest.

After the Deadline, an acknowledgement of receipt will be sent to the relevant Applicants by EIF via e-mail, which shall state the following:

- Unique proposal identifier (Expression of Interest number);
- Reference number of the Call for Expression of Interest;
- Confirmation that the Expression of Interest was received before the Deadline.

The acknowledgement of receipt shall not be construed as a declaration of completeness of the Expression of Interest and the documents submitted therewith, nor any kind of assessment of the same.

7. Selection process

When selecting Financial Intermediaries, EIF is committed to respect fundamental principles, such as:

- i) equal treatment,
- ii) non-discrimination,
- iii) confidentiality, and
- iv) transparency.

The Expressions of Interest will be examined by EIF, on a comparative basis, using professional analysis and judgment, taking into account the Selection Criteria.

EIF will reject those Expressions of Interest which do not comply with the Eligibility Criteria. Financial Intermediaries, whose application is rejected because of non-compliance with any of the elements reflected in the statements regarding situations of exclusion (Appendices 4 and 5 to Annex 1 hereto), may not present themselves for consideration in subsequent Calls for the Expression of Interest unless it is specifically evidenced that the reason for the exclusion no longer exists.

The expiration of the Deadline shall not prevent EIF, in limited cases if deemed necessary, from requesting and receiving from Applicants clarifications on issues of a mere technical or formal nature, *provided that* such clarifications shall neither provide an opportunity to the respective Applicants to unduly improve their applications nor otherwise distort the competition between the Applicants.

Applicants which are not excluded according to the Eligibility Criteria and which have been providing the additional information requested from pre-selected applicants as per Appendix 2 within the deadline determined in such request from EIF will go through the EIF selection process based on the Quality Assessment Criteria. The further selection based on the Quality Assessment Criteria, and the due diligence process, if any, follows the standard procedures and guidelines applied by EIF to its business. The evaluation of proposals at this phase will be conducted under competitive terms and it is envisaged to select one or more Applicants.

In any phase of the selection process, EIF reserves itself full discretion to consider Financial Intermediaries and no Applicant has any claim or other right or may expect to be ultimately selected for financial support by the JHF. Any negotiation of terms and conditions of

Operational Agreements by no means entails any obligation for EIF and/or SZRF to enter into such Operational Agreement with the relevant Financial Intermediaries.

Financial Intermediaries which do not receive contributions from the JHF are informed accordingly; the reasons for their Expression of Interest being rejected will be clearly communicated to them upon request.

Those Applicants, whose Expression of Interest is rejected, shall have the right to submit a written complaint by e-mail and registered mail or professional courier service, to the same address used for the submission of the Expressions of Interest above, within thirty (30) days of receipt of the letter of rejection. Any complaints will be dealt within the framework and in accordance with the EIB Group complaints policy (for further info please click on the link or visit www.eib.org).

8. Operational Provisions

The Financial Intermediaries, with which Operational Agreements will be eventually signed, shall be required to comply with the EIF anti-fraud policy, available on the website of EIF (www.eif.org), and with the relevant monitoring, reporting, publicity and auditing obligations required by the EU regulations applicable to ERDF (including requirements on the eligibility of expenditure benefiting from ERDF), and by the Funding Agreement. Such obligations are briefly described in the relevant Financial Instrument description documents, and will be defined in the relevant Operational Agreement.

ANNEXES

- Annex 1. Expression of Interest
- Annex 2. First Loss Portfolio Guarantee Financial Instrument: Description and Selection Criteria

ANNEX 1⁴ to the Call for Expression of Interest No. JER-005/1

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-005/1

Deadline for the submission of the Expression of Interest : 14 October 2011

Expression of Interest for First Loss Portfolio Guarantee 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-005/1 in the framework of the JEREMIE initiative implemented through EIF acting as operator of the Slovenský záručný a rozvojový fond, s.r.o. in Slovakia. 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 Appendices 4 and 5 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):

Name and position in capitals:

Applicant's name

Place:

Date (day/month/year):

⁴ In case of consortiums or joint ventures to be completed by coordinating entity.

Appendices:

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 –1

Appendix 5 Statement Regarding Situations of Exclusion – 2: Declaration of Compliance with Community and National Rules and Policies

Appendix 1 to Expression of Interest

APPLICANT IDENTIFICATION⁵

1.1. Applicant identification

INFORMATION REQUIRED	
APPLICANT'S 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/Mrs/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/Mrs/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
FUNCTION	
CONTACT DETAILS	Address: Telephone: Fax: Email:

⁵ In case of consortiums or joint ventures to be completed by all participating entities.

Appendix 2 to Expression of Interest

LIST OF DOCUMENTS ATTACHED

1) Project proposal:⁶

a) Description of the Applicant:

- (aa) Description of the Applicant's institution (date of establishment, number of employees, shareholders etc.), legal status and applicable regulatory framework;
- (bb) Geographical area of operations and branch network in Slovakia;
- (cc) Description of Applicants governing and management bodies and corporate governance structure.

b) Information on the Applicant's present activities:

- (aa) Commitment to SME lending in Slovakia:
 - (i) 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 (e.g. tighter lending criteria, etc);
 - (ii) Total volume and number of SME loans outstanding in each SME sub-segment (breakdown by micro, small and medium enterprises, if available) on a yearly basis for the last five financial years (including year to date data for the current financial year);
 - (iii) Total volume and number of new SME loans in each SME sub-segment (breakdown by micro, small and medium enterprises, if available) granted by the Applicant annually over the last five financial years (including year to date data for the current financial year);
 - (iv) Share of newly granted SME loans in the Applicant's total commercial lending portfolio, both in terms of volume and number (on an annual basis over the last five financial years – including year to date data for current financial year).
- (bb) Current pricing and collateral policy for comparable loans (in terms of maturity, purpose, etc.) to a similar target group, as per Table 1 below, including:
 - (i) Interest rate split into cost of funding and margin over cost of funding, and specifically the risk-related margin;
 - (ii) Up-front fees and any other non-interest payments.

⁶ SME related data and information to be provided in accordance with the definition of SMEs as presented in section 1 "Definitions and Interpretation", under Call for EoI, page 3.

Table 1 - Current policy: collateral and interest rate charged on SME loans

Loans awarded on the basis of standard collateral requirements		EUR denominated loans
Standard collateral	Requested level of collateral (%)	
	Interest rate (min. - max.)	
	<i>of which, Risk-related margin</i>	

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

- (aa) General implementation strategy (e.g. how the Financial Instrument will be promoted regionally and nationwide, publicity strategy, procedures for allocation of loans, etc);
- (bb) Applicants are requested to specify the proposed size of the portfolio of eligible loans to be originated during the Availability Period.
- (cc) Indicative industry, geographical breakdown and SME size of the loans to be granted under the Financial Instrument with the objective of forming a new, well diversified portfolio, also taking into consideration the specific features of the Financial Instrument as described in Annex 2;
- (dd) Indicative average expected maturity of the newly granted loans under the Financial Instrument, taking into consideration the provisions of Annex 2 and the objective to provide longer loan maturities to Eligible SMEs;
- (ee) Lending criteria, proposed pricing and collateral requirements, including the proposed minimum and maximum pricing (i.e. pricing to be submitted in ranges) to be applied on the new loan portfolio to be established under this Financial Instrument - submitted in accordance with the table that follows - and other terms and conditions to be applied to the loans covered by this Financial Instrument, taking into consideration the provisions of Annex 2 and the objective to provide better financing terms to Eligible SMEs. The information submitted herein by the Applicant, as per Tables 2 and 3 below, will be assessed on a comparative basis according to the Quality Assessment Criteria (Annex 2, Part II, section 2) and will become a contractual obligation for the Applicant, if selected.

Table 2 - Proposed collateral and interest rate to be charged on the new SME loans covered by the Financial Instrument.

Loans to be awarded on the basis of <u>reduced</u> collateral requirements (guarantee rate 70%, max. cap rate 25%)		EUR denominated loans
Reduced collateral	Requested level of collateral (%)	
	Interest rate (min. - max.)	
	<i>of which, risk-related margin</i>	

Table 3 - Proposed fees to be applied on the new SME loans covered by the Financial Instrument:

Nature of fees	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"/>	
Fee for amendment of terms under the loan agreement terms		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other fees, if any (please provide details)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

(ff) Estimate of the expected timing for initiation of operations following the signature of the Operational Agreement and also estimate of the full commitment of the Financial Instrument to Eligible SMEs;

(gg) Description of the origin of the sources used to finance the new loans (e.g. Applicants own resources raised in the capital markets through bond issues);

- 2) Information on the Applicant's IT systems, reporting mechanisms, monitoring procedures and controls, currently utilised in its normal activity (also to be utilised for the implementation of the Financial Instrument);
- 3) Annual reports for the last three financial years, including audited financial statements (only in electronic format i.e. scanned copies of signed audited financial statements);
- 4) Certified copy of banking license or, if not available, other proof of the Applicant's authorisation allowing for the implementation of the Financial Instrument in Slovakia;
- 5) In the case where a Financial Intermediary and/or its mother company is externally rated, information on the actual external rating of the Applicant and/or its mother company

including the relevant rating report(s) from at least one of the following rating agencies: (i) Moody's Investor Service Limited, (ii) Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or (iii) Fitch Ratings Ltd. Further, information on any change of the rating within the last two years;

- 6) Appropriate evidence of the representative's authorisation to act for and on behalf of the Applicant (signatory powers);
- 7) Declaration on absence of conflict of interest as per template provided in Appendix 3, duly signed;
- 8) Statement regarding situations of exclusion - 1 as per template provided in Appendix 4, duly signed;
- 9) Statement regarding situations of exclusion - 2 as per template provided in Appendix 5: Declaration of compliance with Community and National rules and policies, duly signed.

The pre-selected Applicants will be requested to submit additional information to complement their Expression of Interest. This will indicatively include inter alia:

A. Detailed information on the Applicant's operating principles and procedures applied to SME lending:

- (i) Origination;
- (ii) Risk assessment procedures (internal rating / scoring system);
- (iii) Loan approval procedures;
- (iv) Collateral requirements (valuation, haircuts);
- (v) Monitoring and early warning signals;
- (vi) Recovery procedures (what steps are taken and when; which departments are involved);
- (vii) Risk management: methods utilised for loss forecasting, provisioning and credit risk management on portfolio level;
- (viii) Summary of changes to the Financial Intermediary's operating principles and procedures due to the current financial crisis.

B. Information on the Applicant's total lending portfolio over the last 5 financial years:

- (i) Composition and concentration of the outstanding loan portfolio;
- (ii) Non-performing loans (outstanding non-performing loans /outstanding loan amount) as of the end of each financial year and year to date data for the current year) for the past five financial years - both in terms of number and volume;
- (iii) Annual defaults, net losses and bad debt provisions;
- (iv) Recovery rates and recovery periods.

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 to the Applicant under any Operational Agreement referred to in the Call for Expression of Interest No. JER-005/1.

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:

Name and position in capitals:

Applicant's name:

Place:

Stamp of the Applicant's (if applicable):

Date (day/month/year):

Appendix 4 to Expression of Interest

STATEMENT REGARDING SITUATIONS OF EXCLUSION - 1

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 98/733/JHA⁷;
 - 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 interests⁸;
 - money laundering as defined in the Directives 2005/60/EC⁹ of 26 October 2005 and 2006/70/EC¹⁰ of 1 August 2006, and Directive 2001/97/EC of 4 December 2001¹¹;
- 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) is not "a firm in difficulty" within the meaning of Article 2.1 of the Community guidelines on State aid for rescuing and restructuring firms in difficulty¹²;

⁷ 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 (Official Journal of the European Union L351 of 29.12.1998), as amended from time to time.

⁸ Council Act of 26 July 1995 drawing up the Convention on the protection of the financial interests of the European Communities (Official Journal of the European Union C316 of 27.11.1995), as amended from time to time.

⁹ 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 (Official Journal of the European Union L309 of 25.11.2005), as amended from time to time.

¹⁰ 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 (Official Journal of the European Union L214 of 4.8.2006), as amended from time to time.

¹¹ 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 (Official Journal of the European Communities L 344 of 28.12.2001), as amended from time to time.

¹² Communication from the Commission – Community Guidelines on State aid and restructuring firms in difficulty (Official Journal of the European Union C 244 of 1.10.2004), as amended or substituted by future Community guidelines from time to time.

- vi) 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;
- vii) no member of its senior management has been guilty of grave professional misconduct;
- viii) 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;
- ix) 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;
- x) 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 EIF.

Signature:

Name and position in capitals:

Applicant's name

Place:

Stamp of the Applicant (if applicable):

Date (day/month/year):

Appendix 5 to Expression of Interest

STATEMENT REGARDING SITUATIONS OF EXCLUSION - 2

DECLARATION OF COMPLIANCE WITH COMMUNITY AND NATIONAL RULES AND POLICIES

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) Complies with all Community and National rules and policies in relation to Competition and confirms its willingness and readiness to undertake its responsibility for ensuring that loans originated under this Financial Instrument respect the provisions of the *De Minimis Regulation*¹³ (as specified in Annex 2);
- ii) Complies with all Community and National rules and policies in relation to the goal of protecting and improving the environment and promoting sustainable development;
- iii) Complies with all Community and National rules and policies in relation to gender equality and non-discrimination;
- iv) Confirms its willingness and readiness to respect the information and publicity provisions applicable to this Financial Instrument.

Yours sincerely,

Signature:

Stamp of the Applicant's (if applicable):

Name and position in capitals:

Applicant's name

Place:

Date (day/month/year):

¹³ Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid (Official Journal of the European Union L379 of 28.12.2006, p.5), as amended, (the "**De Minimis Regulation**").

ANNEX 2 to the Call for Expression of Interest No JER-005/1

First Loss Portfolio Guarantee Financial Instrument: Description and Selection Criteria

Part I: Description of the Financial Instrument

Capitalised expressions utilised herein shall have the meaning attributed to them in the above mentioned Call for Expression of Interest.

1 Rationale

The purpose of the Financial Instrument is to support loans to Eligible SMEs by providing credit risk protection (in the form of a first loss portfolio capped financial guarantee) in order to reduce the particular difficulties that SMEs face in accessing finance because of the lack of sufficient collateral in combination with the relatively high risk they represent.

The objective of the Financial Instrument is to enhance SME access to finance by primarily:

- i) reducing interest rate, including risk related margin; and
- ii) reducing collateral levels.

2 Presentation of the Financial Instrument

The guarantee (the "**Guarantee**") shall be issued by EIF acting through the JEREMIE Holding Fund ("**JHF**") for the benefit of a Financial Intermediary (the "**Financial Intermediary**"). It shall partly cover the credit risk associated to underlying, newly extended loans to SMEs ("**SME Transactions**") included in the guaranteed portfolio (the "**Portfolio**").

In order to ensure an alignment of interest between the Financial Intermediary and the JHF, eligible SME Transactions shall be covered by EIF at a guarantee rate of 70%, subject to a maximum liability in respect of losses expressed as a guarantee cap amount (the "**Cap Amount**") calculated on a portfolio basis as a percentage of the portfolio (the "**Guarantee Cap Rate**").

The Guarantee shall constitute a direct financial guarantee and shall cover losses (relating to unpaid principal and interest) incurred by the Financial Intermediary in respect of each defaulted eligible SME Transaction up to the Cap Amount.

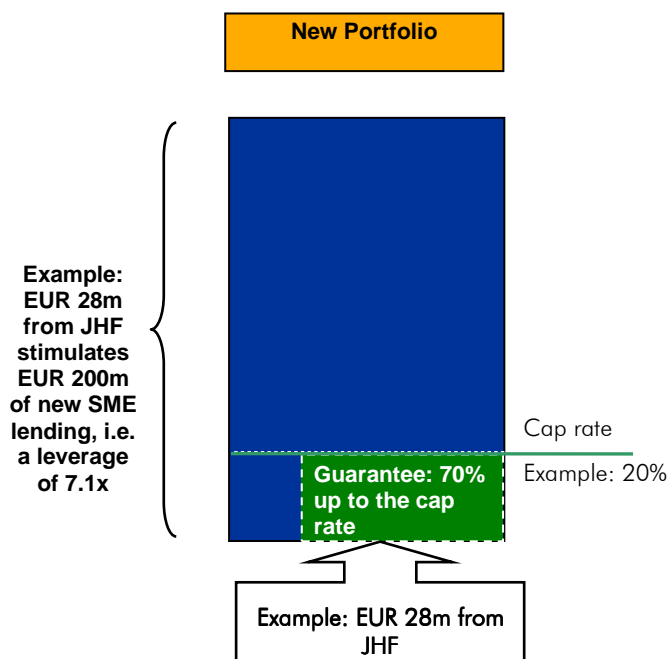
The origination, due diligence, documentation and servicing of the SME Transactions shall be performed by the Financial Intermediary in accordance with its standard origination and servicing procedures.

In this context, the Financial Intermediary shall retain the direct client credit relationship with each SME.

SME Transactions (according to pre-defined eligibility criteria on a loan-by-loan and portfolio basis) will be automatically covered, by way of submitting inclusion notices on a quarterly basis until the end of the relevant inclusion period.

The Guarantee Fee will be set as a one-off upfront fee at 1% of each SME loan commitment times the Guarantee Rate.

3 The Financial Instrument – example transaction



4 Indicative Summary of Transaction Terms

These indicative terms are an outline of the principal terms and conditions for the Financial Instrument described herein, which are subject to change and non-exhaustive.

When used in this paragraph 4, the term “EIF” means EIF acting through the JHF.

Structure	First loss portfolio capped direct financial guarantee providing credit risk coverage on a loan by loan basis for the creation of a portfolio of eligible SME Transactions. The Guarantee shall cover losses incurred by the Financial Intermediary in respect of each defaulted eligible SME Transaction in accordance with the Guarantee Rate. Losses covered by the Guarantee in respect of the Portfolio of eligible SME Transactions shall in aggregate not exceed the Cap Amount agreed in the guarantee agreement (the “ Guarantee Agreement ”) between EIF and the relevant Financial Intermediary. The credit risk retained by the Financial Intermediary shall be at least 20% of the Portfolio (on a <i>pari passu</i> basis with EIF).
Governing law and language	The terms of the Guarantee Agreement shall be in the English language and the Guarantee Agreement shall be governed by the laws of England.
Guarantee Currency	The Cap Amount shall be expressed in EUR. All amounts to be paid by or to EIF under the Guarantee will be paid in EUR.
Availability Period	Typically 24 months from the date of signature of the Guarantee Agreement. The Availability Period will be deemed to be terminated (unless otherwise decided by EIF) if halfway through the Availability Period the Actual Volume does not exceed 30% of the Agreed Volume.

	<p>During the Availability Period, SME Transactions may be included by the Financial Intermediary in the Portfolio for cover. Such inclusion of SME Transactions shall occur automatically upon receipt by EIF of an inclusion notice submitted by the Financial Intermediary on a quarterly basis until the end of the relevant inclusion period.</p> <p>For the avoidance of doubt the SME Transactions so included shall be deemed to be covered by the Guarantee from the date of the signature of such SME Transactions.</p> <p>The underlying SME Transactions to be covered by the Guarantee shall be:</p> <p>(i) SME Transactions entered into within the Availability Period; or</p> <p>(ii) SME Transactions not entered into before the end of the Availability Period but approved during the Availability Period and in respect of which amounts have been drawn for the first time by SMEs within 6 months from the end of the Availability Period.</p>
Agreed Volume	The maximum aggregate amount of newly originated eligible SME Transactions to be covered by the Financial Instrument, as agreed in the Guarantee Agreement.
Actual Volume	<p>The aggregate amount of the principal committed to be available under newly originated eligible SME Transactions included in the Portfolio from time to time, provided that, for the avoidance of doubt:</p> <p>i) if any eligible SME Transaction is prepaid and/or repaid, then this shall not reduce the Actual Volume; and</p> <p>ii) if an SME Transaction is excluded from the Portfolio as a result of the exclusion process described below, then such SME Transaction shall not be taken into account for the calculation of the Actual Volume.</p> <p>iii) The Actual Volume may in no circumstances exceed the Agreed Volume.</p>
Guarantee Rate	The Guarantee Rate shall be 70% of each loss covered by the Guarantee.
Guarantee Cap Rate	<p>A percentage of the Actual Volume.</p> <p>The Guarantee Cap Rate shall be up to 25%.</p>
Cap Amount	Expressed in Euro amount, set in the Guarantee Agreement, at which the obligation to pay under the Guarantee is capped, which is the maximum liability under the Guarantee and is calculated on the Portfolio basis as the product of the i) lower of the Actual Volume and the Agreed Volume, ii) the Guarantee Rate, iii) the Guarantee Cap Rate, and iv) the Disbursement Ratio.
Disbursement Ratio	At a given time, the ratio, expressed as a percentage, equal to the quotient of: (i) the sum of the disbursed principal amounts relating to all eligible SME Transactions included in the Portfolio at such time and (ii) the Actual Volume at such time.
Leverage	Defined as the product of (1 divided by the Guarantee Rate) and (1 divided by the Guarantee Cap Rate). The Leverage cannot be lower than 4.

Guarantee cover	<p>The Guarantee covers losses incurred by the Financial Intermediary where Losses mean:</p> <p>i) Principal and/or interest amounts (excluding default interest, capitalised interest, fees and other costs and expenses) due, payable and outstanding following occurrence of either an eligible SME Transaction Default or an eligible SME Transaction acceleration provided that if such SME Transaction has not been accelerated after 90 days following the relevant eligible SME Transaction Default any interest that would be payable after that time shall not be covered; and</p> <p>ii) Any reduction in principal and/or interest amounts (excluding default interest, capitalised interest, fees and other costs and expenses) payable as a result of the restructuring of an eligible SME Transaction.</p> <p>The EIF will rank pari passu with Financial Intermediaries with respect to recoveries as further described in "Servicing and Loss Recoveries" below.</p>
SME Transaction Default	<p>SME Transaction Default definition in line with the Capital Requirements Directive.</p>
Payment Demand Period	<p>Payment Demands shall only be valid if they are (with respect to a Loss incurred in relation to a eligible SME Transaction during a calendar quarter) sent on any day during the month following such calendar quarter (or if not sent during such period, during any subsequent period of one month following a calendar quarter).</p> <p>In no case may a payment demand be made after the three months period following the Latest SME Transaction Maturity Date (as defined below).</p>
Guarantee Payment Date	<p>Following the occurrence of a Loss on one or more eligible SME Transactions and subject to receiving valid payment demands, EIF shall make guarantee payments under the Guarantee within 60 calendar days of the relevant Report Date.</p>
Events of Default under the Guarantee	<p>Standard events of default (typically: failure to pay, breach of agreement, repudiation, illegality and bankruptcy). The occurrence of an event of default, if it has not been remedied within the relevant grace period (if any) may result in the termination of the Guarantee Agreement (such event, an "Early Termination"). Upon Early Termination all amounts due by the EIF and/or Financial Intermediary would be calculated in accordance with the terms of the Guarantee Agreement as if the Report Date were the Early Termination Date.</p>

Guarantee Fee

Guarantee Fee Amount and Percentage	<p>The Guarantee Fee Amount will be expressed in EUR and payable by the Financial Intermediary, with respect to each SME Transaction included in the Portfolio, on a periodic (typically quarterly) basis as a one-off upfront guarantee fee calculated as the product of: i) the Guarantee Fee Percentage and ii) the sum of the committed principal amounts of all eligible SME Transactions at the time of their initial signing during the calendar quarter and iii) the Guarantee Rate.</p> <p>The Financial Intermediary shall undertake in the Guarantee Agreement to</p>
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	<p>disclose, in the documentation governing each SME Transaction entered into between the Financial Intermediary and the SME, the existence and the modalities of payment of the Guarantee Fee (including the Guarantee Fee Percentage).</p> <p>The Guarantee Fee Percentage is equal to 1%.</p> <p>It has been established in order to facilitate access to finance by the SMEs covered by the Guarantee, and the <i>De Minimis</i> Regulation will apply.</p> <p>The Guarantee Fee is non refundable.</p> <p>However, if the Financial Intermediary becomes aware that one or more SME Transactions are non eligible SME Transactions and, by not later than one month immediately following the date on which such SME Transaction was included in the Portfolio, causes such non eligible SME Transaction(s) to be removed from the Portfolio, then the Guarantor shall repay the portion of the Guarantee Fee which relates to such excluded SME Transaction.</p>
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Eligible SMEs and Eligibility Criteria

Eligible SMEs	Micro, small or medium-sized enterprises ("SMEs") as defined in the Commission Recommendation 2003/361/EC (OJ L124, 20.05.2003, p. 36).
Eligibility Criteria	<p>SME Transactions shall comply, inter alia, with the following criteria. All the Eligibility Criteria shall be met at all times except the SME Criteria i)-iii) and SME Transaction Criteria vii b) which shall only be met at the date of the document evidencing the relevant SME Transaction.</p> <p>SME Criteria</p> <ul style="list-style-type: none"> i) Eligible SME: the SME shall be an Eligible SME; ii) Firm in Difficulty: the SME shall not be a "firm in difficulty" as these are defined in the Article 2.1 of the Community guidelines on State aid for rescuing and restructuring firms in difficulty (OJ C 244, 1.10.2004, p. 2.), as amended, restated, supplemented and/or substituted from time to time; iii) Restricted Sectors: the SME shall not have a substantial focus on one or more Restricted Sectors (which determination shall be made by the Financial Intermediary in its discretion based, without limitation, on the proportionate importance of such sector on revenues, turnover or client base of the relevant SME); iv) The SME shall be established and operating in Slovakia. <p>SME Transaction Criteria</p> <ul style="list-style-type: none"> i) Origination period: newly originated SME Transactions either (i)

	<p>entered into by the Financial Intermediary during the Availability Period or (ii) approved during the Availability Period and in respect of which amounts have been drawdown for the first time by SMEs within 6 months from the end of the Availability Period;</p> <p>ii) Purpose of financing: (1) investment in tangible and intangible assets and (2) working capital related to development or expansion activities that are ancillary (and linked) to activities referred to in (1) above, and/or (3) working capital related to development or expansion activities;</p> <p>iii) Excluded undertakings: the SME Transaction shall provide funding only for activities which do not relate to one or more Excluded Undertakings (as defined below);</p> <p>iv) Utilisation (based on location of the investment): utilised within the following 7 (NUTS 3 level) regions: Trnava Region, Trenčín Region, Nitra Region, Žilina Region, Banská Bystrica Region, Prešov Region, Košice Region;</p> <p>v) Fixed repayment schedule (which, for the avoidance of doubt, shall exclude any revolving facility);</p> <p>vi) Repayment schedule: amortising and bullet;</p> <p>vii) Maturity of, typically: <ul style="list-style-type: none"> a) minimum of 12 months and b) maximum of 120 months including the relevant grace period if any; </p> <p>viii) SME Transactions shall (X) not receive any assistance under any operational programme (as defined in the Council Regulation) other than the Operational Programme and (Y) be the only assistance received from a financial instrument financed by the Union (other than the Funds);</p> <p>ix) Currency: EUR.</p> <p>SME Portfolio Criteria</p> <p>Concentration limits:</p> <p>ii) the sum of initial principal amounts of all eligible SME Transactions entered into with a single Eligible SME shall not account in the Portfolio for more than 2% of the Agreed Volume but, in case De Minimis Regulation is applied, not greater than “de minimis” amount (i.e. EUR 1,5 million divided by the Guarantee Rate or EUR 750 000 divided by the Guarantee Rate if undertaking is active in the road transport sector);</p> <p>iii) the sum of initial principal amounts of all eligible SME Transactions forming part of a single industry sector (expressed by NACE code – Rev.2. Division) shall not account for more than 20% of the Agreed Volume;</p>
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	<p>iv) other concentration limits (e.g. lowest rating concentration), as determined by EIF on a case by case basis.</p>
Restricted Sectors	<p>a. Illegal Economic Activities Any production, trade or other activity, which is illegal under the laws or regulations of the home jurisdiction for such production, trade or activity. Human cloning for reproduction purposes is considered an Illegal Economic Activity in the context of these Guidelines.</p> <p>b. Tobacco and Distilled Alcoholic Beverages The production of and trade in tobacco and distilled alcoholic beverages and related products.</p> <p>c. Production of and Trade in Weapons and Ammunition The financing of the production of and trade in weapons and ammunition of any kind. This restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies.</p> <p>d. Casinos Casinos and equivalent enterprises.</p> <p>e. IT Sector Restrictions Research, development or technical applications relating to electronic data programs or solutions, which</p> <p>(i) aim specifically at:</p> <p>(a) supporting any activity included in the EIF Restricted Sectors referred to under a to d above;</p> <p>(b) internet gambling and online casinos; or</p> <p>(c) pornography,</p> <p>or which</p> <p>(ii) are intended to enable to illegally</p> <p>(a) enter into electronic data networks; or</p> <p>(b) download electronic data.</p> <p>f. Life Science Sector Restrictions When providing support to the financing of the research, development or technical applications relating to (i) human cloning for research or therapeutic purposes; or (ii) Genetically Modified Organisms (“GMOs”), EIF will require from the EIF counterpart appropriate specific assurance on the control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.</p>
Excluded Undertakings	<p>Subject to State Aid Regulations or Structural Funds Provisions, the following sectors, without limitation, shall also be excluded:</p> <p>a. Undertakings active in the fishery and aquaculture sectors, as covered by Council Regulation (EC) No 104/2000;</p> <p>b. Undertakings active in the primary production of agricultural products, as listed in Annex I to the Treaty on the functioning of the European Community;</p> <p>Additional excluded sectors presented in Article 1 (c-g) of the <i>De Minimis</i> Regulation.</p>
Irregularity	<p>“Irregularity” means the infringement of a provision of European Union law resulting from an act or omission by the Financial Intermediary and/or a SME which is the borrower of an SME Transaction which has, or would have, the effect of prejudicing the general budget of the European Union</p>

	by charging an unjustified item of expenditure to the general budget.
Exclusion Process	<p>At any time, EIF may (but shall not be obliged to) verify whether an SME Transaction included in the Portfolio is an eligible SME Transaction and whether its inclusion in the Portfolio is in compliance with the terms of the Guarantee.</p> <p>If an Intermediary becomes aware that an SME Transaction is or becomes a non eligible SME Transaction or any other undertakings, requirements or requests of the Guarantee are not complied with or satisfied in connection with such SME Transaction the Financial Intermediary shall include such information in the immediately following Report delivered to the EIF.</p> <p>If an SME Transaction does not comply with Eligibility Criteria it shall be deemed to be excluded from the Portfolio as of the date on which it became a non eligible Transaction.</p> <p>However if an eligible SME Transaction becomes a non eligible SME Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary after a payment demand relating to such SME Transaction was served by the Financial Intermediary to the EIF such transaction shall be deemed to be covered by the Guarantee.</p> <p>Similarly if an eligible SME Transaction becomes a non eligible SME Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary but before a payment demand relating to such SME Transaction was served by the Financial Intermediary to the EIF, then such SME Transaction shall be deemed to be covered by the Guarantee if the Financial Intermediary accelerated payment of all amounts owed to it under such SME Transaction no later than on the Report Date immediately following the date on which it became aware of the same. However if the Financial Intermediary does not proceed to the acceleration of such SME Transaction within the timeframe specified above then this SME Transaction shall be excluded from the Portfolio.</p> <p>The Actual Volume shall be adjusted downwards following an exclusion from the Portfolio by the aggregate committed principal amount of the SME Transactions so excluded.</p>
Right of Clawback by EIF	EIF will be entitled to be repaid by the Financial Intermediary certain amounts in specified circumstances, including any amounts paid by EIF in excess of the Guarantee Cap Amount, any excess amount paid by EIF as a result of an exclusion of a transaction of the Portfolio or any amount payable by the Financial Intermediary as a result of fraud or illegality.
Adjustment of the Actual Volume	<p>In respect of each eligible SME Transaction included in the Portfolio, if on the date which is (such date, the "Adjustment Date"):</p> <ol style="list-style-type: none"> 1. the end of a disbursement period when amounts are available for utilisation by an Eligible SME, 2. the date on which commitment made available for utilisation under eligible SME Transaction is cancelled, <p>but in no case no later than 31 December 2015, the committed amount of</p>

	<p>principal has not been fully drawn by an Eligible SME the Actual Volume shall be adjusted to reflect the actual amount of principal drawn by the relevant SME. The Financial Intermediary shall reflect any such adjustment in the Report immediately following such Adjustment Date.</p> <p>If the Actual Volume is adjusted pursuant to this section or section Exclusion Process as described above (the amount of reduction of the Actual Volume, the "Adjusted Portion"), the Financial Intermediary may include one or more further eligible SME Transactions in the Portfolio up to the aggregate of Adjusted Portions and to extent that the Actual Volume does not exceed the Agreed Volume and if such inclusions are made, at the latest, in the Report due by 31 January 2016.</p> <p>If amounts are drawn under an eligible SME Transaction after 31 December 2015 and the Financial Intermediary suffers a loss after that date, the Guarantee will not cover such amounts.</p>
<p>Guarantee Final Termination Date</p>	<p>The Guarantee will terminate on the earlier of: (i) six months following the Latest SME Transaction Maturity Date; (ii) the date on which an Early Termination (if any) has occurred and (iii) the date (if any) on which EIF is no longer liable to effect further payments to the Financial Intermediary and has no further claims under the Guarantee.</p>

SME Transaction conditions

<p>Latest SME Transaction Maturity Date</p>	<p>Means the earlier of (X) the latest day on which an SME Transaction included in the Portfolio is scheduled to be repaid by the relevant SME in accordance with the scheduled repayment provisions of the documentation governing such SME Transaction (including as a result of any amendment to the terms of such SME Transaction) and (Y) the date which is the maximum SME Transaction maturity following the last day of the Availability Period.</p>
<p>Pricing and collateral requirements for eligible SME Transactions</p>	<p>Eligible SME Transactions shall be extended to the Eligible SMEs on the basis of the pricing and collateral policy submitted by the selected Financial Intermediary under the Expression of Interest.</p> <p>Note for collateral policy: The collateral policy submitted by the Financial Intermediaries under the Expression of Interest shall take into consideration the risk coverage provided by the Guarantee.</p> <p>Note for pricing policy: When submitting their proposed pricing policy, the Financial Intermediaries should take into consideration that the Guarantee will cover the Guarantee Rate of the risk exposure of each eligible SME Transaction (up to the Cap Rate).</p> <p>The Guarantee Fee charged by EIF shall be added to the pricing proposal submitted by the selected Financial Intermediary.</p>
<p>Servicing and Loss Recoveries</p>	<p>The Financial Intermediary shall perform the servicing of the Portfolio, including monitoring and recovery actions.</p> <p>The Financial Intermediary shall take recovering actions (including the enforcement of any security) in relation to each defaulted eligible SME Transaction in accordance with its internal guidelines and procedures.</p> <p>Loss Recoveries, net of recovery costs (if any), recovered or received by the</p>

	<p>Financial Intermediary in respect of the Loss shall be shared between EIF and the Financial Intermediary pro rata to the Guarantee Rate.</p> <p>EIF shall be entitled to its portion of the Loss Recovery up to the date on which the Financial Intermediary, acting in good faith and in commercially reasonable manner determines in accordance with its internal guidelines and recovery procedures that the recovery period for the relevant defaulted eligible SME Transactions shall be terminated.</p>
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Miscellaneous

Management Fee	None
Reporting	<p>Financial Intermediaries shall provide EIF typically within 30 calendar days after the end of each calendar quarter (the 'Report Date') with quarterly information in a standardised form, including among others, information on the SMEs covered by the Guarantee, new eligible SME Transactions provided, eligible SME Transaction amounts outstanding (the 'Report').</p> <p>An indicative reporting template may be made available by EIF upon request.</p> <p>Regular controls and verifications will be performed by EIF in order to ensure compliance with the specifications and provisions of this Guarantee.</p>
State Aid requirements	<p>Financial Intermediaries shall be responsible for ensuring that eligible SME Transactions originated respect the provisions of the De Minimis Regulation, implemented through the State aid scheme no. DM-1/2011 published in the Commercial Gazette ("Obchodný vestník") no. 154/2011 on 10 August 2011 (https://portal.justice.sk/PortalApp/ObchodnyVestnik/Formular/FormularDetail.aspx?IdFormular=32340), in accordance with the State aid assessment performed by the responsible authorities in Slovakia. In this context, they shall be responsible, inter alia, for the calculation of the Gross Grant Equivalent ("GGE") and also for following the appropriate monitoring procedure as this is stipulated in the De Minimis Regulation, article 3.</p>
Monitoring and Audit	<p>Financial Intermediaries and the relevant SMEs covered by the Guarantee shall agree to allow and to provide access to documents and premises related to the relevant Guarantee for the representatives of the Ministries, the European Commission (including the European Anti-Fraud Office (OLAF)), the European Court of Auditors, EIF and any other authorised bodies duly empowered by applicable law to carry out audit and/or control activities. To that effect, the Financial Intermediaries shall also include appropriate provisions in each agreement with the SMEs.</p>
Compliance with Laws	<p>Financial Intermediary shall comply in all respects with all laws (whether national laws or laws of the European Union) to which it may be subject (including, but not limited to, the EU structural funds regulations) the breach of which may (i) adversely impact the performance of the Guarantee Agreement or (ii) adversely prejudice the interests of, inter alia, the Guarantor, the Commission and the National Authorities under the Agreement.</p> <p>The Intermediary shall include in the documentation applicable to each eligible SME Transaction included in the Portfolio, representations, warranties and undertakings from the SME for the purpose of ensuring that each such eligible</p>

	SME Transaction shall comply with the Eligibility Criteria above.
Publicity	<p>Financial Intermediaries, in line with applicable law and Structural Funds publicity provisions, shall carry out adequate marketing and publicity campaigns - as specified in the Guarantee Agreement - aimed at making the JEREMIE initiative known to the SMEs in the following 7 (NUTS 3 level) regions: Trnava Region, Trenčín Region, Nitra Region, Žilina Region, Banská Bystrica Region, Prešov Region, Košice Region.</p> <p>In particular, the selected Financial Intermediary will be contractually required to:</p> <ul style="list-style-type: none"> • Product labelling: The name of the product should clearly point to JEREMIE (e.g. "JEREMIE First Loss Portfolio Guarantee"); • Promote JEREMIE and the Guarantee through its website; • Make available promotional leaflets in all branches promoting this Guarantee; • All documents concerning this Guarantee, including amongst others, loan applications, SME loan or lease agreements, promotional material to the SMEs, etc, will contain a statement mentioning that the SME Transaction was made possible with the support of the European Regional Development Fund (ERDF) and also national resources - Appropriate text and logos is envisaged to be provided to the selected Financial Intermediary during the phase of contractual negotiations; • Financial benefit: The financial benefit made possible due to JEREMIE's participation should be identified at the time of signature of the SME Transaction contract and formally communicated to the SME. The financial benefit offered should also be used as a marketing tool from the Financial Intermediary.
Additional Structural Fund requirements	<p>This Financial Instrument is funded by EU structural funds and it is therefore subject to structural funds regulation and requirements, some of which have already being presented in this document. It should be noted, however, that more detailed information on actions necessary to ensure compliance of operations linked to this Financial Instrument with all structural funds requirements (e.g. retention of documents, environmental protection, equality and non discrimination) will be provided to, and discussed with, the selected Financial Intermediary during the contractual negotiations process.</p> <p>This Financial Instrument is further subject to additional national structural funds requirements. National structural funds requirements may apply, inter alia, to any amendment of the Guarantee Agreement which may in particular be necessary if the purpose, objective, eligibility conditions, timeframe of, or the budget for, the Financial Instrument changes. Save as otherwise provided under relevant law, such changes in the Financial Instrument would only apply as of the date of implementation in the Guarantee Agreement of the additional requirements.</p>
Transfer	Neither EIF nor the Financial Intermediary shall be entitled to transfer any or all of its rights and obligations under the Guarantee without the consent of the other party, provided that EIF shall, in the event that the Agreements by which EIF was appointed as the entity establishing and operating the JHF are terminated (for any reason whatsoever), be entitled at any time to transfer all or

	part of its rights and obligations under the Guarantee to any person. Appropriate arrangements will be put in place for these purposes.
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Part II: Selection Criteria for the First Loss Portfolio Guarantee Financial Instrument

1. ELIGIBILITY CRITERIA		System of appraisal
		Yes / No
1.1.	Financial institution authorised to carry out business in Slovakia under the applicable regulatory framework. To be noted that joint ventures and also consortiums can express their interest as long as they indicate/nominate one coordinating entity as a contractual counterpart for the EIF for the entire term of the Operational Agreement (in case of selection). Such Applicants are required to submit one, joint Expression of Interest.	
1.2.	Ability to deliver nationwide geographical coverage in Slovakia.	
1.3.	The Expression of Interest is prepared in accordance with Annex 1 to the Call for Expression of Interest. All necessary supporting documents are provided (in the form requested if specified).	
1.4.	The Expression of Interest is duly signed.	
1.5.	The Expression of Interest is completed and submitted in English.	
1.6.	The Expression of Interest is submitted both by registered mail and e-mail.	
1.7.	The Expression of Interest is submitted within the Deadline.	
1.8.	The Expression of Interest addresses all the items of the Financial Instrument, including any special conditions set out in the relevant parts of the Financial Instrument description (Part I of this Annex).	

2.	QUALITY ASSESSMENT CRITERIA	Max. score
2.1.	Project Relevance, Quality and Coherence	45, of which:
	2.1.1. General implementation strategy (promotion of the Financial Instrument regionally and nationwide, lending volume, number of SMEs to be assisted).	10
	2.1.2. Pricing policy and collateral requirements of the Financial Intermediary, to be charged under the Financial Instrument, as submitted under the Expression of Interest, including: <ul style="list-style-type: none"> o <i>the offer related to the proposed collateral, interest rate and risk margin (maximum risk margins will be compared) – table 2</i> 	25

	<p><i>presented in Appendix 2;</i></p> <ul style="list-style-type: none"> o <i>the offer related to the proposed fees – table 3 presented in Appendix 2.</i> 	5
	2.1.3. General quality of the project proposal submitted under the Expression of Interest.	5
2.2.	<p>Financial Intermediary's Financial Standing</p> <p>In case of externally rated Financial Intermediaries, actual external rating by at least one of the recognized rating agencies.</p> <p>In case of all Financial Intermediaries, a preliminary assessment of the financial standing and credit worthiness of the Financial Intermediaries will be performed on the basis of key financial ratios calculated from the audited financial statements submitted, including but not limited to capital adequacy, provisions and liquidity.</p>	10
2.3.	<p>Project Sustainability</p> <p>Financial Intermediary's organisational structure and corporate governance.</p> <p>Administrative capacity of the Financial Intermediary: quality of IT systems, reporting mechanisms, monitoring procedures and controls.</p> <p>Financial Intermediary's portfolio servicing capabilities and overall ability to comply with the Financial Instrument's reporting and monitoring requirements.</p>	20
2.4.	<p>Institutional Capacity</p> <p>Capability to build up the Portfolio of eligible SME Transactions.</p> <p>Financial Intermediary's credit policy (internal procedures and guidelines), origination, risk assessment (rating/scoring), loan approval procedures, collateral requirement, recovery procedures etc.</p> <p>Quality of its existing SME portfolio and the rate of non-performing SME Transactions.</p>	25