



To:

European Investment Fund

Re: Documentary Finance Facility, Call for EoI No. JER-009/9

Attention: Guarantees, Securitisation & Microfinance
37B avenue J.F. Kennedy
L-2968 Luxembourg

EXPRESSION OF INTEREST

For the Guarantee in the context of the Documentary Finance Facility,
JER-009/9

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] and [Participating Entities] in response to the Open Call for Expression of Interest in the framework of the Facility implemented by the EIF. 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] and [Participating Entities], 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 duly authorised to represent the [Applicant] and [Participating Entity], by signing this form certifies and declares to have read the EIF Anti-Fraud Policy and declares not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the Guarantee 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

Annex I to the Open Call for Expression of Interest to select Financial Intermediaries under Documentary Finance Facility, Call for EoI No. JER-009/9
signing of the Guarantee Agreement.

The undersigned, duly authorized to represent the [Applicant] and [Participating Entities], by signing this form certifies and declares that each of the [Applicant] and [Participating Entities] (i) does not perform illegal activities according to the applicable legislation in the countries of its establishment.

For the purpose of the EIF Transparency Policy, as further specified in Appendix 4, and subject to the approval of the relevant operation by the EIF Board of Directors, the [Applicant], by signing this form:

[Please tick as appropriate]

confirms that the [Applicant] and [the Participating Entities] agree(s) with the disclosure of summary information relevant to this transaction (the project name, the nature of the operation, the geographical focus and the relevant EIF-managed resources) in the Board minutes published on EIF's website, following the approval and signature of said minutes

OR

declares that (i) the [Applicant] and [the Participating Entities] request(s) the non-disclosure of summary information relevant to this transaction (the project name, the nature of the operation, the geographical focus and the relevant EIF-managed resources) in the Board minutes published on EIF's website, following the approval and signature of said minutes and (ii) such disclosure would undermine the protection of commercial interests¹ relevant to the operation.

Yours sincerely,

Signature(s):
Name and position in capitals:
Applicant's name
Place:

Stamp of the Applicant (if applicable):

Date (day/month/year):

Appendices

Appendix 1 Applicant/Participating Entity Identification

Appendix 2 Declaration of Honor of Applicant/Participating Entity

Appendix 3 Information Requirements

Appendix 4 Know Your Customer ("KYC") documents to attach

¹ Including by reason of such information being covered by a confidentiality agreement.

APPLICANT/PARTICIPATING ENTITY IDENTIFICATION²

INFORMATION REQUIRED	
APPLYING FOR:	<input type="checkbox"/> GUARANTEE
APPLYING AS:	<input type="checkbox"/> APPLICANT <input type="checkbox"/> PARTICIPATING ENTITY
NAME	
LEGAL FORM	
CONTACT DETAILS	Title: Mr/Mrs/other (delete or complete as appropriate) Surname: Forename(s): Function: Address: Telephone: Email:

² In case of a joint application, this form shall be completed separately by the Applicant and Participating Entities.

Appendix 2 to the Expression of Interest

DECLARATION OF HONOUR OF APPLICANT/PARTICIPATING ENTITY³

The undersigned [name of the signatory(ies) of this Declaration], representing the following legal person: [name of the Applicant/Participating Entity] (the “Financial Intermediary”)

full official name:

official legal form:

full official address:

VAT registration number:

- declares that the Financial Intermediary is not in one of the following situations:
- a) the Financial Intermediary is as of the date of this declaration bankrupt or being wound up, is as of the date of this declaration having its affairs administered by the courts, in this context, has during the last five (5) years from the date of this declaration entered into an arrangement with creditors, has as of the date of this declaration suspended business activities, is as of the date of this declaration the subject of proceedings concerning those matters, or is as of the date of this declaration in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
 - b) during the last five (5) years from the date of this declaration, the Financial Intermediary or persons having powers of representation, decision-making or control over it has been convicted of an offence concerning its professional conduct by a judgment which has the force of *res judicata*, which would affect its ability to implement the Facility. Alternatively, where such judgments exist the undersigned declares that the Financial Intermediary can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment;
 - c) during the last five (5) years from the date of this declaration, the Financial Intermediary or persons having powers of representation, decision-making or control over it has been the subject of a judgment which has force of *res judicata* for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such illegal activity is detrimental to the Union’s financial interests. Alternatively, where such judgments exist the undersigned declares that the Financial Intermediary can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment;
 - d) as of the date of this declaration, the Financial Intermediary is guilty of misrepresentation in supplying information required for selection as a Financial Intermediary or fails to supply this information; and
 - e) as of the date of this declaration, the Financial Intermediary is, to its knowledge, listed in the central exclusion database, established under Commission Regulation (EC, Euratom) No 1302/2008 of 17 December 2008 on the central exclusion database.

Full name

Date (day/month/year):

Signature(s)

³ In case of a joint application, this declaration shall be completed separately by each of the Applicant and the Participating Entities.

Appendix 3 to the Expression of Interest

INFORMATION REQUIREMENTS

The points below list the headings for the minimum information needed. In case of joint applications all the following information shall be provided for the Applicant and each Participating Entity.

All numerical data provided in the application should also be provided in electronic format (.xlsx or similar).

1. FINANCIAL INTERMEDIARY'S ACTIVITY

1.1. Financial standing: key financial figures for the last three full years available to be provided as per the format available online.

1.2. Definition of the internal business segmentation (including the relevant segments applicable to SMEs) of the Applicant (in terms of number of employees, annual turnover, total assets, etc.).

1.3. Description of the products offered to SMEs and Small Mid-Caps in the documentary finance area, purpose of the products, key terms and features, minimum and maximum maturity, minimum and maximum amount, etc. EIF would like to distinguish between short term (below 12 months) and medium to long term products, and any specific features and risks associated to them (e.g. currency risk, risk of disputes, set-off risk, etc.).

2. OPERATING PRINCIPLES (WITH RESPECT TO SME AND SMALL MIDCAP FINANCING IN THE RELEVANT PRODUCT SEGMENT).

2.1. Credit policy and risk appetite: description of the internal procedures, guidelines, tools and systems used in credit risk assessment.

2.2. Risk assessment procedures:

2.2.1. If applicable, description of the internal rating models/scoring systems in place and their last validation (including external rating source, if applicable) and if rating models not used for credit risk assessment, description of the tools used instead;

2.2.2. Description of the key inputs and their respective weight in the rating output;

2.2.3. If applicable, the rating master scale with the respective minimum, maximum and median probability of default (PD) per rating class and per rating/scoring model, if applicable.

2.3. Collateral policy

2.3.1. Description of the collateral requirements including personal guarantees (type, valuation, haircuts, etc.).

2.3.2. Description of the Loss Given Default (LGD) model and its validation (if applicable). Description of the key inputs and their respective weight in the LGD output.

2.4. Fees, interest rates and remuneration: description of pricing of the products in documentary finance area (fees, interest spread components, including administrative costs component, risk related margin, etc.).

3. IMPLEMENTATION

3.1. Proposed volume (size of the Portfolio) to be originated during the Availability Period of [three] years. Brief explanation of the assumptions behind the proposed volume to illustrate capacity to utilize it.

3.2. The proposed transfer of benefit conditions for Transactions included in the Portfolio, by offering a reduction of collateralization and/or reduction of risk costs applicable to such Transactions. The

Applicant may also indicate additional proposed improvements (e.g. pricing reduction on the non-guaranteed portion of the Transactions, reduction of fees and other costs, coverage of clients with higher risk class, etc.), if any.

4. TRANSACTION ORIGINATION AND PERFORMANCE DATA

All information required below (4.1.-4.3.) shall be provided specifically with respect to:

- a) SMEs and Small Mid-Caps in respect of the relevant internal segments; and,
- b) A proxy portfolio of SME and Small Mid-Cap transactions that fit at origination with the Eligibility Criteria or, if such information is not available, a portfolio of transactions as comparable as possible to the Transactions. At least, the following Eligibility Criteria should be reflected in the extraction of the proxy portfolio: (a) eligible types of debt instruments, (b) maximum maturity, (c) maximum exposure, (d) clients established and/or operating in the relevant geography.

If feasible, the information shall be provided in the below attached Excel tables (or alternative form):



Data.xlsx

This Excel template can be downloaded also a separate file from the application documents.

4.1. Origination:

- I. Annual number and principal volume of Transactions relevant for documentary / trade finance entered into over the past 3 years, by product (please note that as per 1.3 above, the information provided shall allow EIF to distinguish between short term and medium to long term products);
- II. Annual number and principal volume of SME Transactions entered into over the past year, split by:
 - Target geography (if available);
 - Currency;
 - Industry (using NACE Rev.2 section level, i.e. identified by alphabetic code)
- III. Key parameters by product: average maturity, average transaction size (EUR), and average collateralization % (after haircuts);
- IV. Product split by internal client segmentation (e.g. small business, corporates, etc. - please use the relevant bank's internal segment names).

4.2. Expected composition of the guaranteed Portfolio by product and internal client segmentation (please note that as per 1.3 above, the information provided shall allow EIF to distinguish between short term and medium to long term products).

4.3 Performance track record

4.3.1. **If rating models are used for the relevant product segment**, please provide (for each relevant model/risk segment):

- a) the rating master scale with the respective minimum, maximum and median probability of default (PD) per rating class;
- b) the latest back-testing information on the PD model evidencing the actual default frequencies per rating class versus modelled PD and the evolution of the explanatory power of such model (e.g. Gini score) over the last 3 years. The Applicant may provide readily available internal reports on internal rating model(s) validation;

- c) Annual rating migration per rating class for at least the last 3 years;
- d) Observed default frequencies for the last 5 years for each internal rating/scoring model;
- e) The latest back-testing information on the LGD model evidencing the actual versus modelled LGD. The Applicant may provide readily available internal reports on internal LGD model(s) validation.

4.3.2. **If no rating model is used**, please provide default vintage analysis data for each period¹ of origination of transactions, (for at least the last 5 years, but please provide more years if possible).

Please specify the definition of “default” that is reflected in the data provided.

4.3.3. Recovery rate data, by year of Transaction default: the total amount recovered (open and closed cases) to date on the defaulted transactions for at least 5 years (please provide more years if possible) on aggregate basis, and if possible split by collateralized and non-collateralized Transactions. Please do not take into account guarantee payments received from public guarantee institutions, if any.

4.3.4. Average time lags between the granting of the transaction, the default of the borrower and the end of recovery period (including when resulting in a write-off), on aggregate basis.

4.3.5. For short term products (as per 1.3 above) please provide dynamic performance information (as per the attached Excel table).

4.4. Transaction tape

Please provide an anonymous transaction-by-transaction tape for one last year.

Notwithstanding the above, Applicants are encouraged to provide the most detailed level of information (including all data referred to in sections 4.1, 4.2 and 4.3 here above) in order to facilitate EIF’s risk assessment of the Portfolio.

EIF may request further information only to Applicants that have successfully passed the Pre-selection phase of the selection process before/during the due diligence process.

¹ Periods should be in years, if possible quarterly data is preferred.

Appendix 4 to the Expression of Interest

Know Your Customer ("KYC") documents to attach

- 1) Copy of extract of commercial registry or equivalent;
- 2) Copy of the list of directors or other authorised representatives or equivalent.
- 3) Ownership structure: overall structure up to and including information on the Ultimate Beneficial Owner^[1]

^[1] Ultimate Beneficial Owner means any natural person(s) who ultimately owns or controls the Financial Intermediary through direct or indirect ownership of more than 10%.