



Indicative terms and conditions of the guarantee

Important disclaimer:

This summary term sheet is for information purposes only. This document is an outline of the principal terms and conditions for the product described herein, which are subject to change and non-exhaustive.

This document is intended to provide a basis for discussions and does not constitute a recommendation, a solicitation, an offer or a binding commitment – either implicit or explicit – on the part of European Investment Fund (EIF) and/or any other person to enter into one or more transaction(s). Any finance commitment by any of EIF can only be made, inter alia, after appropriate approval, conclusion of legal due diligence and finalisation of the required legal documentation. EIF does not act as adviser to you or owe you any fiduciary duty. EIF does not make any representations or warranties (whether explicitly or implicitly) with respect to the information contained in this document.

1. Overview of the Guarantee

The guarantee (the “Guarantee”) shall be issued by EIF (the “Guarantor”) for the benefit of the Financial Intermediary (“FI”). The Facility’s objective is to provide better access to finance for enterprises through capital relief and loss protection via the provision of an uncapped (or capped) guarantee for portfolios of newly originated Transactions.

The FIs will benefit from a guarantee provided by EIF, on a Transaction-by-Transaction basis, covering defaults, at the guarantee rate (i.e. [50]%), in respect of Transactions included in a Portfolio. The recoveries on the underlying debt instruments will be shared *pari passu* by the FI and the EIF in the same proportion as the default cover (i.e. [50]%).

The EIF guarantee will be either:

- (i) uncapped (i.e. covering [50]% of the full guaranteed portfolio);
- (ii) capped at the Guarantee Cap Amount up to 25% of the portfolio.

The FIs shall pass on the benefit of the guarantee to the underlying enterprises by improving collateral requirements and/or reducing, on the guaranteed portion of each Transaction, the standard credit risk premium normally charged.

The FI will manage and service the Portfolio in accordance with their standard credit and collection policy applicable to their Transaction book.

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2. Indicative Terms and Conditions of the Guarantee	
Guarantee	The guarantee issued by EIF for the benefit of FIs is an uncapped (or capped) ¹ , unconditional and irrevocable financial guarantee covering, at the Guarantee Rate, Covered Amounts in respect of Transactions included in a set Portfolio.
Guarantee Agreement	The agreement entered into between the Guarantor and a Financial Intermediary setting out the terms and conditions of the Guarantee.
Guarantor	The European Investment Fund (EIF)
Financial Intermediary (FI)	Financial or credit institution duly authorised to carry out lending or leasing activities or providing bank guarantees according to the applicable legislation in Bulgaria. Such institution shall comply with relevant standards and applicable legislation on the prevention of money laundering and the fight against terrorism and tax fraud to which it may be subject, and shall not be established in a Non-Cooperative Jurisdiction.
Guarantee Rate	[50]% on each Transaction.
Guarantee Fee	Uncapped guarantee: up to 40 bps per annum. Capped guarantee: no Guarantee Fee.
Guarantee Fee Amount	means the amount payable quarterly in arrears by the FIs, calculated as the product of: 1. the aggregate daily average of the outstanding performing Transactions during the calendar quarter; 2. the Guarantee Rate; and 3. the Guarantee Fee divided by 360. In the case of Letters of Credit and Bank Guarantees, item (1) of the definition of "Guarantee Fee Amount" shall refer to the outstanding Letter of Credit Amounts or the outstanding Bank Guarantee Amount, respectively.
FI Risk Retention	The FIs shall undertake to maintain a minimum 20% risk retention on each Transaction at all times.
Covered Amounts	In case of revolving credit lines, multi-purpose loans or any other type of debt financing specified in the Guarantee Agreement: (a) Principal and/or interest amounts (excluding late payment or default interest, capitalised interest, fees and other costs and expenses and excluding any interest amounts which accrued after a period of 90 days from the last payment past due) due, payable and outstanding at such time following occurrence of either a Transaction Default or a Transaction Acceleration, and (b) Any reduction in principal and/or interest amounts (excluding late payment, default interest, capitalised

¹ Please see the relevant modification of terms in section "First Loss Guarantee" below.

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	<p>interest, fees and other costs and expenses and excluding any interest amounts which accrued after a period of 90 days from the last payment past due) as a result of a Transaction Restructuring.</p> <p>In case of Letters of Credit:</p> <ul style="list-style-type: none"> (a) any Letter of Credit Amount paid by the FI to the relevant beneficiary/ies under the terms of the relevant Letter of Credit, and (b) any interest amounts (excluding (i) late payment or default interest or step-up interest, capitalised interest, fees and any other costs and expenses, (ii) in the case of revolving transactions, principal amounts exceeding the relevant credit limit amount and any interest amounts which accrued thereon and (iii) any interest amounts which accrued after a period of 90 days from the last payment past due), <p>1. in each case due, payable and outstanding by the Beneficiary or the relevant third party (as applicable) at such time, following a Transaction Default or a Transaction Acceleration.</p> <p>In case of Bank Guarantees:</p> <ul style="list-style-type: none"> (a) any amounts due and paid by the FI to the relevant beneficiary/ies under the terms of the respective Bank Guarantee, and (b) any interest amounts (excluding (i) late payment or default interest or step-up interest, capitalised interest, fees and any other costs and expenses, (ii) in the case of revolving transactions, principal amounts exceeding the relevant credit limit amount and any interest amounts which accrued thereon and (iii) any interest amounts which accrued after a period of 90 days from the last payment past due), (c) in each case due, payable and outstanding by the Beneficiary or the relevant third party (as applicable) at such time, following a Transaction Default or a Transaction Acceleration.
Transaction Default	<p>means that (i) the FI considers at any time (acting reasonably in accordance with its internal procedures) that the Final Recipient is unlikely to meet its payment obligations under a Transaction (without recourse by the FI to actions such as realisation of security); (ii) a Beneficiary has failed to meet a payment obligation for at least 90 consecutive calendar days under a Transaction; or (iii) with respect to Letters of Credit or Bank Guarantees where the FI, under a Transaction, paid or had the obligation to pay a Letter of Credit Amount or a Bank Guarantee Amount to the Beneficiary and the FI should have received as a result payment from a third party, such third party has failed to meet said payment obligation.</p>
Transaction Acceleration	<p>means the occurrence of an event of default (howsoever defined) under a Transaction which has entitled the FI to accelerate</p>

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	<p>payment of any amounts owed to it and the FI has exercised such right of acceleration (or is prevented from exercising such rights of acceleration solely by application of mandatory laws and regulations preventing or staying the exercise of such right).</p>
Transaction Restructuring	<p>means that the FI acting in a commercially reasonable manner and in accordance with its standard internal procedures, agrees to the restructuring of a eligible Transaction such that the amount of principal scheduled to be paid, and/or any interest amount due, by the relevant Final Recipient is reduced, in order to improve the collectability of the claims arising from the relevant Transaction.</p>
Payment Demands	<p>The Guarantor shall pay any amounts claimed by the FI within 60 calendar days of the relevant Payment Demand date</p> <p>Payment Demands shall be:</p> <ul style="list-style-type: none"> a) in respect of Covered Amounts relating to Transactions included in the Portfolio, such Covered Amounts having been reported to the Guarantor by not later than the third Report Date following the calendar quarter in which such Covered Amount have been incurred; b) sent during a specific period as further specified in the Guarantee Agreement.
Recoveries	<p>Recovery means each and every amount, net of recovery and foreclosure costs (if any), recovered or received by the FI, including by way of set-off, in respect of Covered Amounts, with the exception of any amounts received by the FI in accordance with the terms of a separate guarantee agreement with a guarantee institution on the portion of the Transaction not covered by the Guarantee. For the avoidance of doubts, Financial Intermediaries shall respect the FI Risk Retention at all times.</p> <p>All Recoveries shall be shared <i>pari passu</i> between the Guarantor and the FI, in the same proportion of the Guarantee Rate (i.e. [50]%).</p> <p>The FI shall send to the Guarantor at any relevant time, but not later than 30 days after the end of each calendar quarter a recovery notice with accompanying recoveries schedule and shall pay to the Guarantor any relevant amount, within three months of the end of each calendar quarter in which Recoveries are recovered or received by the FI.</p>
Currency of the Transactions and FX mechanism	<p>All amounts referred to and payments made under the Guarantee Agreement by and to the EIF shall be in euro.</p> <p>Following approval by EIF, the FI may include in the Portfolio Transactions denominated either in euro, Bulgarian lev, and potentially in USD. With respect to the Bulgarian lev and USD denominated transactions, the following currency conversion mechanism, as may be further detailed in the Guarantee Agreement, shall apply:</p> <ul style="list-style-type: none"> (i) Inclusions: for the purposes of determining the Portfolio Volume, the principal amount of Transactions denominated in

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	<p>Bulgarian lev or in USD shall be converted into euro using the relevant foreign exchange rate displayed by the European Central Bank (“ECB”) on its website (www.ecb.int) on the effective date of the Guarantee Agreement;</p> <p>(ii) Covered Amounts: payments made by the EIF to the FI in respect of a Covered Amount shall be calculated by converting the Covered Amounts denominated in Bulgarian lev or USD into euro using the relevant foreign exchange rate displayed by the ECB on its website not earlier than four business days prior to the date of payment;</p> <p>(iii) Recoveries: Recoveries paid by the FI to the EIF shall be calculated by converting the Recoveries denominated in Bulgarian lev or USD into euro using the relevant foreign exchange rate displayed by the ECB on its website not earlier than four business days prior to the date of payment.</p>
State aid	<p>The FI shall ensure, in respect of the Transactions included in the Portfolio, compliance with applicable State aid rules. i.e. the de minimis Regulation. For such purpose and before entering into a Transaction, the FI shall calculate the Transaction’s Gross Grant Equivalent (GGE) in accordance with art. 4, par. 6(b) of the de minimis Regulation, ensure that, including the GGE of the Transaction, the total GGE received by the Final Recipient over the relevant timeframe is not higher than the relevant threshold set out in Article 2 of the de minimis Regulation, and report the GGE of individual Transactions to EIF.</p> <p>The rules for cumulating of the aid shall apply in accordance with Articles 3 and 5 of the de minimis Regulation.</p> <p>EIF and the Bulgarian Ministry of Economy will provide further instructions on compliance with the above-mentioned state aid regime, in the form of separate guidelines (“State-aid and Reporting Guidelines”), prior to entering in Guarantee Agreements.</p>
De minimis Regulation	<p>Means Commission Regulation (EU) No 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.</p>
Trigger Event	<p>Means any of a Cumulative Default Rate Trigger Event and Portfolio Trigger Event.</p> <p>A Cumulative Default Rate Trigger Event occurs if, on one or more specified date(s) during the Inclusion Period, the aggregate outstanding principal amount of defaulted Transactions exceeds a predetermined level.</p> <p>A Portfolio Trigger Event occurs if, on one or more specified dates during the Inclusion Period, the aggregate committed principal amount of Transactions included in the Portfolio does not reach a predetermined level.</p>

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<p>Guarantee Termination Events</p>	<p>The Guarantee Agreement will set out standard events of default, including non-payment of amounts due under the Guarantee Agreement, breach of obligation, insolvency, unlawfulness and misrepresentation.</p> <p>The occurrence of an event of default, if not 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 the Intermediary would be calculated in accordance with the terms of the Guarantee Agreement.</p>
<p>3. The Portfolio</p>	
<p>Portfolio Volume</p>	<p>The aggregate principal amount of all Transactions entered into by the FI and included in the Portfolio for cover by the Guarantor. EIF will require that the target portfolio be granular.</p> <p>No replenishment of the Portfolio is envisaged after the end of the Inclusion Period.</p>
<p>Maximum Portfolio Volume</p>	<p>The maximum size (in EUR) of the Portfolio Volume.</p>
<p>Agreed Portfolio Volume</p>	<p>The aggregate principal amount of the Transactions that may be included in the Portfolio, as agreed for each relevant Guarantee. The Agreed Portfolio Volume will correspond to a percentage of the Maximum Portfolio Volume (typically 75%) that may be increased up to the Maximum Portfolio Volume at EIF’s discretion depending on successful ramp-up of the Portfolio by the FI.</p> <p>For the avoidance of doubt, a volume of the Portfolio below the Agreed Portfolio Volume shall not affect the legal validity of the Guarantee.</p> <p>At any time during the Inclusion Period, the Agreed Portfolio Volume may be reduced by EIF if the Financial Intermediary materially lags behind its Portfolio ramp up time schedule as reflected in the Guarantee Agreement.</p>
<p>Inclusion Period</p>	<p>The period during which Transactions may be included in the Portfolio by the FI.</p> <p>Such period shall typically last between 18 and 36 months (unless terminated earlier because of a Trigger Event).</p> <p>Inclusions occur automatically upon receipt by EIF of an inclusion notice submitted by the FI on a quarterly basis, and the Transactions are deemed to be covered from their respective effective date.</p> <p>During the Inclusion Period the FI may include new Transactions in the Portfolio to replenish the volumes of expired Transactions up to the Agreed Portfolio Volume. The replenishment and extension of existing volumes will be reviewed by EIF on an annual basis and may be terminated unilaterally.</p>

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Final Recipient	SMEs and potentially Small Mid-Caps, in consideration of the final structure of the Guarantee, which comply with all relevant Eligibility Criteria.
SME	Any micro, small or medium-sized enterprise as defined in the Commission Recommendation.
Small Mid-Caps	An enterprise within the meaning of Article 1 of the Title I of the Annex of the Commission Recommendation which is not an SME and has up to 499 employees calculated in accordance with Articles 3, 4, 5 and 6 of the Title I of the Annex of the Commission Recommendation, the annual turnover of which does not exceed EUR 100 million or the annual balance sheet of which does not exceed EUR 86 million.
Commission Recommendation	The Commission Recommendation 2003/361/EC concerning the definition of micro, small and medium-sized enterprises (OJ L124, 20.05.2003, p.36), as amended, restated, supplemented and/or substituted from time to time.
Transactions	Bank Guarantees, Letters of Credit, revolving credit lines entered into for the purpose of issuing Bank Guarantees and Letters of Credit, multi-purpose loans, or any other type of debt financing specified in the Guarantee Agreement entered into during the Inclusion Period, and complying with all relevant Eligibility Criteria.
Letter of Credit	An irrevocable undertaking of the issuing bank or the FI, issued upon request of the Final Recipient, to effect payment in favour of a seller - the beneficiary of the Letter of Credit, against presentation by such seller of complying documents required by the Letter of Credit within the specified time limits.
Letter of Credit Amount	The amounts committed by the FI under a Letter of Credit.
Bank Guarantee	An irrevocable obligation by the FI to pay a specified amount to a recipient (corresponding to the beneficiary of the Bank Guarantee, who is a third party to the Transaction in consideration) if such recipient declares non- fulfilment by the Final Recipient of the relevant contractual obligations. Certain bank guarantees might have unlimited initial validity (for example customs undertakings) with certain conditions for early termination.
Bank Guarantee Amount	The amount guaranteed by the FI under a Bank Guarantee.
Eligibility Criteria	Final Recipients, Transactions and the Portfolio, as relevant, will have to comply with a set of Eligibility Criteria set out in Appendix A to this indicative term sheet. Additional criteria may be set out on a case-by-case basis, such as: a) minimum internal rating of the enterprise;

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	<p>b) maximum principal amount of Transactions entered into with Final Recipients: (1) internally rated below a defined rating level in accordance with the financial intermediary rating systems, (2) operating in given NACE Sectors (expressed by NACE Code – Rev.2 Division Level).</p> <p>A breach of any of the Eligibility Criteria shall result in an exclusion of the relevant Transaction from the Portfolio, save as specified in the “Exclusion Process”.</p>
<p>Excluded Final Recipients and Restricted Sectors</p>	<p>Final Recipients which are classified according to the criteria set out in Appendix B or are active (as further specified) in one of the sectors listed in Appendix B are not eligible to enter into Transactions covered by the Guarantee.</p>
<p>Exclusion Process</p>	<p>If a Transactions which has been included in the Portfolio does not comply with relevant Eligibility Criteria, it shall be excluded from the Portfolio (and shall not be covered by the Guarantee).</p> <p>However, if a Transaction is or becomes non-eligible 1) as a result of any event or circumstance beyond the control of the FI and 2) after a Payment Demand relating to such Transaction was served by the FI to the Guarantor such Transaction shall remain covered by the Guarantee.</p> <p>Similarly, if a Transaction is or becomes non-eligible 1) as a result of any event or circumstance beyond the control of the FI but 2) before a Payment Demand relating to such Transaction was served by the FI to the Guarantor, then such Transaction shall remain covered by the Guarantee if the FI accelerated payment of all amounts owed to it under such Transaction no later than on the Report Date immediately following the date on which it became aware of the same. However, if the FI does not accelerate such Transaction within the timeframe specified above then the relevant Transaction shall be excluded from the Portfolio and shall be deemed never to have been covered by the Guarantee.</p> <p>The Portfolio Volume shall be adjusted following an exclusion from the Portfolio by deducting the aggregate committed principal amount of the Transactions excluded.</p> <p>If the Portfolio Volume is adjusted pursuant to this section, the FI may include one or more further Transactions in the Portfolio to extent that the Portfolio Volume does not exceed the Maximum Portfolio Volume and provided that such inclusions are made until the end of the Inclusion Period.</p>
<p>Transfer of Benefit</p>	<p>The FI shall pass on the benefit of the Guarantee to the underlying Final Recipients by reducing collateral requirements or the interest rate or fees normally charged to the Final Recipients. The mechanism of transfer of benefit shall be documented accordingly in the Guarantee Agreement.</p> <p>The FI shall undertake that amendments or changes to its credit policy from time to time shall in no circumstances adversely affect</p>

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	the mechanism of Transfer of Benefit to the Final Recipients under the relevant Transaction.
Servicing and Recoveries	<p>The FI shall perform the servicing of the Portfolio, including monitoring and recovery actions, in accordance with its credit and collection policy.</p> <p>The FI shall take recovery actions (including the enforcement of any security) in relation to each defaulted Transaction in accordance with its credit and collection policy.</p>
4. Miscellaneous	
Reporting	The FI shall provide the Guarantor within [30] calendar days ² after the end of each calendar quarter (the "Report Date") with quarterly information in a standardised form (see Appendix C), including among others, information on the Final Recipient covered by the Guarantee, Transaction entered into and relevant amounts outstanding.
Monitoring and Audits	<p>FIs and Final Recipients whose Transactions are covered by the Guarantee shall agree to allow and to provide access to information, documents and premises related to the Guarantee to the representatives of the European Commission (including the European Anti-Fraud Office (OLAF)), the Bulgarian/European Court of Auditors, EIF, agents of EIF, EIB, the Ministry of Economy, and any other national/European Union institution or national/European Union body which is entitled to verify the use of the Guarantee and any other duly authorized bodies under applicable law to carry out audit or control activities. To that effect, the FI shall also include appropriate provisions in this respect in each Transaction agreement.</p> <p>The FIs shall provide any information from time to time requested by EIF with the objective of assessing the Portfolio risk and the risk profile of the exposures of each contributor to the Facility.</p>
Compliance with Laws	<p>FIs shall comply in all respects with all laws and regulations (whether national laws and regulations or laws and regulations of the European Union) to which it may be subject, the breach of which may (i) adversely impact the performance of the Guarantee Agreement or (ii) adversely prejudice the interests of the Government of Bulgaria, EIF [or the NGF] [in case it participates in the financing structure] under the Guarantee Agreement.</p> <p>The FI shall include in the documentation evidencing the Transaction:</p> <p>(x) undertakings from the Final Recipients equivalent to those contained above and</p> <p>(y) any representations, warranties and undertakings from the Final Recipients for the purpose of ensuring that each Transaction</p>

² [FIs shall provide the Guarantor with such information within 20 calendar days with respect to information related to the last calendar quarter of each year.]

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	included in the Portfolio shall comply at any relevant time with the Eligibility Criteria.
Non-Cooperating Jurisdiction	Any jurisdiction that does not cooperate with the European Union in relation to the application of the internationally agreed tax standard (i.e. any jurisdiction classified “non-compliant” by the Organisation for Economic Cooperation and Development (OECD) and its Global Forum on Transparency and Exchange of Information for Tax purposes, from time to time, unless otherwise notified by EIF). Furthermore, where the relevant support is not reserved for operations, projects or activities implemented in the same jurisdiction where the concerned Financial Intermediary is incorporated, Financial Intermediaries (and sub-intermediaries) shall not be incorporated in Non-Cooperating Jurisdictions.
Data Protection Statement	Means the EIF statement on the processing operations of Applicants and Financial Intermediaries’ personal data, as published on the EIF’s website.
Publicity	<p>FIs shall carry out adequate information, marketing and publicity campaigns, including through their website or alternative ways of communication to achieve equivalent visibility, aimed at making the Facility known to enterprises in Bulgaria.</p> <p>FIs shall ensure that the Transaction agreements, promotional material, press releases and any publication on their website or alternative ways of communication to achieve equivalent visibility pertaining to the Facility contains a statement that the “(..) <i>transaction benefits from support from Bulgarian national and EU public resources pursuant to the Documentary Finance Facility.</i>”</p>
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 Luxembourg.

Specific additional key terms in case of a capped First Loss Portfolio Guarantee:

Guarantee Cap Rate	The Guarantee Cap Rate shall be determined by the Guarantor on a case-by-case basis and shall not exceed 25%.
Guarantee Cap Amount	<p>For each Guarantee the maximum aggregate amount of guarantee coverage is calculated based on the Actual Portfolio Volume, the Guarantee Rate and the Guarantee Cap Rate as follows:</p> <p>$\text{Guarantee Cap Amount} = \text{Actual Portfolio Volume} \times \text{Guarantee Rate} \times \text{Guarantee Cap Rate}$</p> <p>The Actual Portfolio Volume is the aggregate amount of the principal committed to be available under Transactions included in the Portfolio from time to time, provided that, for the avoidance of doubt:</p> <p>i) if any Transaction is expired, prepaid and/or repaid, then this shall not reduce the Actual Portfolio Volume;</p>

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	<p>ii) if a Transaction is excluded from the Portfolio as a result of the exclusion process, then such Transaction shall not be taken into account for the calculation of the Actual Portfolio Volume; and</p> <p>iii) the Actual Portfolio Volume may in no circumstances exceed the Agreed Portfolio Volume.</p>
Covered Amounts	The Guarantee does not cover Covered Amounts in excess of the Guarantee Cap Amount.

APPENDIX A
ELIGIBILITY CRITERIA

Each Transaction included in a Portfolio shall comply with the Final Recipient Eligibility Criteria and the Transaction Eligibility Criteria, as set out below, and any additional eligibility criteria set out in the specific terms of the relevant Guarantee Agreement.

It should be noted that the Eligibility Criteria might be adapted during the implementation of the Facility in order to cater for relevant market developments and legislative changes. In any case, any such change will not affect eligibility of Transactions already included in the Portfolio and will be subject to the agreement of the parties.

The Eligibility Criteria shall be met at all times, except the Final Recipient Eligibility Criteria and the Transaction Eligibility Criteria, which shall be met on the signing date of the document(s) evidencing the relevant Transaction (or where specifically indicated, on the date of the Final Recipient's application for a Transaction). For each additional Eligibility Criteria, if any, the specific terms of the relevant Guarantee Agreement shall indicate whether or not it shall be met at all times.

A breach of any of the Eligibility Criteria shall result in an exclusion of the relevant Transaction(s) from the Portfolio save as specified in the "**Exclusion Process**".

1. Final Recipient Eligibility Criteria

Final Recipients shall comply with the following eligibility criteria:

- (a) The Final Recipient is not subject to collective insolvency proceedings nor fulfills the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors, as per Article 4, par. 3(a) of the de minimis Regulation. In case of large undertakings, the Final Recipient shall be in a situation comparable to a credit rating of at least B-;
- (b) The Final Recipient is potentially economically viable and is not in default in respect of any other loan either lent by the FI or by another financial institution according to the FI's credit and collection policy (which include checks carried out by the FI in external databases).
- (c) The Final Recipient shall be established and operating in the Republic of Bulgaria under the Bulgarian Commercial Act (**Търговски закон**), promulgated in State Gazette, Issue No 48/18.06.1991 (as amended and supplemented) or the Co-operations Act (**Закон за кооперациите**) promulgated in State Gazette, Issue No. 113/28.12.1999 (as amended and supplemented) and/or under equivalent laws of any European Union Member State.
- (d) The Final Recipient shall not be established in a Non-Cooperating Jurisdiction;
- (e) The Final Recipient 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 Final Recipient);
- (f) The Final Recipient shall not be in any Condition of Exclusion.*

* *This eligibility criterion shall be deemed to be met based on undertakings or representations by the Final Recipient.*

2. Transaction Eligibility Criteria

Transaction shall comply with each of the following eligibility criteria:

- (a) The Transaction shall be newly originated;
- (b) The Transaction currency shall be euro, Bulgarian Lev or USD;

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- (c) The Transaction shall be any type of debt financing as listed in Annex II to the Open Call for Expression of Interest to select Financial Intermediaries under the Documentary Finance Facility;
- (d) The initial amount committed by the Financial Intermediary under each Transaction shall not exceed EUR [3] million, or any other amount as specified in the relevant Guarantee Agreement following EIF's risk assessment;
- (e) Other than as a result of a permitted Transaction amendment, and subject to criterion 4(d) below, the maximum contractual maturity of a Transaction (rounded down to the nearest calendar quarter), shall not exceed five (5) years or such other period as specified in the relevant Guarantee Agreement following EIF's risk assessment, including the relevant grace period if any;
- (f) The Transaction shall comply with the principles of the Transfer of Benefit, as specified in the Guarantee Agreement;
- (g) The Transaction shall not finance activities mentioned in Article 1 (Scope) and in Article 3(2), second paragraph of the *De minimis* Regulation;
- (h) The Transaction shall not finance activities linked to manufacture, wholesale and retail trade of fossil fuels and derivatives (including but not limited to refined petroleum products).

For the avoidance of doubt, Transactions shall not be used to pre-finance grants.

3. Portfolio Eligibility Criteria

- (a) The sum of the outstanding amount of multi-purpose loans shall not exceed 25% of the Agreed Portfolio Volume;
- (b) The sum of the outstanding amount of all Transactions in the Portfolio granted to Final Recipients in the retail trade sector shall not exceed 30% of the Agreed Portfolio Volume.

Conditions of Exclusion

Final Recipients shall be required to declare in writing to the Financial Intermediary that they are not in one of the situations:

- (a) the Final Recipient is as of the signing date of the document(s) evidencing the relevant Transaction bankrupt or being wound up, has as of the signing date of the document(s) evidencing the relevant Transaction its affairs administered by the courts, has during the last five (5) years from such date entered into an arrangement with creditors, has suspended business activities, is as of the signing date of the document(s) evidencing the relevant Transaction the subject of proceedings concerning those matters or is as of the signing date of the document(s) evidencing the relevant Transaction 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 signing date of the document(s) evidencing the relevant Transaction, the Final Recipient 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 Transaction. Alternatively, where such judgments exist the undersigned declares that the Final Recipient 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 signing date of the document(s) evidencing the relevant Transaction, the Final Recipient 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

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activity, where such illegal activity is detrimental to the Union's financial interests. Alternatively, where such judgments exist the undersigned declares that the Final Recipient 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 signing date of the document(s) evidencing the relevant Transaction, the Final Recipient, or persons having powers of representation, decision making or control over the Final Recipient, is guilty of misrepresentation in supplying information required for selection as a Final Recipient or fails to supply this information; and
- (e) as of the signing date of the document(s) evidencing the relevant Transaction the Final Recipient, or persons having powers of representation, decision making or control over the Final Recipient 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.

APPENDIX B
EXCLUDED FINAL RECIPIENTS AND RESTRICTED SECTORS

1. **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 ("**Illegal Economic Activity**").
Human cloning for reproduction purposes is considered an Illegal Economic Activity.
2. **Tobacco and Distilled Alcoholic Beverages**
The production of and trade in tobacco and distilled alcoholic beverages and related products.
3. **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.
4. **Casinos**
Casinos and equivalent enterprises.
5. **IT Sector Restrictions**
Research, development or technical applications relating to electronic data programs or solutions, which:
 - (a) aim specifically at:
 - (i) supporting any activity included in the Restricted Sectors referred to under 1. to 4. (inclusive) above;
 - (ii) internet gambling and online casinos; or
 - (iii) pornography,or which:
 - (b) are intended to enable to illegally:
 - (i) enter into electronic data networks; or
 - (ii) download electronic data.
6. **Life Science Sector Restrictions**
When providing support to the financing of the research, development or technical applications relating to
 - (a) human cloning for research or therapeutic purposes; or
 - (b) Genetically Modified Organisms ("**GMOs**"),the Transaction Agent will require from the Intermediary 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.

The binding list of Restricted Sectors shall be set in the Guarantee Agreement.

APPENDIX C
INDICATIVE REPORTING TEMPLATE

[To be reviewed]

PART A - A1 SMEs / Small MidCaps

A.1.1	A.1.2.1	A.1.2.2	A.1.3.1	A.1.3.2	A.1.4	A.1.5.1	A.1.5.2	A.1.6	A.1.7	A.1.8	A.1.9	A.1.10	A.1.11	A.1.12	
Beneficiary ID	Name (in Latin)	Наименование на МСП (на кирилица)	Address	Адрес	Postal Code	Place	Населено място	Region (NUTS lev2)	Country	Date of establishment	Sector	Number of employees	Total turnover (EUR)	Total assets (EUR)	Comments
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	BG(Mandatory)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Optional

PART A - A2 NEW SME TRANSACTIONS

A.1.1	A.2.1	A.2.1.1	A.2.2	A.2.3	A.2.4	A.2.5	A.2.6	A.2.7	A.2.8	A.2.9	A.2.10	A.2.11	A.2.12	A.2.13	
Beneficiary ID	Transaction ID	Transaction Type	Currency	Principal amount	Tenor (months)	Grace period (months)	Signature date	Reference rate	Interest rate/margin	Loss Given Default	Value of collateral	Main type of collateral	Publication (Y/N)	Gross Grant Equivalent (GGE)	Comments
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Optional

PART B - LIST OF INCLUDED SME TRANSACTIONS

A.1.1	A.2.1	A.1.13	A.1.13.1	A.1.13.2	B.1	B.2	B.2.1	B.3	B.4	B.7	B.8
Beneficiary ID	Transaction ID	Beneficiary internal scoring/rating (Rating Class)	Financial Intermediary rating scale	Financial Intermediary business segment	Cumulative disbursement	Current outstanding principal amount	Contractual outstanding principal amount	End of disbursement	Total outstanding principal amount (performing)	Defaulted Transaction	Date of Defaulted Transaction
Mandatory	Mandatory	Mandatory, if applicable	Mandatory, if applicable	Mandatory, if applicable	Mandatory	Mandatory	Mandatory	(Y/N) Mandatory	Mandatory	(Y/N) Mandatory	Mandatory

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PART D - EXPIRED TRANSACTIONS

A.1.1	A.2.1	D.1
Beneficiary ID	Transaction ID	Expiry date
Mandatory	Mandatory	Mandatory

PART E - EXCLUDED TRANSACTIONS

A.1.1	A.2.1	E.1	E.2
Beneficiary ID	Transaction ID	Event date	Event type
Mandatory	Mandatory	Mandatory	Mandatory

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PART F - MODIFICATIONS

A.1.1 Beneficiary ID	A.2.1 Transaction ID	F.1 NEW value of the parameter to modify
Mandatory	Mandatory	Mandatory

F.1 is the correct value of a given variable to be used to replace the previous erroneously reported. The number of F.1 fields should be equal to the nbr of changes/modification. E.g. If for the same SME and SME Transaction the nbr of employees and the grace period should be modified, the F table should be as follows:

A.1.1 Beneficiary ID	A.2.1 Transaction ID	A.1.10 NEW Number of employees	A.2.6 NEW Grace period (months)
SME A	LOAN A	52	6

only for GGE changes

A.1.1 Beneficiary ID	A.2.1 Transaction ID	A.2.4 New Principal amount	A.2.5 New term to maturity (months)	F.3 Modification Signature Date	F.4 Additional Gross Grant Equivalent amount
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory

PAYMENT DEMAND SCHEDULE

A.1.1 Beneficiary ID	A.2.1 Transaction ID	A.2.2 Currency	C.1 Event type date	C.2 Event type	C.3 Defaulted principal amount	C.4 Unpaid normal interests up to 90 days	C.6 Recovery date	C.7 Recovery amount
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory

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LOSS RECOVERY SCHEDULE

A.1.1	A.2.1	C.5	C.6	C.7
Beneficiary ID	Transaction ID	Recovery payment currency	Recovery date	Recovery amount
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory

PART G - GGE REPORT IN CYRILIC

	A.1.1.	A.1.2. (In cyrilic)	A.1.3. (In cyrilic)	A.1.4.	A.1.5. (In cyrilic)	A.1.8.	A.2.7.	A.2.2.	A.2.18.
Финансов посредник	Идент. номер на МСП (фискален номер/код)	Наименование на МСП	Адрес	Пощенски код	Място	Дата на учредяване	Дата на сключване на заема	Валута	Брутен еквивалент на безвъзмездната помощ
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory (dd/mm/yyyy)	Mandatory (dd/mm/yyyy)	Mandatory	Mandatory

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