

ANNEX I TO THE AMENDED CALL FOR EXPRESSION OF INTEREST TO SELECT FINANCIAL INTERMEDIARIES UNDER RSI

- EXPRESSION OF INTEREST -



To:

European Investment Fund
RSI

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

EXPRESSION OF INTEREST

Expression of Interest for RSI Guarantee / RSI Counter-Guarantee (*)

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 Call for Expression of Interest in the framework of RSI Facility implemented by EIF. Capitalised expressions utilised herein shall have the meaning attributed to them in the above mentioned Call for Expression of Interest.

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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 Entities], by signing this form certifies/certify and declare(s) 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 Guarantee Agreement/Counter-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 signing of the Guarantee Agreement/ Counter-Guarantee Agreement (*).

Yours sincerely,

Signature(s):

Stamp of the Applicant (if applicable):

Name and position in capitals:

Applicant's name

Place:

Date (day/month/year):

(*) select as appropriate

Appendices

Appendix 1 Applicant/Participating Entity Identification

Appendix 2 Information Requirements

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Appendix 1 to the Expression of Interest.

APPLICANT/PARTICIPATING ENTITY IDENTIFICATION¹

| INFORMATION REQUIRED | |
|----------------------|--|
| APPLYING FOR: | <input type="checkbox"/> RSI GUARANTEE <input style="margin-left: 100px;" type="checkbox"/> RSI COUNTER-GUARANTEE |
| APPLYING AS: | <input type="checkbox"/> APPLICANT <input style="margin-left: 100px;" type="checkbox"/> PARTICIPATING ENTITY |
| NAME | |
| LEGAL FORM | |
| CONTACT DETAILS | Title: Mr/Mrs/other (delete or complete as appropriate) Surname: Forename(s): Function: Address: Telephone: Fax: Email: |

¹ In case of a joint application, this form shall be completed by the Applicant and all Participating Entities.

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Appendix 2 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.

1. FINANCIAL INTERMEDIARY'S ACTIVITY

1.1. General information

1.1.1. Description of the Financial Intermediary (date of establishment, number of employees capital structure and shareholders, banking group, organisational structure, distribution network, number of branches, etc.)

1.1.2. Financial Intermediary legal status, regulatory framework and applicable regulations,

1.1.3. Financial Intermediary rating and rating agencies' reports (if applicable)

1.1.4. Definition of the different internal business segments of the Financial Intermediary (including the relevant segments applicable for SMEs and Small Mid-cap)

1.2 SME and Small Mid-cap activity

1.2.1.

a) for Financial Intermediaries applying for RSI Guarantee: description of the lending activity related to SMEs and Small Mid-caps (description of the lending/lease products offered to SMEs and Small Mid-caps, purpose, min. and max. maturity of loans/leases, rate of financing (as % of borrower financing needs), min. and max. loan/lease amount, repayment features, etc.)

b) for Financial Intermediaries applying for RSI Counter-Guarantee: description of the guarantee activity related to SMEs and Small Mid-caps (description of selection of Sub-Intermediaries, description of the guarantee products offered to SMEs and Small Mid-caps, applicable guarantee rate, type and features of the loans/leases covered by the guarantees (term, repayment features, amounts, etc).

1.2.2. Business strategy (e.g. positioning, objectives, strengths, core products, geographic areas/focus, origination volumes), market share, main competitors – current and outlook

1.2.3. Description of the business strategy for research and/or innovation driven SMEs and Small Mid-caps (if available)

1.2.4. Indicative percentage of research and/or innovation driven SMEs and Small Mid-caps financing out of total SME and corporate loan/lease book (or as case may be total guarantee portfolio).

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2. FINANCIAL STANDING

2.1. Key financial figures for the last 3 full years available according to the table below:

| Currency: [•]'000 | 2010 | 2011 | 2012 |
|--|------|------|------|
| Net profit (amount) | | | |
| Return on equity (%) | | | |
| Total assets | | | |
| Total Loan Book ² (amount) | | | |
| Total SME and Small Mid-cap Loan Book (in % of the Corporate Loan Book) ³ | | | |
| Cost/income (%) | | | |
| Shareholders' equity (amount) | | | |
| Tier 1 capital ratio (%) (if applicable) | | | |
| Solvency ratio (%) (if applicable) | | | |

2.2. Annual reports (including full set of financial statements with independent auditors report) for the last three years (to be annexed to the Expression of Interest in electronic version only)

3. OPERATING PRINCIPLES (WITH RESPECT TO SMES AND SMALL MID-CAPS ACTIVITY).

3.1. Credit policy: internal procedures and guidelines

3.1.1. Risk assessment procedures (internal rating/scoring system)

3.1.1.1. Description of the rating models/scoring systems in place

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

3.1.2. Collateral requirements

3.1.2.1. Description of the collateral requirements including personal guarantees (type, valuation, haircuts, down payment and residual value for leases, etc.)

² For Guarantors: the Total Guarantee Portfolio.

³ For Guarantors: the Total SME and Small Mid-cap Guarantee Portfolio (as % of Total Guarantee Portfolio).

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3.1.2.2. Description of the Loss Given Default (LGD) model and its validation (if applicable)

3.1.3. Loan/Lease (or as case may be Guarantee) approval procedures (description of the process, authorities, limits, acceptance /decline rates)

3.1.4. Dunning procedure and monitoring (monitoring of payment dates, frequency of contact with the client, early warning system, etc.)

3.1.5. Recovery procedures (steps taken, departments involved, indication whether recovery process is dealt with in-house or is outsourced, length of recovery procedures). In case of Guarantors, description of the principles of sharing recoveries with Sub-Intermediaries, process and operating modalities.

3.2. Risk management: methods utilised for loss forecasting, provisioning and credit risk management at portfolio level.

4. SME DATA AND PERFORMANCE

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

- a) SMEs and Small Mid-Caps (to the extent the information is available, otherwise by internal segment); and
- b) Eligible Transactions or, if such information is not available, Comparable Transactions (in this case the Applicant should describe to the fullest extent possible the differences with the Eligibility Criteria).

And, in case of an application for RSI Guarantee: separately for loans and financial leases, if the Expression of Interest covers both types of SME Transactions.

4.1. TRANSACTION VOLUMES

4.1.1. Annual number and principal volume of new Transactions granted over the past 5 years. For each year, average maturity of new loans/leases should be indicated

4.1.2. Total number and principal volume of Transactions outstanding at the most recent available year-end split by:

- i) rating class (e.g. internal scoring/ rating/ probability of default/expected loss) (if available)
- ii) internal segment;
- iii) industry (using NACE Rev.2 (Division Level));
- iv) region;
- v) currency (if relevant);
- vi) type of borrowers (start-ups, SMEs, Small Mid-caps,...) (if available).

4.1.3. Average collateralisation level of the Transaction portfolio outstanding at the most recent available year-end or, if available, average LGD level.

4.1.4 Breakdown of the initial amount of Transactions originated in the last 6 months by initial rating class (if available).

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4.2. INTEREST RATES AND REMUNERATION

4.2.1. In respect to Financial Intermediaries applying for RSI Guarantee: current pricing policy applied by type of product, current cost of funding, description of interest spread components, including a) administrative costs component, b) minimum risk related margin, split: ii) by risk category of the borrower and iii) to the extent relevant, by currency c) other components, if applicable.

4.2.2. In respect to Financial Intermediaries applying for RSI Counter-Guarantee: current pricing policy with regard to guarantees, basis of the calculation and frequency of collection of the guarantee premiums, components of the guarantee premium (admin, cost of risk, etc.), premium calculation methods (modulation to the type of loan, risk rating of the SME, guarantee rate, collateral, etc.), the level of subsidisation of the guarantee premiums, description of modalities of premium collection (from SME, through Sub-Intermediaries, etc.

4.3. PERFORMANCE TRACK RECORD

4.3.1. If rating models are used for the SME and Small Mid-cap activity, please provide (for each model in use):

- 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 versus modelled PD and the evolution of the explanatory power of such model (e.g. Gini score) over the last 3 years;
- c) 1-year, 2-year and 3-year rating migration tables over the last 3-years;
- d) the latest back-testing information on the LGD model evidencing the actual versus modelled LGD.

4.3.2. If no rating model is in place, please provide for each year of origination of Transactions:

- a) Aggregate initial principal amount of Transactions granted in each year (EUR or relevant currency);
- b) Aggregate number of Transactions granted in each year (by currency);
- c) Aggregate defaulted amount for each year following origination, i.e. aggregate outstanding principal amount at the time of default for the Transactions belonging to the same vintage (i.e. granted during the same year) that defaulted in each year after their origination date, as presented in the table below:

VINTAGE ANALYSIS TABLE⁴:

⁴ Vintages are created by reference to all selected Transactions originated during the same year.

Default definition: the default definition used must be in line with the Applicant internal procedures (e.g. a loan is regarded as defaulted if either it becomes more than X days past due or it has been written-off (other default criteria can also be used)). The default definition used must be specified.

Defaulted amounts: The aggregate of the outstanding principal amount of all Transactions that defaulted in each year following their origination date is tracked separately for each vintage. The vintage analysis table is thus produced by recording in each cell - for each vintage line - the total outstanding amount at the time of default for

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| Year of origination | Originated Transaction volume (by currency) | Originated Transactions (number) | Defaults occurred within 1, 2, 3, ... years (by currency) | | | | | | Cumulative defaults (sum) (by currency) |
|---------------------|---|----------------------------------|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | |
| | | | | | | | | | |
| 2008 | | | | | | | | | |
| 2009 | | | | | | | | | |
| 2010 | | | | | | | | | |
| 2011 | | | | | | | | | |
| 2012 | | | | | | | | | |

4.3.3. Average recovery rate: the average amount recovered to date on the defaulted Transactions for at least 5 years, on aggregate basis and split by currency, product, risk categories, as relevant.

4.3.4. Average time lags between the granting of the Transaction, the payment default by the borrower and the Transaction being written off (end of recovery period)

5. RSI IMPLEMENTATION MEASURES

5.1. Overall RSI implementation strategy, marketing and publicity strategy, description of product types (existing or newly created), indication of the nature, type of activities and lead time expected for preparation of the RSI rollout, envisaged procedures for allocation of Transactions to the Portfolio.

5.2. Proposed Agreed Portfolio Volume (size of the Portfolio) to be originated during the Availability Period of 2 years

5.3. Estimated principal amounts of Eligible Transactions to be originated in each quarter of the Availability Period, split between SMEs and Small Mid-Caps

5.4. Determination of the Financial Benefit, i.e. envisaged reduction level of risk related margin (or, as case may be the guarantee risk premium) to be charged under Eligible Transactions

transactions that have defaulted in the year of the relevant column (1, 2, 3, ...). For instance, if the Time to default [Time to default = default date - origination date, expressed in number of months] is comprised between 0-12 months, i.e. transactions defaulted within the first year of their life, the respective defaulted amount is to be shown in the column corresponding to year 1; if the time to default is comprised between 13-24 months, the respective defaulted amount is to be shown in the column corresponding to year 2, etc.

Cumulative defaults: the last column of the table contains the sum of all the defaults shown in the previous columns. It indicates the cumulative defaults occurred for a given vintage during the observation period. Such amount divided by the corresponding originated volume gives the cumulative default rate for the vintage

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before taking into account the cost of the RSI Guarantee (or as case may be the RSI Counter-Guarantee).

If the level of such reduction depends on credit risk rating of the borrower, the currency of Eligible Transaction or other conditions, appropriate details should be presented.

5.5. Expected types of collateral, applied haircuts and average collateralisation levels for Transactions to be included in the Portfolio (separately for SMEs and Small Mid-Caps, by product, risk category) or, if available, the expected LGD level of the Transaction to be included in the Portfolio. Indication if first charge mortgage on residential/commercial property or other charges/collateral will be used.

6. EXPECTED CHARACTERISTICS OF TO-BE-CONSTRUCTED PORTFOLIO

The following information is required for the ex-ante assessment of the Portfolio.

6.1. Internal segmentation

Internal segments under which the Financial Intermediary intends to classify Eligible Transactions to be included in the Portfolio.

6.2. Economic sector

6.2.1. Expected minimum number of sectors in the Portfolio.

6.2.2. Expected Industry sectors which will constitute the majority of the Portfolio (using NACE Rev.2 (Division Level) and their expected weights in the Portfolio (respectively by number and amount of Eligible SME Transactions).

6.2.3. Expected average internal rating/Probability of Default (PD) for each of main industry sectors indicated under point 6.2.2. above.

6.3. Start ups

Expected concentration on start-up entities and micro-enterprises in the Portfolio.

6.4. Regional breakdown

Expected breakdown by region of the Portfolio.

6.5. Rating of the Portfolio

Expected breakdown of the Portfolio by risk category, e.g. internal scoring/ rating/ probability of default/expected loss and by internal segment.

6.6. Transaction characteristics

6.6.1. Expected features of the Eligible Transactions (if applicable separately for SMEs and Small Mid-caps):

a) in case of Financial Intermediaries applying for RSI Guarantee- the features of SME Transactions (separately for loans and leases) such as: principal amount (in case of leases – finance amount), down payment (in case of leases), amortisation profile, interest rate type, indexation, frequency of repayments, currency, embedded optionalities (payments holidays, maturity extensions, etc);

b) in case of Financial Intermediaries applying for RSI Counter-Guarantee: the features of the SME Transactions to be covered by the Financial Intermediary guarantees as above and in addition: the guarantee rate.

6.6.2. Indicative expected breakdown of the Portfolio by principal amount (or guarantee amount as case may be).

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6.6.3. Expected concentration of bullet Eligible Transactions.

6.7. Currency (if applicable)

Expected maximum concentration for Eligible Transactions for SMEs and Small Mid-Caps in the Portfolio denominated in currencies other than EUR (% of the Portfolio for each currency).

6.8. Maturity profile

Expected weighted average maturity (WAM) and weighted average life (WAL) for the Portfolio.