



SME INITIATIVE ROMANIA: THE UNCAPPED GUARANTEE INSTRUMENT

OPEN CALL FOR EXPRESSION OF INTEREST TO SELECT FINANCIAL INTERMEDIARIES

(Published on 21.10.2016)

The objective of this Open Call for Expression of Interest (the “**Call**”), launched by the European Investment Fund (“**EIF**”), is to select eligible financial institutions to become Financial Intermediaries under the SME Initiative Uncapped Guarantee Instrument (the “**Facility**”), as further described below.

All applications for guarantees under the SME Initiative Romania to be submitted to the EIF should conform to the Call.

In addition to this explanatory document, the Call contains the following documents:

- Annex I: Expression of Interest to be completed by applicants, including Appendices 1 - 3
- Annex II: Indicative term sheet for uncapped direct portfolio guarantees available under the Facility (the “**Guarantees**”)

Capitalised terms and expressions shall have the meaning attributed to them in Section 8 below or as elsewhere defined in this document and its Annexes, unless the context requires otherwise.

1. Background

Following the conclusions of the European Council of 27 and 28 June 2013, the European Commission, together with the EIB Group (i.e. European Investment Bank and EIF), completed in December 2013 an ex ante assessment exercise showing a market failure in the provision of finance to viable SMEs in the European Union, including in Romania. Such ex ante assessment stressed the importance of a fast response to revitalise the blocked credit channel to SMEs.

With a view of providing such response, the EIB Group and the European Commission set-up a joint initiative (the “**SME Initiative**”) as an anti-crisis measure with the purpose of supporting the impaired financing of European SMEs, by expanding joint risk-sharing financial instruments to leverage private sector and capital markets investments in SMEs. The program contemplates the combination of different resources, blending European Structural and Investment Funds (“**ESIF**”) and EU budget under the programme “Horizon 2020” with the guaranteeing and lending capacity of the EIB Group. This combination entails pooling the different financial contributions in financial instruments set up at the European Union level under Article 39(2) of EU Regulation No. 1303/2013 (the “**Common Provisions Regulation**”).

To launch the SME Initiative in Romania, a Single Dedicated National Programme has been approved by the European Commission on 23 March 2016¹. This programme aims to increase the access of SMEs to financing, and support the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes.

2. SME Initiative Uncapped Portfolio Guarantee Instrument

The SME Initiative in Romania is to be implemented with the uncapped portfolio guarantee instrument.

The Facility entails the issuance of Guarantees for the benefit of Financial Intermediaries to partially cover the portfolio credit risk of newly originated SME loans and leases granted to Romanian SMEs included in the guaranteed Portfolio during a pre-defined Inclusion Period.

The Facility is available in the Eligible Currencies and shall serve inclusion of Eligible SME Transactions denominated both in EUR and RON.

EIF will set minimum portfolio volumes in each Eligible Currency at Facility level and will allocate resources in each Eligible Currency to Financial Intermediaries with a view to achieving such minimum portfolio volumes, depending on the Applications received and resources available from time to time.

EIF will sign separate Guarantee Agreements with selected Financial Intermediaries for each of the Eligible Currency to be deployed by it.

The relevant Maximum Portfolio Volume(s) is(are) determined by EIF for each Financial Intermediary on a case by case basis.

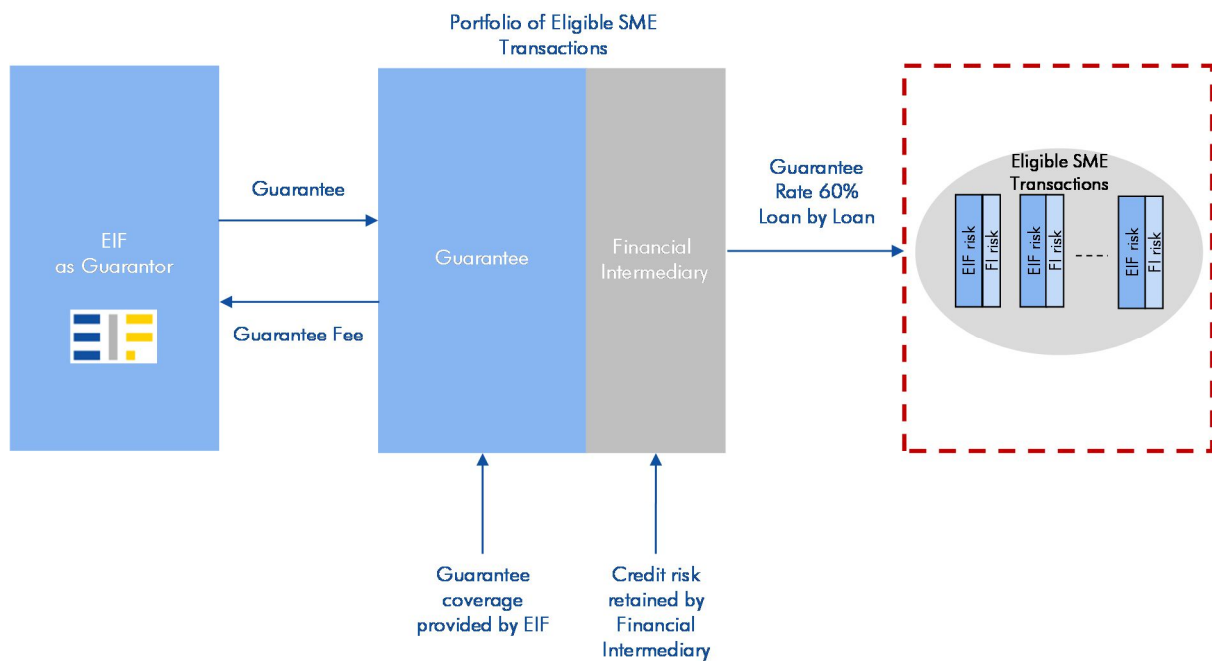
The Guarantees are fronted solely by EIF. EIF is consolidating the global Portfolio risk retained at different seniority levels by the different resources: ESIF and national funds (together, the "**MS Contribution**"), EU resources (earmarked from the Horizon 2020 programme) and resources from the EIB Group.

In accordance with the terms of the Guarantee, the Financial Intermediaries will benefit from a 60% risk cover (the "**Guarantee Rate**") on each Eligible SME Transaction and will pay a Guarantee Fee to the EIF quarterly in arrears.

In order to ensure the necessary alignment of interest, the Financial Intermediaries shall retain a material interest in the guaranteed Portfolio.

A schematic and indicative risk allocation amongst the various risk takers is represented below:

¹ https://ec.europa.eu/commission/2014-2019/cretu/announcements/improving-access-finance-romanian-smes-eu-adopts-investment-package-worth-eu100-million_en



The contributor of the MS Contribution for the SME Initiative in Romania is the the Government of Romania represented by the Ministry of Regional Development and Public Administration through the Single Dedicated National Programme.

In addition, EU Horizon 2020 resources will be made available to the SME Initiative, in an amount not exceeding 2.1% of the MS Contribution, as well as resources of the EIB Group.

Both the MS Contribution and the Horizon 2020 budget will be committed, at the discretion of the EIF, to cover the first and second losses arising from portfolios of new SME debt financing to be originated by the selected Financial Intermediaries.

In return, the selected Financial Intermediaries will commit to originate Eligible SME Transactions for a certain target portfolio amount, which:

- (1) is at least a multiple by 4x of the MS Contribution allocated to them. The Eligible SME Transactions included in the guaranteed Portfolio will have to comply with the ESIF Eligibility Criteria², and
- (2) includes a sub-volume, the H2020 Target Leverage Volume³, which is a multiple by 9x of the Horizon 2020 budget allocated to them. The allocated budget will be established by the EIF on a case by case basis, with the objective of achieving, across all SME Initiative Romania transactions, the full budget allocation and the leverage target of 9x against the overall Horizon 2020 budget earmarked for the SME Initiative. In addition to compliance with the ESIF Eligibility Criteria, the Eligible SME Transactions included in this sub-portfolio will have to comply with Horizon 2020 Eligibility Criteria⁴ as well.

Penalties will be applied to Financial Intermediaries against shortfalls vis-à-vis both MS Contribution and Horizon 2020 target portfolio amounts. For more details please refer to Annex II to this Call.

² For details please refer to Annex II to this Call.

³ As defined in Annex 2 of this Call.

⁴ For details please refer to Annex II to this Call.

Compliance with the Common Provisions Regulation shall be observed, as relevant, by the various parties according to their roles and responsibilities set out in the relevant agreements. Relevant references will be included in the Guarantee Agreements with Financial Intermediaries.

EIF can enter into Guarantees up to 31 December 2017 (the end of the “*Implementation Period*”)⁵. However, the Implementation Period may be extended and if extended a notice will be duly published on EIF’s website following the extension.

The Guarantee Agreements shall be in English and governed by English law.

3. Eligible Financial Intermediaries

The EIF shall select one or more Financial Intermediaries to implement the SME Initiative in accordance with the procedure described below in section 6. The selection of Financial Intermediaries shall be made on a continuous basis, taking into account the above as well as the funding available from time to time, and shall be based on a specific set of criteria.

This Call is addressed and restricted to public or private credit or financial institutions or loan (debt) funds, in each case, duly authorised to carry out lending or leasing activities according to the applicable legislation and established and operating in Romania.

Financial Intermediaries shall comply with relevant standards and applicable legislation on the prevention of money laundering and the fight against terrorism and tax fraud to which they may be subject and shall not be established in any Non-Cooperating Jurisdiction.

Financial Intermediaries shall acknowledge the EIF Anti-Fraud Policy which sets out the policy of EIF for preventing and deterring corruption, fraud, collusion, coercion, obstruction, money laundering and terrorist financing⁶ and shall take appropriate measures (as may be further specified in the Guarantee Agreements) to facilitate the implementation of such policy.

4. The application procedure

Financial institutions interested in applying under this Call have to submit an application (“*Expression of Interest*”) to EIF by the Deadline to be considered as a potential Financial Intermediary under the Facility.

In accordance with Annex I to this Call, the Expression of Interest has to include the Applicant’s identification and has to provide the information requested in Appendix 3 to Annex I, together with supporting documents.

The information provided as requested in Appendix 3 to Annex I should place particular emphasis on:

- a) Envisaged actions for the successful implementation of the Facility, particularly with regard to its launch (timing, target customers, promotional activities, type of products, changes to the underlying legal documentation, etc.);
- b) Estimated absorption capacity across Romania, i.e. expected volumes of Eligible SME Transactions to be included in the Portfolio, taking into account any outstanding programme of similar nature implemented or available in parallel;
- c) In addition to the Total Benefit, which is compulsory, proposed improvements (e.g. pricing reduction on the non-guaranteed portion of the Portfolio, or reduction of the requested level of collateral), if any, to the terms offered to SMEs as compared to standard conditions for SMEs;
- d) Origination and credit risk management capacity;

⁵ With the exclusion of repayments and revenues under the Facility which, subject to the agreement of the Investors’ Board, may be committed until the winding up of the Facility.

⁶ For details please refer to EIF website: http://www.eif.org/attachments/publications/about/Anti_Fraud_Policy.pdf

- e) Expected composition and characteristics of the Portfolio (split per rating, industry, borrower size, type of collateral and level of collateralisation etc.).

Applicants may send questions regarding the Call or the nature and features of the Guarantee Agreements to the email SME_Initiative_Romania@eif.org. EIF shall analyse such incoming questions and may publish from time to time the answers in the form of FAQ (Frequently Asked Questions) document posted in the section of the EIF's website (www.eif.org) relating to the Facility. EIF reserves the right to update the FAQ document from time to time as and when it regards appropriate.

The Expression of Interest shall be prepared in English.

Note on joint applications

Financial institutions may group together and submit a joint Expression of Interest. In this case, the Expression of Interest has to specify which of the Participating Entities will act as the Applicant. The Applicant shall apply in the name and on behalf of the Participating Entities and shall indicate to the EIF the basis for the joint Expression of Interest. Following selection of such joint Expression of Interest and an agreement on all terms and conditions, one Guarantee Agreement may be signed with the selected Applicant also on behalf of the other Participating Entities; alternatively, separate Guarantee Agreements may be signed with the selected Applicant and each of the Participating Entities. The ultimate decision on the form of the agreement(s) shall be made by EIF.

All information required under Appendix 3 to Annex I must be provided for the Applicant and each and every Participating Entity, as applicable, covered by the joint Expression of Interest.

5. Submission of Expressions of Interest

Expressions of Interest must be submitted by the Deadline (see below paragraph) both by (i) email and (ii) registered mail or professional courier service. Expressions of Interest sent by registered mail or professional courier service must consist of a closed single package, and must contain the Expression of Interest, together with its attachments, in paper form and in removable electronic storage medium (e.g. CD-ROM, USB). Annual reports requested should be provided only on the removable electronic storage medium.

The deadline is **31 March 2017**, provided that EIF may announce that the Deadline will be set on a different date depending, inter alia, on the availability of budgetary resources for the Facility or any agreement reached between the EIF and the SME Initiative Romania's Investors Board and, if relevant, any amendment of the agreements governing the relationships of the risk takers of the Facility. Any change in the Deadline will be announced officially in the section of EIF's website relating to the Facility.

The Deadline refers to (i) in case of e-mails, to the date of 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 name of the Applicant and be sent to the following address:

*European Investment Fund
SME Initiative Team – Expression of Interest
Guarantees and Securitisation
37B, avenue J.F. Kennedy
L-2968 Luxembourg*

The electronic version of the Expression of Interest shall be sent to: SME_Initiative_Romania@eif.org, stating in the subject of the email: "SME Initiative Romania – Expression of Interest: [name of the Applicant]".

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

- unique application identifier (Expression of Interest number), to be used in all subsequent communications relating to the Expression of Interest; and
- whether or not the Expression of Interest was received by the Deadline.

The acknowledgement of receipt does not constitute a declaration of completeness of the Expression of Interest and the documents submitted therewith, nor any other kind of assessment or acceptance of the same.

The Applicants may withdraw their Expression of Interest at any stage of the selection process, by sending (i) an email and (ii) a letter to the above-mentioned addresses.

6. Selection procedure

Financial Intermediaries shall be selected on the basis of EIF's policies, rules, procedures and statutes and in conformity with best practices with an open, transparent, proportionate, non-discriminatory and objective selection procedure, avoiding conflicts of interest, taking into account the criteria and principles underpinning the program and the experience and financial capacity of the Applicants.

Following the receipt of the Expression of Interest, EIF shall assess the application(s) pursuant to the selection process outlined herewith. This process comprises:

1. Pre-selection
2. Due diligence
3. Selection

Following the pre-selection based on the Expression of Interest EIF shall perform a due diligence of the pre-selected Applicant, as a result of which EIF will decide whether or not to propose to its Board of Directors the approval of a Guarantee Agreement under the Facility with the selected Applicant. The contractual negotiation process may not be considered concluded prior to the approval of the EIF's Board of Directors, and is in any case not concluded until EIF and the Applicants have agreed on all relevant terms and conditions. Each of these three steps is described in more detail below in sections 6.1-6.4.

In any phase of the selection process before entering into a legally binding agreement with an Applicant, EIF reserves full discretion to consider Applicants (and Participating Entities, in case of joint Expressions of Interest), and no Applicant or Participating Entity has any claim or other right or may expect to be ultimately selected as Financial Intermediary. Any negotiation of the terms and conditions of Guarantee Agreements by no means entails any obligation for EIF to enter into such Guarantee Agreements with the relevant Financial Intermediaries. EIF shall also have sole discretion to decide on the allocation of available amounts to Financial Intermediaries, including to propose a reduction of the Portfolio amount requested by the Financial Intermediary.

EIF will send a rejection notice to the Applicants whose Expression of Interest was rejected during the selection process. EIF may, but shall not be obliged to, provide reasons of such rejection.

Those Applicants whose Expression of Interest is rejected shall have the right to submit a written complaint by email 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 rejection notice. Any complaints will be dealt with within the framework of and in accordance with the EIB Group complaints policy (for further information visit <http://www.eib.org/about/publications/complaints-mechanism-policy.htm>).

6.1. Pre-selection

The Expressions of Interest will be assessed by the EIF for pre-selection on a “first come, first assessed” basis. When assessing the Expressions of Interest, EIF will use its professional analysis and judgment.

The pre-selection comprises:

1. Pre-selection stage 1: Formal assessment of the Expression of Interest;
2. Pre-selection stage 2: Assessment of the Expression of Interest’s quality;
3. Pre-selection stage 3: Assessment of the contribution of the Expression of Interest to the overall Facility.

Only Expressions of Interest that pass pre-selection stage 1, as further described in section 6.1.1, will go through to pre-selection stage 2, i.e. the quality assessment process.

During the quality assessment (further described in section 6.1.2), EIF will evaluate the overall quality of the Expression of Interest. All criteria listed under section 6.1.2 are assessed at the discretion of EIF, giving a pre-defined weight to each one of these criteria. Based on the quality assessment, EIF shall assign the “quality score” to the Expression of Interest, being A, B or C.

In pre-selection stage 3 (further described in section 6.1.3), EIF will also assess the likely impact of the expected Portfolio indicated in the Expression of Interest on the aggregate Facility. Based on this assessment EIF shall assign the “portfolio score” to the Expression of Interest, being 1, 2 or 3.

Only Expressions of Interest with combined “quality” and “portfolio” scores A1, A2 or B1 are pre-selected. Expressions of Interest with combined scores A3, B2, B3 are included in a reserve list, which remains valid until the end of the Implementation Period [(i.e. 31 December 2017)]. Expressions of Interest with combined scores C1, C2 or C3 are not pre-selected.

The Expression of Interest classification table below summarizes possible pre-selection outcomes:

A1	B1	C1
A2	B2	C2
A3	B3	C3

Pre-selected

On the Reserve list

Not pre-selected

All Applicants will be sent a notification about the result of the pre-selection process. Pre-selected Applicants are advanced to the Due Diligence phase (see section 6.2). Applicants on the reserve lists may be considered for pre-selection upon availability of the budgetary resources.

EIF may suspend or abandon the pre-selection process at any time and no Applicant may claim any right to be pre-selected or included on the reserve list.

6.1.1 Formal assessment

EIF shall assess whether the Expression of Interest for the Facility has been prepared in accordance with the provisions of this Call according to the formal criteria:

1. The Applicant (and any Participating Entity in case of joint Expressions of Interest):
 - a. is established and operating in Romania;
 - b. is authorised to carry out its business in Romania under the applicable regulatory framework;
 - c. is not established in a Non-Cooperating Jurisdiction;

- d. is not in the situation of exclusion, as validly represented in the form outlined in Appendix 2 of Annex I to the Call;
 - e. does not perform any illegal activities according to the applicable legislation of the country of establishment of the Applicant (or Participating Entity, where relevant), as validly represented in the Expression of Interest;
2. The Expression of Interest has been submitted and prepared in accordance with the Call and that all required representations, information and supporting documentation required thereunder are provided (in the form requested, where specified).

The Expressions of Interest that do not conform to the formal criteria are rejected. In case of joint Expressions of Interest, if the Applicant or any Participating Entity covered by the Expression of Interest does not comply with the formal criteria, the entire Expression of Interest is rejected.

6.1.2 Quality assessment

After successful assessment of the formal criteria, and after having obtained any additional information or clarifications from Applicants, if and as needed, EIF will perform a quality assessment of the Applicants (and any Participating Entities in case of joint Expressions of Interest) according to the criteria set out below, in no particular order of priority:

1. Quality and plausibility of the Facility implementation proposal, with particular focus on: implementation and rollout strategy, marketing and publicity of the Facility, strategy of the branch network (including incentives for sales force, proposed volumes, financial products used under the Facility, expected Eligible SME Transaction size).
2. Financial standing of the Applicant (and any Participating Entities as the case may be) as evidenced by its external credit rating and/or by the EIF financial analysis of the Applicant/Participating Entity;
3. Operational capability of the Applicant (and any Participating Entities as case may be) to assess and manage risk;
4. Ability to provide the required data for EIF to properly conduct its analysis and assessment of the Applicant's track record and future activity;
5. Experience and ability of the Applicant (and any Participating Entities in case of joint Expressions of Interest) to provide or to support financing to SMEs within a predefined timeframe. This shall be assessed by EIF based inter alia on: track record of financing SMEs and the business plan for building the Portfolio;
6. Envisaged composition of the Portfolio, credit quality, granularity, diversification and involvement in innovative activities over and above H2020 Target Leverage Volume;
7. In addition to the Total Benefit, which is compulsory, proposed improvements (e.g. pricing reduction on the non-guaranteed portion of the Portfolio, or reduction of the requested level of collateral), if any, to the terms offered to SMEs as compared to standard conditions for SMEs;
8. Ability to comply with the specific reporting requirements.

6.1.3. Facility and Portfolio assessment

EIF will also consider, inter alia, the appropriate composition of the Facility aggregate portfolio, adequate credit risk profile, granularity and diversification of the overall portfolio and the Eligible Currency(ies) the Applicant has applied for. The credit risk contribution of the proposed Portfolio to the Facility shall be confirmed at the selection stage (see section 6.3) based on the results of the due diligence stage (see section 6.2).

EIF shall have the discretion to decide on the Portfolio amount allocated to the Financial Intermediary, including reducing the amount requested in the Expression of Interest.

6.2. Due diligence

Pre-selected Expressions of Interest will be followed up with the due diligence process, carried out in accordance with the EIF's internal rules and procedures, where financial and operational matters relating to the Facility's implementation shall be analysed in more detail. The aim of the due diligence is to assess, inter alia, the ability to build up the envisaged Portfolio, the transfer of Total Benefit⁷, the risk profile of the envisaged Portfolio, the quality of origination, marketing and publicity of the Facility, strategy of the branch network (including incentives to sell for sales force), risk management, collection recovery/workout processes, systems and ability to comply with the reporting requirements. The due diligence may comprise an on-site visit, which shall be at the discretion of the EIF. The due diligence process does not comprise legal negotiations.

6.3. Selection

Based on the results of the pre-selection and the outcome of the due diligence process EIF will:

1. select the Applicant; or
2. place the Applicant on the reserve list; or
3. reject the Expression of Interest.

EIF may request its Board approval for a Guarantee Agreement to be entered into with the selected Financial Intermediary under the Facility. EIF has no obligation to enter into a Guarantee Agreement with a selected Applicant.

6.4 Potential reallocations during the implementation of the Facility

With a view to maximising the efficient use of the resources of the Facility, EIF shall have sole discretion to allocate any available amounts to Financial Intermediaries that out-perform initial expectations on the build-up of the relevant Portfolio.

In addition, Portfolios may be reduced and funds re-allocated between Financial Intermediaries, (including re-allocation between the EUR or RON portfolios with the same Financial Intermediary) in order to target an efficient use of the Facility during the build-up of the relevant Portfolios.

7. Publishing of information on the Financial Intermediaries and SMEs

EIF may publish, from time to time, on its website a list of Financial Intermediaries, which may include the name and the registered addresses, types of the contract entered into and the respective Guarantee amounts. EIF may also publish a list of SMEs benefiting from the Guarantee Agreement, as further detailed in Annex II to this Call.

The Financial Intermediary may, prior to receiving financial support under the Facility, decide not to agree in writing to the publication requirement if it risks harming its commercial interests or risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union. In addition such publication shall not be required if it would be illegal under the applicable laws and regulations⁸.

8. Definitions and Interpretation

In this Call, capitalised terms and expressions shall have the meaning attributed to them below or as elsewhere defined in this document and its Annexes, unless the context requires otherwise.

Applicant	Means an entity applying to this Call as a potential Financial Intermediary.
Commission	Means Commission Recommendation 2003/361/EC (OJ L124, 20.05.2003, "concerning the definition of micro, small and medium-

⁷ EIF shall request from the Applicant information on interest spread components, including a) administrative costs component, b) standard credit risk premium, split by risk category of the borrower and c) cost of capital.

⁸ As substantiated by a Financial Intermediary with a legal opinion.

Recommendation	sized enterprises" notified under document number C(2003) 1422), as amended, restated, supplemented and/or substituted from time to time.
Guarantee Agreement	Means a guarantee agreement, entered into between a Financial Intermediary and EIF in connection with the Facility.
Deadline	Means 31 March 2017 or such different date as announced officially in the Facility section of EIF's website.
Eligible Currency	Means euro (EUR) and Romanian leu (RON).
Eligible SME Transaction	Means debt financing (loans, finance leases, and other debt finance instruments eligible under Article 39(1) of the Common Provisions Regulation) provided directly by a Financial Intermediary to an SME and which complies with all the relevant Eligibility Criteria.
ESIF Eligibility Criteria	Means jointly the SME Eligibility Criteria and SME Transaction Eligibility Criteria as defined in Annex II to this Call.
Expression of Interest	Means an application to this Call submitted to EIF by the Deadline, conforming to the provisions of Annex I to this Call.
Financial Intermediary	Means a financial or credit institution duly authorised to carry out lending or leasing activities according to the applicable legislation and established and operating in Romania. Such institution shall comply with relevant standards and applicable legislation on the prevention of money laundering and on the fight against terrorism and tax fraud to which it may subject, shall not be in any Condition of Exclusion and shall not be established in a Non-Cooperating Jurisdiction.
Horizon 2020 Eligibility Criteria	Means jointly the H2020 SME Transaction Eligibility Criteria and the Innovation Eligibility Criteria as defined in Annex II to this Call.
Inclusion Period	Means the period during which Eligible SME Transactions may be disbursed, such that they may be included by the Financial Intermediary in the Portfolio. Such period shall typically last between 18 and 36 months (unless terminated earlier because of a Trigger Event), provided that the Inclusion Period shall terminate no later than 31 December 2020.
Maximum Portfolio Volume	Means the maximum aggregate amount of initial principal of newly originated Eligible SME Transactions to be included in the Portfolio, as further described respectively in Annex II to this Call.
Non-Cooperating Jurisdiction	Means a jurisdiction which does not co-operate with the European Union in relation to the application of the internationally agreed tax standard, or their tax practices do not follow the Commission Recommendation of 6.12.2012 regarding measures intended to encourage third countries to apply minimum standards of good governance in tax matters (C(2012)8805).

Participating Entities	Means, in case a joint application to the Call is submitted covering the Applicant and at least one additional potential future Financial Intermediary, each and every additional potential future Financial Intermediary covered by such joint application.
Portfolio	Means the portfolio of Eligible SME Transactions originated directly or indirectly by the Financial Intermediary and covered by a Guarantee Agreement.
Single Dedicated National Programme	Means the document referring to the ESIF contribution made available by Romania, submitted to the European Commission by the Government of Romania and approved by the European Commission with Decision C(2016) 1923 on 23 March 2016.
SME	Means micro, small or medium-sized enterprises made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million; as defined in the Commission Recommendation.
Total Benefit	<p>Means the basis points reduction of the overall interest rate (through a reduction in the customary risk spread of the Eligible SME Transaction charged by the Financial Intermediary, as applicable) under the Eligible SME Transaction included in the Portfolio.</p> <p>The Total Benefit, for the part of each Eligible SME Transaction covered by the Guarantee, shall be given by the following formula:</p> <p>Total Benefit = standard credit risk premium – Guarantee Fee</p> <p>The Financial Intermediary shall undertake that amendments or changes to its credit policy from time to time shall in no circumstances adversely affect the mechanism of transfer of Total Benefit to the SMEs under the relevant SME Transaction.</p> <p>The reduction shall be assessed and confirmed by EIF following analysis and due diligence.</p>