



The Romania Competitiveness Fund of Funds Portfolio Risk Sharing Loan ("PRSL")

CALL FOR EXPRESSION OF INTEREST TO SELECT FINANCIAL INTERMEDIARIES UNDER THE PRSL (Reference number: Call for EoI – C-FOF-RO 2016/02)

Published on 20 December 2016, republished on 16 June 2017

The objective of this 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 PRSL, as further described below.

All applications for PRSLs under C-FOF-RO 2016/02 to be submitted to 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; and
- Annex II: Indicative term-sheet for the PRSL.
- Annex III: Eligible Activities
- Annex IV: Terms of Confidentiality

1. Background

As part of the Competitiveness Operational Programme approved by the decision C(2014) 10233 of the European Commission on 19 December 2014 (hereinafter, "OP"), with the purpose of tackling the market failure identified by the ex-ante assessment carried out by Romania ("MS") and approved by Government Memorandum on 6 April 2016 ("Ex-ante Assessment") the Government of Romania, represented by the Ministry of European Funds, has agreed to dedicate resources to the implementation of a fund-of-funds with EIF, hereinafter Competitiveness Fund-of-Funds ("Competitiveness FoF" or "C-FOF-RO"), in accordance with Article 38 (4)(b)(i) of the Common Provision Regulation ("CPR") and in accordance with the provisions of a funding agreement entered into on 20 September 2016 between the Government of Romania and EIF ("Funding Agreement").

Relevant rules for implementing the Financial Instrument (as defined) are primarily stipulated in the CPR, the Delegated Act, the Implementing Regulation and the ERDF Regulation (respectively as defined below) and applicable Romanian law and regulations.

Out of the Competitiveness Fond-of-Funds total resources, an amount of up to EUR 15.15m would be made available for the implementation of the PRSL. Such amount may be further topped at the unilateral decision of the MS and EIF.

This Call for Expression of Interest is addressed to bodies or firms, whether public or private, which are interested in receiving resources out of the Competitiveness FoF, as Financial Intermediaries (as defined) for the implementation of the Portfolio Risk Sharing Loan(s). Such activities shall be carried out in accordance with the contractual agreements to be entered into by the EIF and the selected Financial Intermediaries (“Operational Agreement(s)”).

On a continuous basis until the Deadline (as described below), EIF will select eligible financial institutions to become Financial Intermediaries under the Facility.

The objectives and main indicative terms of the Operational Agreements to be entered into between EIF and the financial intermediaries pursuant to the Facility are further described in Annex II to this Call.

2. Definitions and Interpretations

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

Anti-Fraud Policy	Means the policy of EIF for preventing and deterring corruption, fraud, collusion, coercion, obstruction, money laundering and terrorist financing, as published on EIF’s website. (http://www.eif.org/news_centre/publications/anti_fraud_policy.htm?lang=-en)
Applicant	means a Financial Intermediary applying to this Call for Expression of Interest;
Business Day	means a day during which EIF Luxembourg office is open, and banks are open for general business in Bucharest and Luxembourg;
Common Provision Regulation or CPR	means the Common Provisions Regulation (EU) No 1303/2013 of 17 December 2013 of the European Parliament and of the Council;
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 (http://www.eif.org/attachments/eif_data_protection_statement_financial_intermediaries_due_diligence_en.pdf);
Deadline	means <u>31 December 2017</u> ;
Delegated Act	means the Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing the CPR;
EIB Group	means the European Investment Bank (EIB) and the European Investment Fund (EIF);
Eligibility Criteria	means the criteria with which the Expressions of Interest and the Applicants must comply and which are listed in Annex 2 hereof;

Expression of Interest	means a proposal sent by an Applicant in response to this Call for Expression of Interest, within the Deadline, to be drafted in accordance with the template attached hereto;
ERDF Regulation	means regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013;
Fund-of-Funds or FoF	means, as defined by Article 2 (27) of the CPR and established through the Funding Agreement, the Competitiveness Fund-of-Funds, set up with the objective of contributing support from the OP to several financial instruments;
Implementing Regulation	means the Commission Implementing Regulation (EU) No 821/2014 of 28 July 2014 laying down rules for the application of the CPR;
Non-Cooperating Jurisdictions	means any jurisdiction which does not co-operate with the EU in relation to the application of internationally agreed tax standards;
Operational Agreement	means an agreement entered into between a Financial Intermediary and the EIF regarding a Financial Instrument on the basis of this Call for Expression of Interest and the selection process, in accordance with the CPR and the Delegated Act;
Quality Assessment Criteria	means the quality assessment criteria applied by EIF at the sole discretion of EIF to assess the suitability of the Applicant and/or the proposed Financial Instrument(s) according to the business standards of EIF and which are listed in Annex 2 hereof;
Small and Medium-sized Enterprises or SMEs	means a micro (including individual entrepreneurs and self-employed persons), small or medium-sized enterprise as defined, as applicable, in the Commission Recommendation 2003/361/EC of 6 May 2003, as amended from time to time concerning the definition of micro, small and medium-sized enterprises.

2. Financial Intermediaries

This Call is addressed and restricted to financial institutions committed to SME financing, duly established and authorised to carry out lending activities in Romania.

Eligible financial institutions shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which they may be subject and shall not be established, and shall not maintain business relations with entities incorporated, in territories whose jurisdictions do not co-operate with the European Union in relation to the application of the internationally agreed tax standard, or their tax practice do not follow the Commission Recommendation of 6 December 2012 regarding measures intended to encourage third countries to apply minimum standards of good governance in tax matters (C(2012)8805).

Financial institutions 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 financing (please refer to http://www.eif.org/news_centre/publications/anti_fraud_policy.htm?lang=-en) and shall take appropriate measures (as may be further specified in the operational agreements) to facilitate the implementation of such policy.

3. Language and governing laws

The expression of interest (in the form attached in Annex I to this Call) shall be prepared in English.

The terms of the PRSL agreements shall be in English. The PRSL agreement shall be governed by the laws of England.

4. Application procedure

Financial institutions interested (“Applicants”) in applying under this Call should submit an application (the “Expression of Interest”) to EIF by the Deadline to be considered as a possible financial intermediary under the PRSL, depending, inter alia, on the availability of the budgetary resources for PRSL, as described below.

In accordance with Annex I to this Call, the Expressions of Interest should include the Applicant’s identification and has to provide the information requested in Appendix 3 to the Annex I (the “Information Requirements”), together with supporting documents.

The Information Requirements should place particular emphasis on:

- Expected added value of the PRSL for SMEs in respect of:
 - reduced pricing (in respect of funding and risk related components of pricing), and
 - potentially reduced collateral requirements on the SME loan;
- 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.);
- Estimated absorption capacity in terms of expected volumes of SME loans and leases (“SME Transactions”) to be included in the PRSL portfolio;
- Origination and credit risk management process;
- Expected characteristics of the PRSL portfolio (split per rating, industry, etc).

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 financial institutions (“Participating Entities”) will act as the Applicant. The Applicant shall apply in its own name and 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 operational agreement may be signed with the selected Applicant acting in its own name and in the name and on behalf of the other Participating Entities; alternatively, separate operational agreements may be signed with the selected Applicant and each of the Participating Entities. The ultimate decision on the form of the operational agreement(s) shall be made by EIF.

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

5. Submission of Expression of Interest

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

The Deadline is 31 December 2017 provided that EIF may, at its sole discretion, determine that the Deadline will end on an earlier date or will be extended, depending, inter alia, on the availability of budgetary resources for the PRSL product. Any change in the Deadline will be announced officially in the C-FOF-RO dedicated web page on EIF's website.

The Deadline applies (i) in case of e-mails to the date of receipt of the e-mail 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:

Postal Address:

European Investment Fund
Attention: Regional Mandates Team (Competitiveness FoF Romania)
Guarantees and Securitisation
37B, avenue J.F. Kennedy
L-2968 Luxembourg
LUXEMBOURG

An electronic version of the Expression of Interest should be sent to: **info.cfofro@eif.org** stating in the subject of the email "Competitiveness PRSL 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);
- Confirmation that the Expression of Interest was received before the Deadline.

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

The Applicants may withdraw, in the same manner as specified above, their Expression of Interest at any stage of the Selection process.

6. Selection procedure

Applicants will be selected in due consideration of the general principles of transparency, equal treatment and non-discrimination, in compliance with EIF's policies, rules, procedures and statutes and in conformity with best business and market practices.

Following the receipt of the Expression of Interest, EIF shall select the Applicants pursuant to the selection process outlined in the following sections of this Call. The selection procedure involves:

- Assessment of compliance of Expressions of Interest with the formal criteria,
- Assessment of Expressions of Interest based on the evaluation criteria.

Following the pre-selection based on the Expression of Interest, EIF shall perform a due diligence process of the pre-selected Applicant, as a result of which EIF will decide whether or not to propose to its competent decision making bodies for approval the entering into a PRSL agreement. The contractual negotiation process will not be concluded prior to the approval of the EIF

competent decision making bodies, and is in any case not concluded until EIF and the Applicants have agreed on all relevant terms and conditions.

In any phase of the selection process before entering into a legally binding agreement with an Applicant, EIF reserves full discretion to consider or not Applicants (and Participating Entities, in case of joint Expressions of Interest) and no Applicant has any claim or other right or may expect to be ultimately selected as financial intermediary under PRSL. Any negotiation of terms and conditions of agreements by no means entails any obligation for EIF to enter into such agreement with the relevant Applicant.

EIF will send a rejection notice to Applicants whose Expression of Interest was rejected during any stage of 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 about selection process by e-mail and registered mail or professional courier service, to the same address used for the submission of the Expressions of Interest above, within thirty (30) days of receipt of the rejection notice. Any complaints will be dealt within the framework 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

Expressions of Interest for the PRSL, which have been deemed complete by EIF, will be assessed by EIF for pre-selection on the basis of the Expressions of Interest, on a “first come, first assessed” basis. When assessing the application, EIF will use its professional analysis and judgement.

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 the section 6.1.1. below, will go through 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.

EIF will also assess the likely impact, in terms of risk profile, of the expected Operational Agreement indicated in the Expression of Interest on the aggregate Facility, according to the section 6.1.3. Based on this assessment EIF shall assign the “risk profile score” to the application, 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 C1, C2 or C3 are not pre-selected.

Applications with combined scores A3, B2, B3 are included in a reserve list, which remains valid until the Deadline.

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 of the selection process as referred to in section 6.2.

Reserve List

In addition to the placement of Applicants on a reserve list on the basis of the outcome of the assessment process described above, EIF reserves the right to also place Applicants on a reserve list in case that the aggregate demand expressed from already pre-selected Applicants is equal to or exceeds the funds available under the Call. The reserve list will remain valid until 31 December 2020.

During this period of time and in case EIF does not proceed further with any of the pre-selected Applicant(s) or if additional funding is made available, Applicants on the reserve list may be considered for pre-selection depending upon the 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 as described above.

6.1.1 Formal assessment

EIF shall assess whether the Expression of Interest for the PRSL has been submitted and prepared in accordance with the provisions of this Call and whether all required representations, information and supporting documentation required thereunder have been provided (in the form requested, where specified), including the below.

1. The Applicant (and each Participating Entity in case of joint Expressions of Interest) shall:
 - i. be established and operating a branch network in Romania;
 - ii. be authorised to carry out its business in Romania under the applicable regulatory framework;
 - iii. not be in a situation of exclusion, based on a representation in the form outlined in Appendix 2 of Annex I to the Call;
 - iv. is not established, and does not maintain business relations with entities incorporated, in territories whose jurisdictions do not co-operate with the European Union in relation to the application of the internationally agreed tax standard, or their tax practice do

- not follow the Commission Recommendation of 6 December 2012 regarding measures intended to encourage third countries to apply minimum standards of good governance in tax matters (C(2012)8805); and
 - v. not perform any illegal activities according to the applicable legislation of the country of establishment of the Applicant (or Participating Entity), based on a representation 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 the formal check of the received Expressions of Interest and after having obtained any additional information or clarifications from Applicants, if and as needed, EIF will pre-select the Applicants according to the evaluation criteria set out below:

RELEVANCE

- i. 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), previous experience working with International Financial Institutions, etc.;

SUSTAINABILITY

- ii. Operational capability of the Applicant (and any Participating Entities in case of joint Expressions of Interest) to assess and manage risk;

QUALITY AND MATURITY

- iii. Ability to provide the required data for EIF to properly conduct its analysis and assessment of the Applicant's (and any Participating Entities in case of joint Expressions of Interest) track record and future activity;
- iv. Experience and ability of the Applicant (and any Participating Entities in case of joint Expressions of Interest) to enter into SME Transactions within a predefined timeframe. This shall be assessed by EIF based inter alia on: track record of financing (or as case may be guaranteeing transactions with) SMEs and the business plan for building a Portfolio;
- v. Envisaged Portfolio assessment, inter alia, in terms of proposed volumes, geographical reach, financial products used under the Facility, granularity and diversification, proposed interest rate reduction (if any) on the portion of the SME Transaction funded by the Applicant (and each Participating Entities in case of joint Expressions of Interest) and / or reduced collateral requirements;
- vi. Proven ability of the Applicant (and any Participating Entities in case of joint Expressions of Interest) to comply with the specific reporting requirements;
- vii. Ability of the Applicant (and any Participating Entities in case of joint Expressions of Interest) to comply with all contractual obligations under the Operational Agreement.
- viii. Level of management fees requested by the Applicant (management fee level will be assessed in consideration of the administration fees charged to SMEs).

6.1.3 Quality assessment of the risk profile of the envisaged Portfolio and the Applicant

EIF will also consider, inter alia, the impact of the Expression of Interest in terms of:

1. The expected composition of the proposed PRSL portfolio, including its credit risk profile and risk diversification, both in terms of obligor granularity and economic sectors; and
2. Financial standing and financing capacity of the Applicant (and any Participating Entities in case of joint Expressions of Interest) as evidenced by its external credit rating and/or by EIF financial analysis of the Applicant/Participating Entity.

6.2. Due diligence

Pre-selected Expressions of Interest will be followed up with on-site due diligence visits, carried out in accordance with EIF's internal rules and procedures, where financial and operational matters relating to the PRSL agreement implementation shall be analysed in more detail. The aim of the due diligence is to assess on-site, the content of the Expressions of Interest based on, *inter alia*, the ability to build up the envisaged PRSL portfolio, the favourable lending conditions to SMEs suggested by the Applicant (if any), the risk nature of the envisaged PRSL portfolio, the quality of origination, marketing and publicity of the Facility, strategy for 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 process 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

Subject to the satisfactory outcome of a due diligence and after having obtained any additional information requested during the process, EIF may request its competent decision making bodies approval for a PRSL agreement to be entered into with the selected financial intermediary. EIF has no obligation to select a (pre-) selected Applicant or to enter into an Operational Agreement with a (pre-) selected Applicant.

The participation of any financial institution will depend, *inter alia*, on the budget available for PRSL and other considerations made by EIF such as, without limitation: outcome of the due diligence, impact of the envisaged PRSL portfolio on the Facility (as assessed at EIF's discretion), result of negotiations with the institution.

EIF will publish, from time to time, on its website the list of financial intermediaries with whom EIF signed PRSL agreements.

6.4. Re-allocations / Allocations during the implementation of the Facility

During the implementation of the operational agreement(s), and with a view to maximising the efficient use of the resources of the Facility and maximising the impact of the Facility, EIF shall have sole discretion to allocate any available amounts, including any additional budget being allocated to the Facility.

7. Publishing of information on the Financial Intermediaries and SMEs

EIF and/or the Managing Authority may publish, from time to time, on their websites, a list of Financial Intermediaries, which may include the name and the registered addresses, types of the contract entered into and the respective amounts. EIF and/or Managing Authority may also publish a list of SMEs benefiting from the Operational Agreement(s), as further detailed in Annexes to this Call.

The Financial Intermediary may, prior to receiving financial support under the PRSL 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 line with the EIF Data Protection Statement. In addition such publication shall not be required if it would be illegal under the applicable laws and regulations.

8. EIF Transparency Policy

Within the framework of the EIF's Transparency Policy (the "EIF Transparency Policy"), EIF is committed to the guiding principle of promoting transparency with respect to its operational and institutional activities.

Pursuant to this guiding principle, and in accordance with the EIB Group approach and undertakings to promote transparency and good administrative practice, EIF has adopted the practice of publishing the minutes of the Board of Directors ("Board minutes") on its website, following their approval and signature.

The published Board minutes only indicate those operations presented for decision which have been approved and, as a general rule, contain a summary indicating the project name, the nature of the operation, the geographical focus and the relevant EIF-managed resources.

The EIF Transparency Policy also recognises the need for EIF to balance transparency with confidentiality undertakings and the protection of commercially sensitive or personal data, with a view to EIF satisfying its legal obligations to, and maintaining the confidence and trust of, its business partners, investors and third parties.

Consequently, should an Application receive the relevant EIF internal authorisation for submission to EIF's Board of Directors and be approved by the Board thereafter, and should an Applicant deem that the publication of such a summary would expose sensitive or confidential information, for which there would be a compelling reason not to disclose, the Applicant shall make a declaration to that effect in the submission of the Expression of Interest resulting in the information in question will being edited out of the published Board minutes and, subject to any applicable confidentiality undertakings, only being made public in connection with the signature of the operation in question.

To:
European Investment Fund
Attention: Regional Mandates Team
Competitiveness FoF Romania - PRSL
Guarantees and Securitisation
37B, avenue J.F. Kennedy
L-2968 Luxembourg
LUXEMBOURG

Expression of Interest under C-FOF-RO 2016/02 PRSL
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 the C-FOF-RO 2016/02 PRSL implemented by 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 and declares:

- (i) that the information contained in this Expression of Interest and its Appendices is complete and correct in all its elements;
- (ii) to have read the EIF Anti-Fraud Policy;
- (iii) not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the PRSL 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 PRSL; and
- (iv) that the [Applicant] [and Participating Entities] does not perform illegal activities according to the applicable legislation in the countries of establishment.

For the purpose of the EIF Transparency Policy 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 Honour

Appendix 3 Information Requirements

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

Appendix 1 to the Expression of Interest

APPLICANT / PARTICIPATING ENTITY IDENTIFICATION

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

Appendix 2

DECLARATION OF HONOUR OF APPLICANT/PARTICIPATING ENTITY²

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:

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; and
- 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.

[signature(s)]

[Name of signatory]

[Title of signatory]

[Place and date]

² 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 please also be provided in electronic format (.xlsx or similar).

1. FINANCIAL INTERMEDIARY'S ACTIVITY

1.1. General information

- 1.1.1. General description of the Applicant (date of establishment, number of employees, capital structure and shareholders, banking group, organisational structure, distribution network, number of branches, etc.).
- 1.1.2. Applicant's legal status, regulatory status and applicable regulations, regulatory capital framework³.
- 1.1.3. 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).

1.2 SME financing activity

- 1.2.1. Description of the SME lending activity: description of the lending products offered to SMEs, broken down by purpose of finance, minimum and maximum maturity of loans, rate of financing (as % of borrower financing needs), minimum and maximum amount, repayment features, etc.
- 1.2.2. Business strategy (e.g. positioning, objectives, strengths, core products, geographical areas/focus, origination volumes), market share, main competitors – current and outlook.

2. FINANCIAL STANDING

- 2.1. **Key financial figures** for the last three full years available (please fill in the data requested under this point in the Excel table attached in section 5 below, or similar format).
- 2.2. **Annual reports** (including full set of financial statements with independent auditors report) for the last three years (only a link to the reports online shall be indicated or to be annexed to the Expression of Interest in electronic version only).
- 2.3. **Review of most recent YTD results** and forecasts for the year end. Strategic objectives for the medium-term.
- 2.4. **Liquidity, funding mix and opportunities**, inclusive of parent funding and usage of Eurosystem liquidity lines (volumes, levels and available buffers).
- 2.5. **Review, if applicable, of derivatives and off-balance sheet transactions.**
- 2.6. **Capital adequacy ratios**, details and projections.
- 2.7. **Exposure to sovereign and corporate bonds.** Details of bond portfolio (if applicable).
- 2.8. **Information on total outstanding loan portfolio:**
 - 2.8.1. Loan portfolio concentration: 20 largest exposures per client group (amount, % of total outstanding loan portfolio and % of total regulatory capital);

³ If applicable, standardised approach, foundation IRB Approach, Advanced IRB Approach.

- 2.8.2. Non-performing loans (% on total outstanding loan portfolio and % of regulatory capital, % covered by collateral) as of the end of the past 3 financial years and year to date data both in terms of number of loans and outstanding amount;
- 2.8.3. Restructured loans (amount, % of total outstanding loan portfolio), if not included in the non-performing loans;
- 2.8.4. Details on the 20 largest positions of non-performing loans (amounts, % of total outstanding loan portfolio and % of total regulatory capital) year to date.

3. IMPLEMENTATION

3.1. Financial Intermediaries in their expression of interest are required to address the following items:

- a) Proposed portfolio volume to be originated during the Inclusion Period;
- b) Considering that implementing the Facility involves some administrative tasks e.g. the adaptation of internal procedures and IT systems, of SME Transactions contracts, or the training of sales force and loan approval bodies, please give an indication of what minimum level of portfolio volume would be expected;
- c) Expected timing of launch of the product in the market following the signature of the Operational Agreement. Timing required to build up the proposed Portfolio taking into account necessary pre-implementation actions (adoption of IT systems, development of underlying contracts, etc.) and the indicative eligibility criteria presented in Annex II - forecasts to be provided on a quarterly basis;
- d) Describe prior/proven experience (including compliance with relevant operational and reporting requirements) with the deployment of other similar EU/EIB/EIF products;
- e) Describe internal organisation set-up (and roles) for the implementation of a potential Operational Agreement, including the potential identification of a dedicated project team (or unit) and/or internal incentive mechanisms;
- f) Describe other measures intended to be undertaken so as to facilitate timely build-up of the portfolio (e.g. training of sales force and of internal approval bodies);
- g) Provide a description of the envisaged marketing and publicity actions for the product(s) to be deployed under the Facility.

3.2. The benefit offered to the SMEs:

- 3.2.1. Quantification of the envisaged reduction of interest rate (and fees, if applicable) to be charged under the SME Transactions. Quantification of any additional reduction of fees, if applicable, charged to SMEs either upfront or an on-going basis during the life of the SME Transaction.

In this respect the Applicant is requested to provide two examples with regard to SME borrowers with different credit quality.

- 3.2.2. Proposal for the reduction of collateral requirements (if applicable). If collateral reduction is envisaged, the Applicant is requested to provide two examples with regard to SME borrowers with different credit quality (and accordingly different credit risk premiums and collateral requirements).

4. OPERATING PRINCIPLES (WITH RESPECT TO SME FINANCING)

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

4.1.1. Risk assessment procedures:

- a) 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;

- b) Description of the key inputs and their respective weight in the rating output;
- c) 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.

4.1.2. Collateral policy:

- a) Description of the collateral requirements including personal guarantees (type, valuation, haircuts etc.);
- b) 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.

4.1.3. Description of the approval procedures (process, delegation of approval powers, limits, etc.).

4.1.4. Description of the dunning procedure (i.e. collection of receivables) and monitoring system (monitoring of payment dates, early warning system, etc.).

4.1.5. Work-out / recovery procedures (steps taken, departments involved, indication whether recovery process is dealt with in-house or is outsourced, length of recovery procedures).

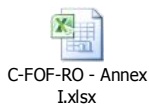
4.2. Risk management: methods utilised for loss forecasting, provisioning and credit risk management at portfolio level.

5. SME FINANCING ORIGINATION AND PERFORMANCE DATA

All information required below shall be provided specifically with respect to:

- a) SMEs (to the extent the information is available, otherwise by internal segment); and
- b) A proxy portfolio of eligible SME Transactions or, if such information is not available, comparable transactions (i.e. as similar as possible to the eligible SME Transactions at least with regards to (a) eligible types of debt instruments, (b) maximum maturity, (c) maximum exposure, (d) SMEs established and/or operating in Romania and (e) SMEs operating in an eligible industry sector).

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



EIF may ask within the due diligence process for clarifications on the provided data, including an anonymous loan-by-loan tape used for the aggregate figures provided, or further breakdowns of the requested data.

5.1. Recent origination

5.1.1. SME financing volumes

5.1.1.1. New business:

- annual number and principal volume of SME Transactions entered into over the past 3 years;
- annual number and principal volume of eligible SME Transactions entered into over the past year, split by:
 - a) Rating class (e.g. internal scoring/ rating/ probability of default/expected loss) (if available);
 - b) Internal business segment (if risk segmentation differs from business segmentation, please

- also provide breakdown for risk segments);
- c) Industry (using NACE Rev.2 (Division Level, i.e. one letter followed by two digits));
- d) Maturity of the SME Transactions;
- e) Purpose of finance (investments or working capital (or other breakdown, please specify)).

5.1.1.2. Outstanding portfolio: total number and principal volume of eligible SME Transactions outstanding at the most recent available year-end or half-year end (whichever most recently available), split by:

- a) Rating class (e.g. internal scoring/ rating/ probability of default/expected loss) (if available);
- b) Type of borrowers (autonomous, SMEs, start-ups and micro enterprises) (if available);
- c) Maturity of the SME Transactions.

5.1.2. Interest rates and remuneration

Description of interest spread components, including a) administrative and funding costs component, b) minimum risk related margin, split (if applicable) by risk category of borrowers or by the applicable criterion (e.g. by maturity or type of borrower).

5.2. Expected characteristics of the Portfolio to be built up

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

5.2.1. Internal client segmentation

Internal client segments under which the Applicant intends to classify SME Transactions to be included in the portfolio.

5.2.2. Economic sector - industry concentration

Expected top 5 Industry sectors of the Portfolio (using NACE Rev.2 (Division Level) and their expected weights in the Portfolio (both by number and volume of SME Transactions).

5.2.3. Start-ups & micro enterprises

Expected percentage of start-ups) and micro-enterprises in the Portfolio. Please provide internal definition of a start-up company.

5.2.4. Rating of the Portfolio

Expected percentage breakdown of the Portfolio by risk category at origination, e.g. internal scoring/ rating/ probability of default/ LGD and by internal segment.

If the rating models and/or LGD models are not used, please provide a professional estimation of the default rate, recovery rate and LGD (including any supporting information).

5.2.5. SME Transaction characteristics

5.2.5.1. Expected breakdown by interest rate type (fixed, floating, other) and subsequent split by indexation and frequency of payment.

5.2.5.2. Expected embedded options percentages and other special features (payments holidays, maturity extensions, interest-only- periods, etc.).

5.2.5.3. Indicative expected breakdown of the Portfolio by principal amount and expected average amount.

5.2.5.4. Expected breakdown by amortisation type (French, linear, balloon, bullet, other). Please provide internal definition of bullet and balloon SME Transactions.

5.2.5.5. Expected average collateralisation levels for SME Transactions to be included in the Portfolio, or, if available, the expected LGD level of the SME Transactions to be included in the Portfolio.

5.2.6. Maturity profile

Expected breakdown by maturity, weighted average maturity (WAM) and weighted average life (WAL) for 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, such as:

5.3. PERFORMANCE TRACK RECORD

5.3.1. **If rating models are used** for the SME 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 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 the last 3 years;
- d) 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.

5.3.2. **If no rating model is used** please provide **default vintage analysis data** for each period⁴ of origination of transactions, split by each relevant segment when applicable (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.

5.3.3. **Recovery rate data**, by year of SME loan default: the average 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 split by collateral type, product, risk categories, and any other relevant breakdown.

5.3.4. Average time lags between the granting of the transaction, the payment default by the borrower and the end of recovery period (including when resulting in a write-off), on aggregate basis and split by product, risk categories, and any other relevant breakdown.

Notwithstanding the above, Applicants are encouraged to provide the most detailed level of information (including all data referred to in sections 5.1, 5.2 and 5.3 here above) in order to facilitate EIF's risk assessment of the Portfolio and the overall Facility.

⁴ Periods should be in years, if possible quarterly data is preferred.

ANNEX II: INDICATIVE PRSL TERM SHEET

Important Disclaimer

This summary term sheet is for information purposes only, terms and conditions may change significantly based on further product development by the EIF. This document is an outline of the indicative terms and conditions for the product described herein, **which are subject to change and are non-exhaustive.**

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

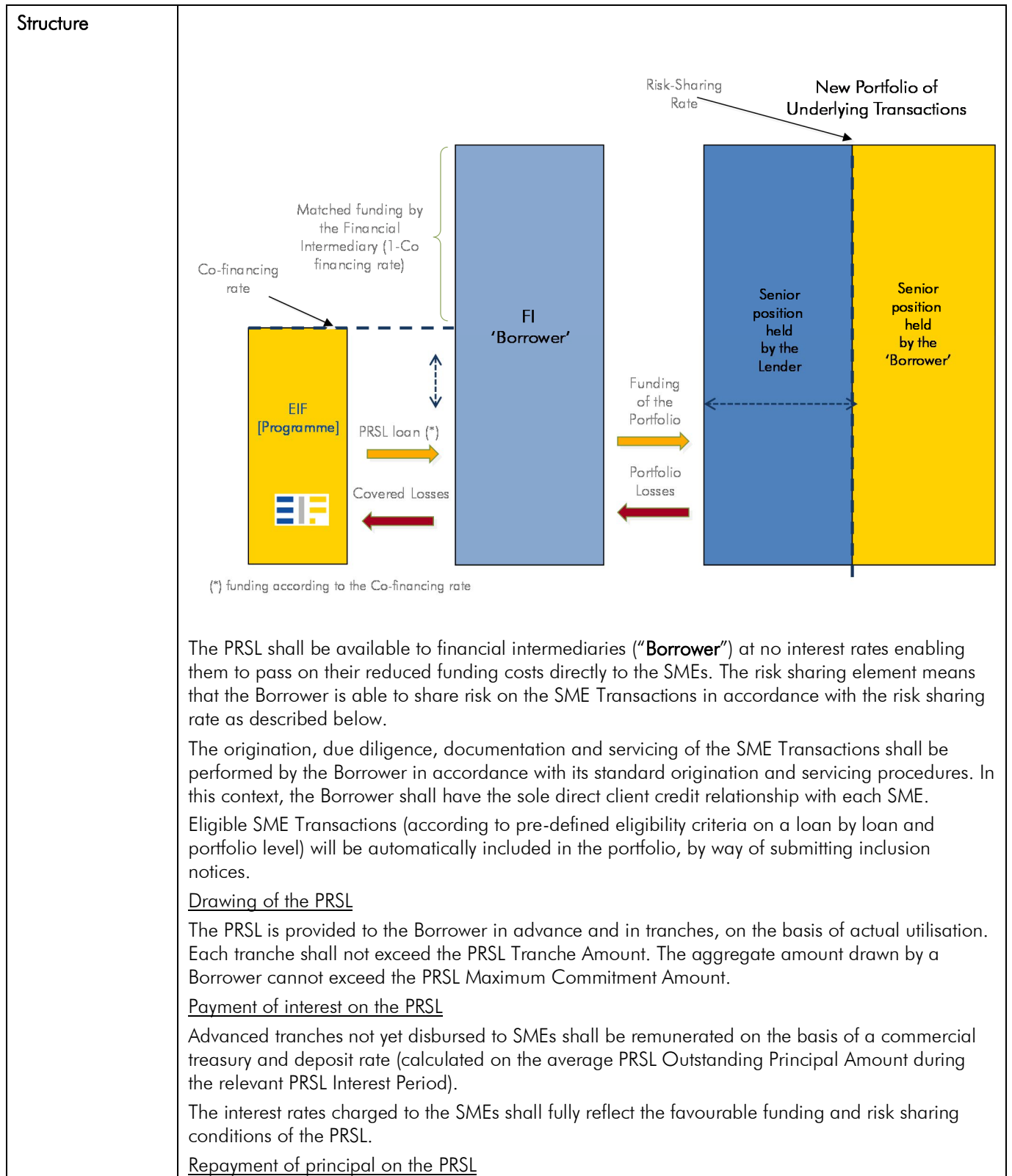
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Capitalised terms used in this Term Sheet and not otherwise defined herein shall have the meaning given to them in the Call for Expression of Interest.

Portfolio Risk Sharing Loan

Indicative Summary of PRSL Transaction Terms

When used in this section, the term “EIF” means EIF representing the Government of Romania and acting on its behalf through C-FOF-RO.



	<p>The outstanding principal of the PRSL shall be repaid on a periodical basis (typically quarterly), either:</p> <ol style="list-style-type: none"> 1) Matching the principal repayment of the underlying SME; or 2) Based on a fixed repayment schedule <p>Further, it shall be reduced in line with Covered Amounts at the Risk-sharing Rate, as a result of the embedded risk sharing element.</p> <p>The drawdown of PRSL by the Borrower and the disbursements under the SME Transactions shall occur by the end of the Inclusion Period.</p> <p>Furthermore, during the Inclusion Period, principal repayments from SME Transactions could be used by the Borrower to co-finance new eligible SME Transactions to be included in the Portfolio, provided that the PRSL Maximum Commitment Amount was fully drawn by the Borrower.</p>
Inclusion Period	<p>During the Inclusion Period (typically 24-36 months, with the right for EIF to extend it), eligible SME Transactions (according to pre-defined eligibility criteria) may be included (and disbursed) by the Borrower in the Portfolio. Inclusion of SME Transactions shall occur automatically upon receipt by EIF of an inclusion notice submitted by the Borrower on a quarterly basis. For the avoidance of any doubt, following inclusion, the risk sharing element is activated as of the signature date of the SME Transactions.</p> <p>The Inclusion Period could be early terminated in case of occurrence of an Event of Default or Trigger Event, e.g. if mid-period volume targets are not met or default rate triggers breached.</p>
PRSL Tranche Amount	<p>Up to the local currency equivalent of EUR 5 million.</p> <p>Such amount is defined on transaction by transaction basis, subject to availability of resources of overall volumes submitted by applicant with their expression of interest.</p>
PRSL Maximum Commitment Amount	<p>The maximum aggregate amount of principal of PRSL made available to a Borrower.</p>
PRS Loan Currency	<p>Local currency.</p>
Risk-sharing Rate	<p>50%.</p> <p>For each SME Transaction included in the Portfolio, the portion of the SME Transaction principal amount financed by the PRSL.</p> <p>The Risk-sharing Rate also determines the portion of the Covered Amounts which are absorbed by the EIF and the portion of the Recoveries payable to the EIF.</p> <p>To ensure alignment of interest, the credit risk retained by the Borrower shall at all times and in no case be less than 20% on each SME Transaction.</p>
Drawdowns	<p>PRSL shall be available for drawdown ex-ante and in multiple tranches during the Inclusion Period. Tranches subsequent to the first tranche shall be made available to the Borrower subject to a pre-agreed portion of the previous PRSL Tranche Amount having been committed to SMEs.</p>
Treasury and Deposit Interest	<p>The Borrower shall pay to the EIF on a quarterly basis the Treasury and Deposit Interest calculated for each interest period as the product of:</p> <ol style="list-style-type: none"> (a) The Treasury and Deposit Interest Rate; (b) The ratio of the number of days in the PRSL Interest Period, divided by 360, and (c) The difference between: <ol style="list-style-type: none"> (x) the average of the PRSL Outstanding Principal Amount on each day during the interest period, and (y) the average of the aggregate outstanding principal of performing SME Transactions as of the last day of the preceding interest period and as of the last day of the relevant interest period, multiplied by the Risk-sharing Rate.
Treasury and Deposit Interest	<p>Means the sum of a reference rate (i.e. ROBOR) and a margin (percentage per annum), which shall be determined by reference to the second best long term, unsecured and unsubordinated</p>

Rate	indebtedness rating of the Borrower.
Portfolio Interest (if applicable)	<p>The Borrower shall pay to EIF on a quarterly basis the Portfolio Interest calculated for each interest period as the product of:</p> <p>(a) the Portfolio Interest rate;</p> <p>(b) the ratio of the number of days in the PRSL Interest Period, divided by 360;</p> <p>(c) the arithmetic average of the aggregate outstanding of performing SME Transactions as of the last day of the preceding interest period and the last day of the relevant interest period; and</p> <p>(d) the Risk-sharing Rate.</p> <p>In the case of C-FOF-RO, no Portfolio Interest will be due and payable by the Borrower, on account of the Portfolio Interest Rate being set at 0%.</p>
Portfolio Interest Rate	0%.
PRSL Interest Period	Means a [semi-annual/quarterly] period corresponding to the relevant calendar [semester/quarter].
PRSL Outstanding Principal Amount	<p>Means the amount of principal outstanding under PRSL, which</p> <ol style="list-style-type: none"> 1. in the case of Pass-through Repayment corresponds to cumulative amounts disbursed to the Borrower and not repaid or reduced as a result of the application of Repayments and Covered Amounts; and 2. in the case of Fixed Repayment Schedule corresponds to the product of (i) the difference between (a) the PRSL Outstanding Principal Amount as at the beginning of the relevant PRSL Interest Period (b) the product of (1) the Covered Amounts occurred during the relevant PRSL Interest Period and (2) the Risk-sharing Rate and (ii) the applicable Repayment percentage set out in the loan agreement.
Repayment of the PRSL	<p>The repayment may be made in the form of either:</p> <p>(A) Pass-through Repayment, quarterly based on the repayment of the SME Transactions included in the portfolio, i.e. as the difference between (A) the PRSL Outstanding Principal Amount and (B) the product of (i) the outstanding aggregate amount of non-defaulted SME Transactions and (ii) the Risk-sharing Rate;</p> <p>(B) Fixed Repayment Schedule, set in the loan agreement with a schedule of Repayments percentages of the PRSL Outstanding Principal Amount over time.</p>
Covered Amounts	<p>a) Principal and interest accrued up to a period of 90 days (excluding late payment or default interest, capitalised interest, fees and other costs and expenses) due, payable and outstanding at such time following occurrence of either an SME Transaction Default or SME Transaction Acceleration, or</p> <p>b) Any reduction in the principal and/or interest amounts accrued until the date of restructuring (excluding any interest, late payment or default interest, capitalised interest, fees and any other costs and expenses) as a result of SME Transaction Restructuring.</p>
SME Transaction Default	Means that (i) the Borrower considers at any time (acting reasonably in accordance with its internal procedures) that an SME is unlikely to meet its payment obligations under such SME Transaction (without recourse by the Borrower to action such as realisation of security); or (ii) an SME has failed to meet any payment obligation under the relevant SME Transaction which has continued for at least 90 consecutive calendar days.
SME Transaction Acceleration	Means the occurrence of an event of default (howsoever defined) under SME Transaction which has entitled the Borrower to accelerate payment of any amounts owed to it and the Borrower 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).
SME Transaction Restructuring	Means that the Borrower acting in a commercially reasonable manner and in accordance with its standard internal procedures, agrees to the restructuring of a SME Transaction such that the amount of principal scheduled to be paid, and/or any interest amount due, by the relevant SME is reduced, in order to improve the collectability of the claims arising from the relevant SME

	Transaction.
Recoveries	<p>Recovery means each and every amount, net of recovery and foreclosure costs (if any), recovered or received by the Borrower 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 SME Transaction not covered by the PRSL.</p> <p>All Recoveries shall be shared pari passu between the EIF and the Borrower, in the same proportion of the Risk-sharing Rate (i.e. 50%)</p> <p>The Borrower shall send to the EIF at any relevant time, but not later than 30 days of the end of each calendar quarter a recovery notice with accompanying recoveries schedule and shall pay to the EIF any relevant amount, within three months of the end of each calendar quarter in which Recoveries are recovered or received by the Borrower.</p>
Prepayment Option	Prepayment of the full (but not a portion) of the PRSL Outstanding Principal Amount is possible at any time with no penalties applied.
Management Fee	<p>Fee paid to the Borrower for the origination and servicing of the Portfolio as regards in particular the Borrower's obligations to monitor, report on and promote the facility. The Management Fee is payable annually in arrears and calculated quarterly as the sum of:</p> <ul style="list-style-type: none"> i) The Management Fee rate "A" multiplied by (a) the Risk Sharing Rate; (b) the amount of the disbursements under the SME Transactions during the relevant calendar quarter; and (c) 25% ii) The Management Fee rate "B" multiplied by (a) the sum of: <ul style="list-style-type: none"> 1. the sum of principal repayments under the SME Transactions in the relevant calendar quarter multiplied by the Risk-sharing Rate; and 2. The sum of all Recoveries paid to EIF in the relevant year; and (b) 25%. <p>The Management Fee rate "A" is up to 3% p.a. The Management Fee rate "B" is up to 2% p.a. The cumulated Management Fees paid to a Financial Intermediary shall in no case exceed 8% of the PRSL Maximum Commitment Amount. .</p>
Events of Default, Covenants and Undertakings	<p>On the basis of the EIF's assessment, PRSL agreement will set out standard events of default (e.g. non-payment of amounts due, breach of obligation, unlawfulness and misrepresentation), appropriate financial covenants and undertakings by the Borrower.</p> <p>On and at any time after the occurrence of an event of default the EIF may, by notice to the Borrower, terminate the Inclusion Period and declare that all or part of the amounts accrued or outstanding under the PRS Loan shall be due and payable. The occurrence of an event of default may result in the early termination of the agreement.</p>
Trigger Event	<p>Means, inter alia, a Default Rate Trigger Event and Portfolio Trigger Event:</p> <ul style="list-style-type: none"> a) A Default Rate Trigger Event occurs if, on specified date(s) during the Inclusion Period, the aggregate outstanding principal amount of defaulted SME Transactions included in the Portfolio exceeds a predetermined level(s); b) A Portfolio Trigger Event occurs if, on specified date(s) during the Inclusion Period, the aggregate committed amount of SME Transactions included in the Portfolio does not reach a predetermined level(s).
Governing Law and Language	The terms of the PRSL agreement shall be in the English language and the PRSL agreement shall be governed by the laws of England.

Eligibility Criteria GENERAL TERMS APPLICABLE TO UNDERLYING TRANSACTIONS

SME Transaction	Financial instrument provided by a Financial Intermediary to an SME and
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	complying with the Eligibility Criteria.
Eligibility Criteria	The Eligibility Criteria shall comprise the SME Criteria, SME Transaction Criteria and Portfolio Criteria.
SME Criteria	<p>SMEs under SME Transactions shall comply with each of the following criteria:</p> <ul style="list-style-type: none"> i) The SME shall be a micro, small or medium-sized enterprises as defined in the Commission Recommendation 2003/361/EC (OJ L124, 20.05.2003, p. 36)⁵; ii) The SME shall not be subject to collective insolvency proceedings (or any equivalent concept) nor shall it fulfil the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors, as per Article 4.3(a) of the De Minimis Regulation; iii) The SME shall be considered economically viable by the Borrower and not be delinquent or in default in respect of any other loan or lease either granted by the Borrower or by another financial institution pursuant to checks made in accordance with the Borrowers internal guidelines and standard credit policy; iv) The SME shall be established and operating in Romania; the amounts disbursed to SMEs located in the Bucharest-Ilfov development region may not exceed 13.175% of the entire allocation to the instrument. v) The SME shall not be established in a Non-Cooperating Jurisdiction; vi) The SME shall not be in any Condition of Exclusion;⁶ and vii) The SME shall not have a substantial focus on one or more Restricted Sectors (which determination shall be made by the Financial Intermediary in its discretion based, without limitation, on the proportionate importance of such sector on revenues, turnover or client base of the relevant SME). <p>SME Criteria shall be met at the date of the document evidencing the relevant SME Transaction.</p>
SME Transaction Criteria	<p>SME Transactions shall comply with each of the following criteria:</p> <ul style="list-style-type: none"> i) Origination period: newly originated SME Transactions entered into by the Borrower during the Inclusion Period; ii) Purpose of financing: The support shall target the following: <ul style="list-style-type: none"> a) Establishment of new enterprises; b) Early stage-capital (seed capital and start-up capital);

⁵ Enterprise with less than 250 employees and having a turnover of less than EUR 50 million or total assets less than EUR 43 million; also not belonging to a group exceeding such thresholds. According to the Commission Recommendation, “an enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity”. Economic activity definition is: “any activity consisting in offering goods and services on a given market is an economic activity”. (ECJ, joined classes C- 180/98 to C-184/98 Pavlov). Consequently, for the avoidance of doubts, NGOs, museums, theatres, foundations, and any other organization complying with the SME definition above meets the SME Eligibility Criteria.

⁶ This eligibility criterion shall be deemed to be met based on undertakings or representations by the SME.

	<p>c) Expansion capital;</p> <p>d) Capital for the strengthening of the general activities of an enterprise;</p> <p>e) Realisation of new projects;</p> <p>f) Penetration of new markets or new developments by existing enterprises.</p> <p>iii) The SME Transaction may cover: (1) investment in tangible assets or intangible assets, (2) working capital⁷, and (3) the transfer of proprietary rights in enterprises provided that such transfers take place between independent investors.</p> <p>iv) The SME Transaction shall not refinance or restructure existing loans and leases;</p> <p>v) Investments that are to be supported shall not be physically completed or fully implemented at the date of the SME Transaction approval;</p> <p>vi) The share of an SME Transaction that is dedicated to the purchase of land cannot exceed 10%;</p> <p>vii) The SME Transaction shall not finance pure financial activities or real estate development when undertaken as a financial investment activity and shall not finance the provision of consumer finance;</p> <p>viii) SME Transaction Principal Amount shall not be greater than the lower of i) EUR 5m and ii) amount that would not cause the GGE to exceed de minimis limits, in accordance with State Aid rules;</p> <p>ix) SME Transactions can be amortising loans, bullet/balloons, revolving credit lines⁸, guarantees;</p> <p>x) The SME Transaction shall not be in the form of a mezzanine loan, a subordinated debt or a quasi-equity transaction;</p> <p>xi) Maturity: minimum maturity of 12 months and maximum maturity of 120 months (rounded to the nearest full calendar quarter);</p> <p>xii) Currency: RON;</p> <p>xiii) The customary interest rate applicable to the SME Transactions shall be replaced, for the risk-shared portion of the SME Transaction, with the Portfolio Interest Rate;</p> <p>xiv) The SME Transaction shall not finance activities mentioned in Article 1 (Scope) and in Article 3(2), second paragraph of the De Minimis Regulation;</p> <p>xv) [Others according to the Programme e.g. requirements on collateral, etc].</p> <p>The SME Transaction Criteria shall be met at all times, except the maximum maturity criteria under SME Transaction Criteria (vii), which must only be satisfied at the date of the document evidencing the relevant SME Transaction⁹.</p>
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⁷ Working capital shall be financed according to the ESIF Guidance for Member States and Programme Authorities No. CPR_37_4 "Support to enterprises/working capital."

⁸ Revolving SME Loan means a loan instrument (including an overdraft line of credit) where SME can utilise financing on a revolving basis (including by settling obligations arising from letters of credit) as a line of credit through multiple drawdowns and repayments.

⁹ Extending maturity of the SME Transaction beyond the maximum maturity shall be done only in accordance with the Financial Intermediary's standard credit policy and for the purpose to improve the collectability of

	The SME Transaction may cover Value Added Tax.
Eligible SMEs and activities – specific criteria	<p>Eligible SMEs and respectively eligible activities shall comply with the following criteria:</p> <ol style="list-style-type: none"> 1. The Final Recipient is an SME (as defined) at the date of the loan or investment; AND 2. The Final Recipient is not an enterprise in difficulty¹⁰; AND 3. The activity financed complies with at least one of the five smart specialization domains set out in the “National Research, Development and Innovation Strategy 2014-2020”, meaning that it corresponds to at least one of the industrial sectors with smart specialization potential set out in Table 2 of the “National Competitiveness Strategy 2015-2020”, as transposed into the NACE codes described in Annex III; AND 4. At least one of the following criteria is complied with: <ol style="list-style-type: none"> 4.1. The Final Recipient or one of its shareholders has registered or is in the process of registering at least one technology right (such as patent, utility model, design right, software copyright, etc.) and the financial support is targeted towards actions that support the implementation of the same technology right; OR 4.2. The Final Recipient or one of its shareholders has been awarded an R&D or Innovation prize provided by an EU institution, or a competent EU/national/regional body, and the financial support is targeted towards actions that support the implementation of the same award; OR 4.3. The Final Recipient is an innovative enterprise, as defined in article 2(80) of Commission Regulation 651/2014 (the General Block Exemption Regulation); OR 4.4. The Final Recipient will use the financing for the purpose of innovation, as defined in the “Oslo Manual - Guidelines for Collecting and Interpreting Innovation Data”, 3rd Edition, Chapter 3¹¹. The fulfilment of this obligation shall be deemed to be met based on the representations or undertakings provided by the Final Recipient at the time of receiving the financing.
Portfolio Criteria	<p>Portfolios shall ensure some diversification as per the specific terms of the PRSL agreement (e.g. obligor, industry, etc.) to be assessed on a case by case by EIF. These would typically include:</p> <ol style="list-style-type: none"> i) Maximum aggregate amount of SME Transactions with initial principal amount higher than the local currency equivalent of EUR 5m; ii) Maximum aggregate amount of SME Transactions with a bullet or balloon repayment; iii) Maximum aggregate amount of SME Transactions to SMEs operating in any individual industry as defined by reference to

sums payable, provided that it cannot be extended for more than 3 (three) years beyond the maximum maturity.

¹⁰ Undertakings in difficulty are defined accordance with Commission Regulation 651/2014 (the General Block Exemption Regulation), article 2, paragraph (18).

¹¹ <http://ec.europa.eu/eurostat/documents/3859598/5889925/OSLO-EN.PDF>

	<p>NACE Code – Rev.2 Division Level;</p> <p>iv) Maximum aggregate amount of SME Transactions to SMEs which fall in the Borrower’s riskiest rating or scoring classes.</p>
Restricted Sectors	<p>Available on EIF’s website:</p> <p>http://www.eif.org/news_centre/publications/2010_Guidelines_for_Restricted_Sectors.htm</p>
State aid	<p>The Borrower shall ensure, in respect of the SME Transactions included in the Portfolio, compliance with applicable State aid rules, i.e. the De Minimis Regulation, according to the <i>de minimis</i> aid scheme to be issued by the Romanian authorities. For such purpose and before granting an SME Loan, the Borrower shall calculate the relevant Gross Grant Equivalent (GGE) and ensure that the total GGE received by the SME over the relevant timeframe is not higher than the threshold set out in the De Minimis Regulation and report the GGE of individual SME Transactions to EIF.</p> <p>Furthermore, the Borrower shall ensure compliance with the Regulation regarding the Electronic State Aid Registry (REGAS). In this context, it is envisaged that Intermediaries will input the state aid received by each SME through the instrument in REGAS.</p>
De Minimis Regulation	<p>Means either 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, or Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the agriculture sector (as relevant).</p>
Other requirements	<ul style="list-style-type: none"> • Semi-annual standardized reporting and monthly summary data by the Borrower; • Monitoring and audit obligations; • Publicity of the Competitiveness Fund of Funds Romania – promotion, insertion in documents, contracts, etc.

Annex III: ELIGIBLE ACTIVITIES

According to Appendix G to the Funding Agreement, the activities falling within the following list of sectors NACE codes (Rev.2) are eligible for financing:

- 10 Manufacture of food products
- 11 Manufacture of beverages
- 13 Manufacture of textiles
- 14 Manufacture of wearing apparel
- 15 Manufacture of leather and related products
- 16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
- 17 Manufacture of paper and paper products
- 18 Printing and reproduction of recorded media
- 20.12 Manufacture of dyes and pigments
- 20.14 Manufacture of other organic basic chemicals
- 20.15 Manufacture of fertilisers and nitrogen compounds
- 20.16 Manufacture of plastics in primary forms
- 20.52 Manufacture of glues
- 20.53 Manufacture of essential oils
- 20.59 Manufacture of other chemical products n.e.c.
- 21 Manufacture of basic pharmaceutical products and pharmaceutical preparations
- 22.29 Manufacture of other plastic products
- 23.49 Manufacture of other ceramic products
- 23.51 Manufacture of cement
- 24.10 Manufacture of basic iron and steel and of ferro-alloys
- 25.21 Manufacture of central heating radiators and boilers
- 25.29 Manufacture of other tanks, reservoirs and containers of metal
- 25.30 Manufacture of steam generators, except central heating hot water boilers
- 25.5 Forging, pressing, stamping and roll-forming of metal; powder metallurgy
- 25.61 Treatment and coating of metals

25.99 Manufacture of other fabricated metal products n.e.c.

26 Manufacture of computer, electronic and optical products

27 Manufacture of electrical equipment

28.11 Manufacture of engines and turbines, except aircraft, vehicle and cycle engines

28.29 Manufacture of other general-purpose machinery n.e.c.

28.99 Manufacture of other special-purpose machinery n.e.c.

29 Manufacture of motor vehicles, trailers and semi-trailers

31 Manufacture of furniture

33 Repair and installation of machinery and equipment

36 Water collection, treatment and supply

37 Sewerage

38 Waste collection, treatment and disposal activities; materials recovery

39 Remediation activities and other waste management services

46.77 Wholesale of waste and scrap

47.4 Retail sale of information and communication equipment in specialised stores

47.6 Retail sale of cultural and recreation goods in specialised stores

47.91 Retail sale via mail order houses or via Internet

52.22 Service activities incidental to water transportation

55 Accommodation

58.1 Publishing of books, periodicals and other publishing activities

58.2 Software publishing

59 Motion picture, video and television programme and music publishing activities

60 Programming and broadcasting activities

61 Telecommunications

62 Computer programming, consultancy and related activities

63 Information service activities

71 Architectural and engineering activities; technical testing and analysis

72.11 Research and experimental development on biotechnology

72.19 Other research and experimental development on natural sciences and engineering

73 Advertising and market research

74.1 Specialised design activities

74.2 Photographic activities

74.9 Other professional, scientific and technical activities n.e.c.

79 Travel agency, tour operator reservation service and related activities

81.22 Other building and industrial cleaning activities

86 Human health activities

90 Creative, arts and entertainment activities

93.1 Sports activities

95.1 Repair of computers and communication equipment

ANNEX IV

TERMS OF CONFIDENTIALITY

In the context of the ESIF Competitiveness Funds of Funds, certain financial intermediaries (“Financial Intermediaries”) responding to the Call for Expression of Interest (the “Call”) will make available to the European Investment Fund (“EIF”) certain information of a non-public, confidential and proprietary nature. This document (the “Terms of Confidentiality”) sets out how Confidential Information provided by, or on behalf of, Financial Intermediaries in connection with the Call will be dealt with by EIF.

1. Confidentiality undertaking – EIF will:

- a) take reasonable steps to keep the Confidential Information confidential and not disclose it to anyone except as provided for by paragraph 2 below and ensure that such Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information;
- b) use the Confidential Information only for or in connection with the Permitted Purpose; and
- c) use all reasonable endeavours to ensure that any person to whom EIF passes any Confidential Information (unless disclosed under paragraph 2(b) or (c) below) complies with the provisions of these Terms of Confidentiality as if that person were subject to these Terms of Confidentiality.

2. Permitted disclosure – EIF may, however, disclose Confidential Information:

- a) to its managing bodies, affiliates, officers, directors, employees, representatives, professional advisers, and service providers and the Investment Committee of the European Fund for Strategic Investments, to the extent necessary for, or in connection with, the Permitted Purpose and to its auditors;
- b) to the European Commission, the European Court of Auditors, and/or the European Anti-Fraud Office (OLAF) and to their respective affiliates, officers, directors, employees and professional advisers to the extent necessary for the Permitted Purpose and to their respective auditors;
- c) (i) where requested or required by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body or administrative order, (ii) where required by its statutory documents, internal policies and procedures or in accordance with the relevant treaties or (iii) where required by the laws or regulations of any country with jurisdiction over its affairs (iv) where required in connection with and for the purposes of any litigation, arbitration, administrative or other investigations, proceedings or disputes or in order to protect its interests in the course of any legal or arbitration proceedings;

- d) with the Financial Intermediary's prior written consent, not to be unreasonably withheld;
 - e) within the framework of the EIF's Transparency Policy¹² pursuant to which EIF may publish on its website the minutes of its Board of Directors (including a summary indicating the project name, the nature of the operation, the geographical focus and the relevant EIF-managed resources of the Proposed Transaction), unless the Financial Intermediary has specifically objected to such disclosure as set out in the Call; or
 - f) to the European Investment Bank, in its role as a party to the Proposed Transaction, and to the European Investment Bank's auditors and the European Investment Bank shall be permitted to disclose Confidential Information in accordance with paragraphs 2.(a) to 2.(d) above in respect of itself.
3. Notification of Required Disclosure – EIF will (to the extent permitted by law and by its statutory documents) inform the Financial Intermediary of the full circumstances of any disclosure under paragraph 2(c).
4. Termination – The Terms of Confidentiality will cease to apply to Confidential Information on the earlier of (a) the date of the signature of the Proposed Transaction containing a confidentiality undertaking in the same or similar terms as the Terms of Confidentiality, and (b) two years following the date on which such Confidential Information was provided to EIF.
5. Definitions – In these Terms of Confidentiality:
- “Confidential Information”** means any information in written or other permanent form marked by the Financial Intermediary (in good faith) as confidential relating to the Financial Intermediary and the Proposed Transaction, provided to EIF by a Financial Intermediary or any of its affiliates or advisers, and includes any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that (a) is or becomes public knowledge (other than as a result of any breach of the Terms of Confidentiality) or (b) is not marked as confidential by such Financial Intermediary or (c) is known by EIF before the date the information is disclosed to EIF by such Financial Intermediary or any of its affiliates or advisers or (d) is lawfully obtained by EIF, other than from a source which is connected with such Financial Intermediary and which, in either case, as far as EIF is aware, has not been obtained in violation of, and is not otherwise subject to, any obligation of confidentiality; and
- “Permitted Purpose”** means (a) considering and assessing whether or not to enter into the Proposed Transaction or another transaction with the same Financial Intermediary, (b) any related legal or regulatory or rating review and/or related reporting obligations, and/or (c) any internal procedure of EIF or the European Investment Bank.
6. Third party rights – Unless expressly provided to the contrary in the Terms of Confidentiality, a person who is not a party to the Terms of Confidentiality has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of the Terms of Confidentiality. Notwithstanding any term of the Terms of Confidentiality, the consent of any person who is not a party to the Terms of Confidentiality is not required to rescind, amend or

¹² http://www.eif.org/news_centre/publications/EIF_Transparency_policy.htm?lang=-en

vary the Terms of Confidentiality at any time.

7. Governing law and jurisdiction – The Terms of Confidentiality, and any non-contractual obligations arising out of or in connection with them, shall be governed by, and construed in accordance with, English law. Any disputes arising out of or in connection with the Terms of Confidentiality will be subject to the jurisdiction of the courts of England.