



INFORMATION REQUIREMENTS UPON EXPRESSION OF INTEREST SUBMISSION AND FIRST POSITIVE SCREENING

The points below list the headings for the information package needed for due diligence purpose and only upon positive first screening. In case of joint applications all the following information shall be provided for the Applicant and each Participating Entity.

At the discretion of EIF, Applicants that have concluded guarantee or risk sharing transactions with EIF or have submitted an application for an EIF guarantee or risk-sharing programmes may be exempted from the provision of qualitative and quantitative information or such provision may be limited only to the relevant updates or material changes and differences from the latest expression of interest presented to (or due diligence conducted by) EIF under such other EIF programme or transaction, as applicable.

1. APPLICANT'S ACTIVITY

1.1. General information

- 1.1.1. 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 framework¹,
- 1.1.3. Definition of the different internal business segments (including the relevant segments applicable to Final Recipients) of the Applicant (in terms of number of employees, annual turnover or total assets).

1.2. Activity with Final Recipients

- 1.2.1. Description of the lending²/leasing/guarantee activity related to Final Recipients of the following: description of the products offered to Final Recipients, if relevant senior and/or subordinated, purpose, minimum and maximum maturity, rate of financing/coverage (as % of borrower financing needs), minimum and maximum amount, repayment features, etc. For Financial Intermediaries applying for a Counter-Guarantee under the Capped Guarantee product and/or the Uncapped Guarantee product, such description shall cover the selection

¹ If applicable, standardised approach, foundation IRB Approach, Advanced IRB Approach.

² In the case of an Applicant being a loan (debt) fund, the term "lending" includes the notion of investing and the term "loans" include bonds or other equivalent securities.

of Sub-Intermediaries and the underlying type and features of debt financing products covered by the Applicant's guarantee.

- 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. The EIF may provide to Financial Intermediaries, on a case by case basis a template to support the compliance with data requirements under 2.1.

3. OPERATING PRINCIPLES (WITH RESPECT TO ACTIVITY WITH FINAL RECIPIENTS)³

For Capped and Uncapped Guarantees only, the operating principles (3.1.-3.2.) shall also include differences with respect to subordinated debt, if applicable).

- 3.1. Credit policy and risk appetite: brief description of the internal procedures, guidelines, tools and systems used for the purpose of credit risk assessment.
- 3.1.1. Risk assessment procedures (default probability - rating/scoring system)
- 3.1.1.1. 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
- 3.1.1.2. Description of the key inputs and their respective weight in the rating output
- 3.1.1.3. If applicable, the rating master scale with the respective minimum, maximum and median probability of default (PD) per rating class.
- 3.1.1.4. Description of the internal default definition
- 3.1.2. Collateral policy
- 3.1.2.1. Description of the collateral requirements including personal guarantees (type, valuation, haircuts, down payment and residual value for leases, etc.)
- 3.1.2.2. Description of the Loss Given Default (LGD) model and its validation (if applicable)
- 3.1.3. Description of the approval procedures (process, authorities, limits, etc.)
- 3.1.4. Description of the dunning procedure and monitoring system (monitoring of payment dates, early warning system, etc.)
- 3.1.5. Work-out / recovery procedures (steps taken, departments involved, indication whether recovery process is dealt with in-house or is outsourced, length of recovery procedures). In case of guarantors (for Capped and Uncapped Guarantees only): description of the principles of sharing recoveries with Sub-Intermediaries, process and operating modalities.
- 3.2. Risk management: methods utilised for loss forecasting, provisioning and credit risk management at portfolio level.
- 3.3. Information, in the form of a questionnaire to be provided by EIF, on how Environmental, Social, Governance ("ESG") factors form part of the applicant's business decisions (focusing on the relevant business segments covered by this Expression of Interest

³ The EIF may provide to the Financial Intermediary, on a case by case basis, a due diligence agenda.

4. IMPLEMENTATION MEASURES

- 4.1. Overall implementation strategy, marketing and publicity strategy, description of product types (existing or newly created), indication of the nature, type of activities and lead time expected for preparation of the rollout, envisaged procedures for origination and allocation of new Guaranteed Transactions to the Portfolio (in the case of the Capped Guarantee Instrument and the Uncapped Guarantee Instrument) or the Additional Portfolio (in the case of the Synthetic Securitisation Instrument).
- 4.2. With respect to the Capped Guarantee Instrument and the Uncapped Guarantee Instrument only:
- 4.2.1. Proposed Agreed Portfolio Volume (size of the Portfolio) to be originated during the Inclusion Period.
- 4.2.2. On the basis of the proposed Volume, estimated principal amounts of Guaranteed Transactions to be originated in each quarter of the Inclusion Period, split between different types of Final Recipients.
- 4.2.3. The determination of the Transfer of Benefit.
- 4.2.4. Expected average collateralisation levels for transactions to be included in the Portfolio (separately for different types of Final Recipients and separately for senior and/or subordinated debt, as applicable), or, if available, the expected LGD level of the Transaction to be included in the Portfolio.

5. INFORMATION REQUIREMENTS FOR THE CAPPED GUARANTEE INSTRUMENT AND THE UNCAPPED GUARANTEE INSTRUMENT

PORTFOLIO DATA AND PERFORMANCE

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

- SMEs, Small Mid-caps and, if applicable, Social Enterprises (to the extent the information is available, otherwise by internal segment); and
- a proxy portfolio of Eligible Transactions or, if such information is not available, comparable transactions (i.e. as similar as possible to Eligible Transactions).

In case of an application for the Guarantee: separately for loans and financial leases, if the Expression of Interest covers both types of Guaranteed Transactions.

Information below shall be provided separately for transactions under subordinated debt (where applicable).

The EIF may provide to Financial Intermediaries, on a case by case basis a template to support the compliance with data requirements under 4.1 to 4.3.

5.1 ORIGINATION VOLUMES

- 5.1.1 New business: annual number and principal volume of new Transactions granted over the past 3 years, split by:
- rating class (e.g. internal scoring/ rating/ probability of default/expected loss) (if available)

- ii) internal segment;
 - iii) industry (using NACE Rev.2 (Division Level));
 - iv) currency (if relevant);
 - v) type of Final Recipient (SMEs, Small Mid-caps,...) (if available).
- 5.1.2 Average collateralisation level of the portfolio outstanding at the most recent available year-end or, if available, average LGD level.

5.2 INTEREST RATES AND REMUNERATION

- 5.2.1 In respect to Financial Intermediaries applying for the Guarantee under the Facility: description of interest spread components, including a) administrative costs component, b) minimum risk related margin, split: i) by risk category of the borrower, ii) to the extent relevant for subordinated Guaranteed Transactions, capitalized interest, PIK features, and other profit/loss sharing mechanisms (e.g. options, warrants, etc.) and iii) to the extent relevant, by currency.
- 5.2.2 In respect to Financial Intermediaries applying for the Counter-Guarantee under the Facility: basis of the calculation and frequency of collection of the guarantee premiums, components of the guarantee premium (administrative costs, cost of risk, etc.), premium calculation methods (modulation to the type of financing, risk rating of the SME, guarantee rate, collateral, etc.), the level of subsidisation of the guarantee premiums, description of modalities of premium collection (from SME, through Sub-Intermediaries, etc.).

5.3 PERFORMANCE TRACK RECORD

- 5.3.1 If rating models are used for the activity with Final Recipients, please provide (for each model in use):
- a) the rating master scale with the respective minimum, maximum and median probability of default (PD) per rating class);
 - b) the latest back-testing information on the PD model evidencing the actual versus modelled PD and the evolution of the explanatory power of such model (e.g. Gini score) over the last 3 years;
 - c) Annual default frequencies per rating class for the last 3 years the latest back-testing information on the LGD model evidencing the actual versus modelled LGD.
- 5.3.2 If no rating model is in place, please provide for each year of origination of transactions (for the last 5 years):
- a) Aggregate initial principal amount of Transactions granted in each year (EUR or relevant currency);
 - b) Aggregate number of Transactions granted in each year (by currency);
 - c) Aggregate defaulted amount for each year following origination, i.e. aggregate outstanding principal amount at the time of default for the Transactions belonging

to the same vintage (i.e. granted during the same year) that defaulted in each year after their origination date.

5.4 CHARACTERISTICS OF THE PORTFOLIO TO BE ORIGINATED

5.4.1 Internal segmentation

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

5.4.2 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 relevant, submitted separately for Subordinated Beneficiary Transactions).

5.4.3 Transaction characteristics

5.4.3.1 Expected features of the Eligible Transactions (if applicable separately for different types of Final Recipients):

- a) in case of Financial Intermediaries applying for the Guarantee under the Facility: the features of the Beneficiary Transactions (separately for loans and leases, as applicable) such as: principal amount (in case of leases – finance amount), down payment (in case of leases), amortisation profile, interest rate type, indexation, frequency of repayments, currency, embedded optionalities (payments holidays, maturity extensions, etc.; if relevant, submitted separately for Subordinated Beneficiary Transactions);
- b) in case of Financial Intermediaries applying for the Counter-Guarantee under the Facility: the features of the Beneficiary Transactions to be covered by the Financial Intermediary guarantees as above and in addition: the guarantee rate.

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

5.4.3.3 Expected percentage of bullet and balloon Transactions (if any) in the Portfolio. Please provide your internal definition of bullet and balloon Transactions.

5.4.4 Currency (if applicable)

Expected maximum concentration for Eligible Transactions for different types of Final Recipients in the Portfolio denominated in currencies other than EUR (% of the Portfolio for each currency).

5.4.5 Maturity profile

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

5.4.6 Eligible Beneficiary Transactions financing purpose

Indicative expected breakdown of the Portfolio by purpose of financing.

6. INFORMATION REQUIREMENTS FOR THE SYNTHETIC SECURITISATION INSTRUMENT

6.1 PORTFOLIO DATA AND PERFORMANCE

The EIF will provide to the Financial Intermediary a standardized information data template to support the data gathering on the historical origination volumes and the performance track record. The data required include, inter alia:

- a) the rating master scale with the respective minimum, maximum and median probability of default (PD) per rating class);
- b) the latest back-testing information on the PD model evidencing the actual versus modelled PD and the evolution of the explanatory power of such model (e.g. Gini score) over the last 3 years;
- c) annual default frequencies per rating class for the last 3 years the latest back-testing information on the LGD model evidencing the actual versus modelled LGD;
- d) aggregate defaulted amount for each year following origination, i.e. aggregate outstanding principal amount at the time of default for the Transactions belonging to the same vintage (i.e. granted during the same year) that defaulted in each year after their origination date;
- e) historical origination volumes and related risk-weights for a portfolio of loan instruments which the financial intermediary originated between 1 January 2017 and 31 December 2019 and which – at the time of their origination – had similar characteristics of the expected Additional Portfolio in terms of segments and products.

6.2 ADDITIONAL DETAILS FOR EGF SECURITISATION TRANSACTIONS

6.2.1 Proposed structure of the securitisation transaction, including at least and as applicable:

- 6.2.1.1 the type of securitisation transaction;
- 6.2.1.2 the indicative capital structure and provisional subordination levels and risk mitigation techniques such as reserve fund(s), set-off risk reserves, liquidity lines, swap agreements, excess spread trapping etc.;
- 6.2.1.3 detail waterfalls and amortisation mechanism;
- 6.2.1.4 loss allocation mechanisms (i.e. settlement mechanism for synthetic transactions);
- 6.2.1.5 any contemplated trigger events;
- 6.2.1.6 form of implementation of the FI Risk Retention;
- 6.2.1.7 eligibility criteria for the Existing Portfolio;
- 6.2.1.8 Call options;
- 6.2.1.9 Main parties expected to be involved in the EGF Transaction (e.g. calculation agent, swap counterparty, servicer, back-up servicer, if any, rating agency, if relevant);
- 6.2.1.10 Investors' participation, if any, in the transaction

6.2.2 Proposed Securitised Portfolio amount and description of each underlying product type.

6.2.3 Proposed Securitised Portfolio composition and credit quality:

Loan by loan data provided in accordance with the standardized information data template under 6.1, including amongst other things:

- 6.2.3.1 Rating class (e.g. internal scoring/ rating) and associated internal probability of default (if available);
- 6.2.3.2 Loss Given Default (LGD);
- 6.2.3.3 Internal client segments;
- 6.2.3.4 Industry (using NACE Rev.2 Division Level, i.e. one letter followed by two digits);
- 6.2.3.5 Type of borrowers (autonomous, SMEs, start-ups and micro enterprises) (if available);
- 6.2.3.6 Start date and maturity date of the underlying SME financing;
- 6.2.3.7 Purpose of finance (investments or working capital (or other breakdown, please specify));
- 6.2.3.8 Details of the guarantees and/or collateral applicable to each loan;
- 6.2.3.9 Details of collateral and if real estate: asset type, LTV, location, valuation, valuation date;
- 6.2.3.10 Number of employees and turnover by obligor;
- 6.2.3.11 Identifier of the Parent Group of the obligor;
- 6.2.3.12 Region (using NUTS code)
- 6.2.3.13 Payment holiday status (Moratoria)
- 6.2.3.14 Re-financing status