

Annex I to the Open Call for Expression of Interest to select Financial Intermediaries
under the SME Initiative Italy – Securitisation Instrument



To:

EUROPEAN INVESTMENT FUND

Re: SME Initiative Italy – Securitisation Instrument

Attention: SME Initiative Team – Expression of Interest

Guarantees and Securitisation

37B, avenue J.F. Kennedy

L-2968 Luxembourg

EXPRESSION OF INTEREST

For the Securitisation Instrument

in the context of the SME Initiative Italy

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 Open Call for Expression of Interest dated 21 October 2016 as subsequently amended and published on the European Investment Fund website in the framework of the SME Initiative Italy. Capitalised terms utilised herein shall have the meaning attributed to them in the Call for Expression of Interest.

The undersigned duly authorised to represent the *[Applicant]* and *[Participating Entities]*, by signing this form certifies/certify and declare(s) that the information contained in this Expression of Interest and its Appendices is complete and correct in all its elements.

The undersigned duly authorised to represent the *[Applicant]* and *[Participating Entity]*, by signing this form certifies and declares to have read the EIF Anti-Fraud Policy and declares not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the SMEI Transaction 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 SMEI Transaction.

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The undersigned, duly authorized to represent the *[Applicant]* and *[Participating Entities]*, by signing this form certifies and declares that each of 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, as further specified in Appendix 4, 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.

The *[Applicant]* and *[Participating Entity]* acknowledges that the European Investment Bank (EIB) and the European Investment Fund (EIF) are part of the EIB Group, and agrees that, EIB and EIF will share information for AML/CFT purposes, including KYC related information and documentation obtained from the *[Applicant]* and *[Participating Entity]* in the context of performing their respective relevant obligations under the EIB Group Anti-Money Laundering and Combating Financing of Terrorism Framework. This constitutes a general exception to the confidentiality obligation that the EIB or the EIF have undertaken, or will undertake towards the *[Applicant]* and *[Participating Entity]* at any point in time and notwithstanding anything to the contrary, shall prevail over any existing and/or future confidentiality arrangements.

Yours sincerely,

Signature(s):

Stamp of the Applicant (if applicable):

Name and position in capitals:

Applicant's name

Place: Date (day/month/year):

Appendices

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

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Appendix 1 Applicant/Participating Entity Identification

Appendix 2 Declaration of Honour

Appendix 3 Information Requirements

Appendix 4 Know Your Customer ("KYC") documents to attach

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Appendix 1 to the Expression of Interest.

APPLICANT/PARTICIPATING ENTITY IDENTIFICATION²

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

² In case of a joint application, this form shall be completed separately by the Applicant and Participating Entities.

Appendix 2 to the Expression of Interest.

DECLARATION OF HONOUR OF APPLICANT/PARTICIPATING ENTITY³

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:

VAT registration number:

➤ declares that the Financial Intermediary is not in one of the following situations:

- a) the Financial Intermediary, or persons having powers of representation, decision making or control over it, 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 past 6 months the Financial Intermediary has been subject to a “resolution action” as defined in Article 3.1(10) of the Regulation (EU) No 806/2014 of the European Parliament and of the Council or equivalent action provided for in national legislation implementing Directive 2014/59/EU of the European Parliament and of the Council;
- c) the Financial Intermediary, is “bridge institution” as defined in national legislation implementing Article 2.1(59) of Directive 2014/59/EU of the European Parliament and of the Council;
- d) 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;
- e) 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;
- f) 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;

³ In case of a joint application, this declaration shall be completed separately by each of the Applicant and the Participating Entities.

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- g) as of the date of this declaration, the Financial Intermediary is, to its knowledge, listed in the central exclusion database, established under Commission Regulation (EC, Euratom) No 1302/2008 of 17 December 2008 on the central exclusion database;
- h) the Financial Intermediary is incorporated in territories whose jurisdictions do not co-operate with the Union in relation to the application of the internationally agreed tax standard, or their tax practices do not follow the principles of 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);
- i) the business activity of the Financial Intermediary does not comply with the EIF policy in relation to restricted sectors (as set out in Appendix B of Annex II);
- j) as of the date of this declaration, the Financial Intermediary does not meet
 - a. the own fund requirements set out in Article 92 of the Regulation (EU) No 575/2013 of the European Parliament and of the Council ,
 - b. where applicable, the requirements imposed by their competent authority in accordance with national legislation transposing Article 104.1 (a) of Directive 2013/36/EU of the European Parliament and of the Council; and
 - c. the applicable buffer requirements set out in national legislation, regulation, rules implementing Chapter 4 of Directive 2013/36/EU of the European Parliament and of the Council;

Full name

Date (day/month/year):

Signature(s)

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).

- For Applicants that have already entered into Guarantee Agreement(s) following selection under the initial Call, only Section 3.1.1, 3.1.2 and 3.2 shall be updated. The other sections of the Expression of Interest shall be left blank.
- For Applicants that have already applied to the initial Call but have not been pre-selected/selected, any relevant updates or material changes shall be provided to EIF together with any information that EIF would require during the pre-selection/selection process that was not previously provided under the initial Expression of Interest.
- For Applicants that have applied to EIF guarantee or risk-sharing programmes within two years preceding the submission date of their Expression of Interest under this Call, the information requirements included in Section 1, Section 2 and Section 4 may be limited only to the relevant updates or material changes and differences from the latest expression of interest presented to EIF under such other EIF programme.

The Applicant shall indicate such expression of interest, and associated identifier, which shall be used by EIF for the purpose of the pre-selection process under this Call and EIF reserves the right to request clarifications and any additional information during the pre-selection process.

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, market share on loans and deposits to SMEs at national and regional level in the Target Geography, etc.),

1.1.2. Applicant's legal status, regulatory status and applicable regulations, regulatory capital framework⁴,

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).

1.1.4. Regional presence in each of the Regions (including number of branches, number of employees, business segments, etc.) of the Target Geography.

1.2 SME financing activity

1.2.1. description of the lending/leasing/guarantee activity related to SMEs with a breakdown per Region of the following: description of the lending/lease products offered to SMEs, purpose of finance, minimum and maximum maturity of loans/leases, rate of financing (as % of borrower

⁴ If applicable, standardised approach, foundation IRB Approach, Advanced IRB Approach.

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financing needs), minimum and maximum amount, repayment features, etc. with a specific focus in the Target Geography.

1.2.2. Business strategy (e.g. positioning, objectives, strengths, core products, geographical areas/focus, origination volumes), target market share in the next 3 years in the SME segment, main competitors – current and outlook, with a specific focus in the Target Geography.

2. FINANCIAL STANDING

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

Currency: [EUR]'000	Year (N-3)	Year (N-2)	Year (N-1)
Net profit (EUR)			
Net interest income (EUR)			
Total assets (EUR)			
Gross customer loan book (EUR)			
Total SME loan book (in % of the gross customer loan book)			
Cost/income (%)			
Total equity (EUR)			
Tier 1 capital ratio (%) (or applicable equivalent, if relevant)			
Loan/Deposit ratio (incl. debt securities) (%)			
NPL ratio (%)			
NPL ratio (%) for the SME segment			
Coverage ratio (%)			

2.2. Annual reports (including full set of financial statements with independent auditors report) for the last three years (links to the Applicant's and, in the case of joint application, the Participating Entities' websites or, alternatively, annual reports to be annexed to the Expression of Interest in electronic version only).

3. IMPLEMENTATION

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

3.1.1 *SMEI Transaction and Existing Portfolio:*

- I. Proposed structure of the SMEI Transaction, including at least and as applicable:

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- a. the type of SMEI Transaction (Cash Transaction, Tranche Cover Transaction or Vertical Cover Transaction);
 - b. 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.;
 - c. detail waterfalls and amortisation mechanism (i.e. with principal deficiency ledger (PDL), etc.);
 - d. loss allocation mechanisms (i.e. settlement mechanism for Tranche Cover Transaction or Vertical Cover Transaction);
 - e. any contemplated SMEI Transaction Trigger Events (i.e. Replenishment, PDL, etc.);
 - f. potential participation of the confidi and/or other investors;
 - g. form of implementation of the FI Risk Retention;
 - h. information on the Issuer, if applicable (e.g. jurisdiction of incorporation, dedicated Issuer or multi-issuing vehicle);
 - i. eligibility criteria for the Existing Portfolio and the for the replenishment, if applicable;
 - j. Call options;
 - k. Main parties expected to be involved in the SMEI Transaction (e.g. calculation agent, swap counterparty, servicer, back-up servicer, if any, rating agency, if relevant);
 - l. Tranches Market Price indication, in accordance with any evidence put forward by the Applicant.
- II. Proposed Existing Portfolio amount, composition and credit quality, in a loan-by-loan database which, where possible, is to be substantially in the format of the decoded European Data Warehouse loan by loan data⁵, including amongst other things:
- a. Rating class (e.g. internal scoring/ rating) and associated internal probability of default (if available);
 - b. Loss Given Default (LGD);
 - c. Internal client segments;
 - d. Industry (using NACE Rev.2 Division Level, i.e. one letter followed by two digits);
 - e. Type of borrowers (autonomous, SMEs, start-ups and micro enterprises) (if available);
 - f. Start date and maturity date of the underlying SME financing;
 - g. Purpose of finance (investments or working capital (or other breakdown, please specify));
 - h. Details of the guarantees and/or collateral applicable to each loan;
 - i. Details of collateral and if real estate: asset type, LTV, location, valuation, valuation date;
 - j. Number of employees and turnover by obligor;
 - k. Identifier of the Parent Group of the obligor;
 - l. Exposure in the Target Geography;
 - m. Presence of underlying SME financing guaranteed by confidi (which comply with the relevant Eligibility Criteria of the Existing Portfolio);
- III. Describe each product type included in the proposed Existing Portfolio;
- IV. Describe underwriting and servicing procedures and policies;
- V. Describe securitisation servicing experience and track record;
- VI. Describe collection procedures and policies;
- VII. Describe the underwriting procedure and specific purpose for the debt finance included in the proposed Existing Portfolio with an initial maturity longer than 15 years;
- VIII. Describe prior/proven experience (including compliance with relevant operational and reporting requirements) with the deployment of securitisation instruments under other similar EU/EIB/EIF products;

⁵ Information required in this Annex I to be provided as per the format available online:
http://www.eif.org/what_we_do/guarantees/sme_initiative/smei_italy/index.htm

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- IX. If the securitisation foreseen the presence of Confidi as risk taker, describe how such parties are envisaged to take risk in the proposed SMEI Transaction;
- X. Considering that implementing the Facility involves fixed costs as regards the SMEI Transaction and some administrative tasks such as periodical reporting, please provide an indication of what minimum size of the Existing Portfolio would be expected.

3.1.2 *Additional Portfolio:*

- I. Proposed Maximum Additional Portfolio Volume (as defined in section 6 (The Additional Portfolio) of Annex II to this Call) to be originated in the Target Geography during the Inclusion Period with the expected breakdown per Region (as per table in section 5.2 below) taking into consideration the Minimum Additional Portfolio Volume and the COSME Minimum Portfolio Volume;
- II. Expected timing of launch of the product in the market following the signature of the Additional Portfolio Agreement. Timing required to build up the proposed Additional 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;
- III. Describe prior/proven experience (including compliance with relevant operational and reporting requirements) with the deployment of other similar EU/EIB/EIF products;
- IV. Describe internal organisation set-up (and roles) for the implementation of a potential Additional Portfolio Agreement, including the potential identification of a dedicated project team (or unit) and/or internal incentivisation mechanisms;
- V. Describe other measure intended to be undertaken so as to facilitate timely build-up of the Additional Portfolio (e.g. training of sales force and of internal approval bodies);
- VI. Provide a description of the envisaged marketing and publicity actions for the product(s) to be deployed under the Facility. Include potential additional publicity actions to those described in Annex II.

3.2. Considering that the Financial Intermediary shall undertake to fully transfer the Total Benefit to all the Eligible Final Recipient Transactions included in the Additional Portfolio⁶, the Applicant is requested to provide two examples (including standard pricing and collateral terms) of Final Recipient Transactions with regard to SME borrowers with different credit quality (and accordingly different credit risk premiums) and indicate the maximum price reduction for such Final Recipient Transactions.

The Applicant may also indicate additional proposed improvements (e.g. pricing reduction on the non-guaranteed portion of the Final Recipient Transactions, or reduction of the requested level of collateral), if any.

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:

4.1.1.1. 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;

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

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4.1.1.3. If applicable, the rating master scale with the respective minimum, maximum and median probability of default (PD) per rating class.

4.1.2. Collateral policy

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

4.1.2.2. 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 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 in sections 5.1 and 5.2 shall be provided specifically with respect to the Additional Portfolio and in particular :

- a) SMEs (to the extent the information is available, otherwise to the relevant internal segments); and
- b) A proxy portfolio of Final Recipient Transactions that fit at origination with the Additional Portfolio Eligibility Criteria or, if such information is not available, a portfolio of debt finance transactions as comparable as possible to the Final Recipient Transactions. At least, the following Additional Portfolio Eligibility Criteria should be reflected in the extraction of the proxy portfolio: (a) eligible types of debt instruments, (b) minimum and maximum maturity, (c) maximum exposure, (d) SMEs established and/or operating in the Regions of the Target Geography and SMEs operating in an eligible industry sector. In case leases are relevant to the Expression of Interest please provide a separate proxy portfolio for leases.

All information required below in section 5.3 shall be provided specifically with respect to the SME and Small Mid-Cap financing activity of the Applicant⁷.

EIF may ask for clarifications on the provided data or further breakdowns of the requested data.

5.1 Recent origination⁸

5.1.1. SME financing volumes with a specific focus in the Target Geography.

5.1.1.1. New business: annual number and principal volume of debt finance (i.e. loans, leasing or guarantees) entered into over the past 3 years in the Target Geography.

⁷ The information to be provided shall be, to the greatest extent possible, filtered to reflect the composition and characteristics of the proposed Existing Portfolio (e.g. in the case of an Existing Portfolio consisting of SMEs and Small Mid-Caps located in the Target Geography only).

⁸ Information required in this Annex I to be provided as per the format available online:
http://www.eif.org/what_we_do/guarantees/sme_initiative/smei_italy/index.htm

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5.1.1.2. Outstanding portfolio: total number and principal volume of Final Recipient Transactions outstanding at the most recent available year-end or half-year end (whichever most recently available).

Both set of data indicated in the sections 5.1.1.1. and 5.1.1.2. shall be split by:

- I. Region (as per table in section 5.2 below)
- II. Rating class (e.g. internal scoring/ rating/internal probability of default/expected loss) (if available);
- III. Internal business segment;
- IV. Industry (using NACE Rev.2 Division Level, i.e. one letter followed by two digits);
- V. Type of borrowers (autonomous, SMEs, start-ups and micro enterprises) (if available);
- VI. Duration of the financing;
- VII. Purpose of finance (investments or working capital (or other breakdown, please specify)).

5.1.2. Interest rates and remuneration: description of interest spread components for, including a) administrative costs component, b) minimum risk related margin, split by risk category of borrowers.

5.2. Expected characteristics of the Additional Portfolio to be built up⁹

The following information is required for the ex-ante assessment of the Additional Portfolio to be built up in the Target Geography.

5.2.1. Expected features of the Final Recipient Transactions:

Indicative expected breakdown, or expected values of the different features of the Final Recipient Transactions (separately for loans and leases, as applicable) should be provided.

5.2.1.1. Internal segmentation

Internal segments under which the Applicant intends to classify Final Recipient Transactions to be included in the Additional Portfolio.

5.2.1.2. Start-ups & micro enterprises

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

5.2.1.3. Indicative expected breakdown of the Additional Portfolio by principal amount (or guarantee amount as the case may be, in case of leases – financed amount) and expected average amount.

5.2.1.4. In case of leases, expected breakdown by residual value, and expected average figures.

5.2.1.5. Maturity profile

Expected breakdown by maturity, weighted average maturity (WAM) and weighted average life (WAL) for the Additional Portfolio.

5.2.1.6. Expected breakdown by amortisation type (French, linear, balloon, bullet, other) inclusive of payment holidays. Please provide internal definition of bullet and balloon Final Recipient Transactions.

5.2.1.7. Interest rate type breakdown.

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

5.2.1.8. Regional distribution within the Target Geography

⁹ Information required in this Annex I to be provided as per the format available online:
http://www.eif.org/what_we_do/guarantees/sme_initiative/smei_italy/index.htm

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Expected percentage breakdown of the Additional Portfolio by Region

Target Geography	Region	Expected percentage breakdown (%)
Less Developed Regions	Basilicata	
	Calabria	
	Campania	
	Puglia	
	Sicilia	
Regions in Transition	Abruzzo	
	Molise	
	Sardegna	

5.2.2. Portfolio risk profile:

5.2.2.1 Rating/Scoring of the Final Recipient Transactions in the Additional Portfolio

Expected percentage breakdown of the Additional Portfolio by risk category at origination, e.g. internal scoring/ rating / probability of default split by internal risk segment (if different rating models apply to different internal segments).

5.2.2.2 Collateralisation of the Final Recipient Transactions in the Additional Portfolio

Expected composition of the Additional Portfolio by types of collateral (real estate, equipment, other assets, unsecured (i.e. only personal guarantees)). Please also include the respective collateralisation levels (as per the Applicant's valuation policies) or, if available, the expected LGD levels for each type of collateral.

5.2.2.3 COSME Portfolio Eligibility Criteria

If possible, proposal(s) (to be discussed and agreed with EIF) for the implementation of the COSME Portfolio Eligibility Criteria as set out in Appendix A of Annex II to the Call.

5.3 Performance Track Record¹⁰

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 and segment versus modelled PD and the evolution of the explanatory power of such model (e.g. Gini score) over the last 5 years;

¹⁰ Information required in this Annex I to be provided as per the format available online:
http://www.eif.org/what_we_do/guarantees/sme_initiative/smei_italy/index.htm

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- c) Annual rating migration per rating class and segment for at least the last 5 years;¹¹
- d) Observed default frequencies of the different product types and segments and sub segments by scoring/rating category for the last economic cycle (where relevant);
- e) The latest back-testing information on the LGD model evidencing the actual versus modelled LGD.

5.3.2. Please provide for each quarter of origination of transactions, and each relevant client segment, when applicable (for at least the last 5 years, but please provide more years if possible):

- a) Aggregate initial principal amount of transactions granted in each quarter;
- b) Aggregate defaulted amount for each quarter following origination, i.e. aggregate outstanding principal amount at the time of default for the transactions belonging to the same vintage (i.e. the same quarter of origination), with the relevant defaulted principal amounts shown in the respective quarter of default relative to the quarter of origination.

Please specify the definition of “default” that is reflected in the data provided.

5.3.3. Recoveries¹²

5.3.3.1. Recovery rate, by quarter of SME debt finance default: the total 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, internal segmentation, product, and any other relevant breakdown:

- a) Aggregate outstanding principal amount of transactions defaulted in each quarter;
- b) Aggregate recovered for each quarter following default, i.e. aggregate recovered amount in a given quarter for the transactions belonging to the same vintage (i.e. the same quarter of default), with the relevant recovered amounts shown in the respective quarter of recovery relative to the quarter of default.

5.3.3.2) 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.

5.3.4. Delinquencies¹³

Dynamic delinquency rate data, on quarterly frequency and for each relevant segment when applicable, calculated as the ratio of (i) the outstanding principal transactions in arrears by buckets (0 to 30 days, 31 to 60 days, 61 to 90 days, etc. past due) in a given calendar quarter and (ii) the total outstanding portfolio as of the beginning of the relevant calendar quarter, for the past 5 years.

5.3.5. Prepayments¹⁴

Dynamic prepayment rate data, on quarterly frequency and for each relevant segment, when applicable, and calculated as the quotient of (i) the principal prepaid transactions occurred during a given calendar quarter and (ii) the total outstanding portfolio as of the beginning of the relevant calendar quarter, for at least the past 5 years.

¹¹ Rating migration matrices should show the actual migration to each one of the other ratings including default. For the avoidance of doubt, debt finance to SME that had a rating at the beginning of the period but that didn't have a rating at the end of the period for reasons not related to credit quality (example, full repayment of facilities) should be reported in a separate column as non-rated.

¹² Information required in this Annex I to be provided as per the format available online:
http://www.eif.org/what_we_do/guarantees/sme_initiative/smei_italy/index.htm

¹³ Information required in this Annex I to be provided as per the format available online:
http://www.eif.org/what_we_do/guarantees/sme_initiative/smei_italy/index.htm

¹⁴ Information required in this Annex I to be provided as per the format available online:
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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.

Appendix 4 to the Expression of Interest

Know Your Customer (“KYC”) documents to attach

- 1) Copy of extract of commercial registry or equivalent
- 2) Copy of the list of directors or other authorised representatives or equivalent
- 3) Ownership structure: overall structure up to and including information on the Ultimate Beneficial Owner¹⁵, if available at the time of submission of the Expression of Interest. If not, to be provided as soon as possible in the course of the selection process.

The Applicants that have successfully completed a selection process during the last 12 months in the context of an EIF programme are invited to inquire in writing with EIF at the email SME_Initiative_Italy@eif.org on whether the document under point (3) above is required to be re-submitted during the selection process, provided that no changes have occurred since last submission of such information.

¹⁵ Ultimate Beneficial Owner means any natural person(s) who ultimately owns or controls the Financial Intermediary through direct or indirect ownership of more than 10%.