

Annex I to the Open Call for Expression of Interest to select Financial Intermediaries under the Ukraine Facility Partial Portfolio Guarantee



To:

European Investment Fund
Ukraine Facility Partial Portfolio Guarantee
Equity Investments & Guarantees Department

Email address to submit the Expression of Interest:
uappg@eif.org

EXPRESSION OF INTEREST

For the Ukraine Facility Partial Portfolio Guarantee

Applicant submitting the Expression of Interest:

_____, _____
(company name,
registration number)

Dear Sir or Madam,

Herewith we are submitting our Expression of Interest on behalf of [Applicant] [and Participating Entity(-ies)], (the “**Applicant**”) in response to the Open Call for Expression of Interest in the framework of the Ukraine Facility Partial Portfolio guarantee, implemented by the EIF. Capitalised expressions utilised herein shall have the meaning attributed to them in the above-mentioned Call for Expression of Interest and as defined in the Indicative Term Sheets, as appropriate.

The undersigned, duly authorised to represent the Applicant, by signing this form certifies and declares:

1. that the information contained in this Expression of Interest and its Appendices is complete and correct in all its elements;
2. to have read the EIB Group Anti-Fraud Policy¹ and not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the Guarantee Agreement and not to have granted nor to grant, not to have sought nor to seek, not to have attempted nor to attempt to obtain, and not to have accepted nor to accept, any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal practice or involving corruption,

¹ <https://www.eib.org/en/publications/anti-fraud-policy>

Annex I to the Open Call for Expression of Interest to select Financial Intermediaries under the Ukraine Facility Partial Portfolio Guarantee

either directly or indirectly, as an incentive or reward relating to signing of the Guarantee Agreement.

3. to have read the EIB Group Statement on Tax Fraud, Tax Evasion, Tax Avoidance, Aggressive Tax Planning, Money Laundering and Financing of Terrorism²

Furthermore, the undersigned, duly authorised to represent the Applicant, by signing this form represents that, as at the date of this form:

1. The Applicant is not in one of the following situations:

- a. it is bankrupt, is subject to insolvency or is being wound up, is having its affairs administered by a liquidator or by the courts, in this context, is in an arrangement with creditors, is having its business activities suspended or a standstill (or equivalent) agreement has been signed with creditors and validated by the competent court when required by the applicable law, or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b. in the past five (5) years, it has been the subject of a final judgment or final administrative decision for being in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the applicable law and where such obligations remain unpaid unless a binding arrangement has been established for payment thereof;
- c. in the past five (5) years, it or any of the persons having powers of representation, decision-making or control over it has been convicted by a final judgment or a final administrative decision for grave professional misconduct, where such conduct denotes wrongful intent or gross negligence, which would affect its ability to implement the Guarantee Agreement or Final Recipient Transaction, as applicable, and which is for one of the following reasons:
 - (i) negligently providing misleading information that may have a material influence or fraudulently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract or an agreement;
 - (ii) entering into agreements with other persons aimed at distorting competition;
 - (iii) attempting to unduly influence the decision-making process of the contracting authority during the relevant "award procedure" as such term is defined in Article 2 of the Financial Regulation³;
 - (iv) attempting to obtain confidential information that may confer upon it undue advantages in the relevant "award procedure" as such term is defined in Article 2 of the Financial Regulation;
- d. in the past five (5) years, it or persons having powers of representation, decision-making or control over it has been the subject of a final judgment for:
 - (i) fraud;
 - (ii) corruption;
 - (iii) participation in a criminal organisation;

² <https://www.eib.org/en/about/compliance/tax-good-governance/index.htm#>

³ "Financial Regulation" means Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EC, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1), as it may be amended, supplemented or modified from time to time.

Annex I to the Open Call for Expression of Interest to select Financial Intermediaries under the Ukraine Facility Partial Portfolio Guarantee

- (iv) money laundering or terrorist financing;
 - (v) terrorist offences or offences linked to terrorist activities, or inciting, aiding, abetting or attempting to commit such offences;
 - (vi) child labour and other forms of trafficking in human beings;
 - e. it is subject to a decision on exclusion contained in the early detection and exclusion database (the EDES database available at the official website of the EU)⁴ set up and operated by the European Commission;
 - f. it has been, in the past five years, subject to a final judgment or administrative decision by a national court or authority that it was created with the intent to illegally circumvent fiscal, social or any other legal obligations in the jurisdiction of its registered office, central administration or principal place of business;
2. The Applicant is established and operating in Ukraine;
 3. The Applicant is duly authorised – if applicable - to carry out financing activities in accordance with applicable laws and regulations, or the Applicant is a guarantee scheme, guarantee institution or other financial or credit institution duly authorised, if applicable, to issue guarantees according to the applicable legislation;
 4. The Applicant does not perform activities which are illegal according to the applicable legislation in the country of the Applicant;
 5. The Applicant complies with the relevant international and EU standards and legislation, as applicable, on the prevention of money laundering, the fight against terrorism, tax fraud, tax evasion and artificial arrangements aimed at tax avoidance; and
 6. The Applicant is not subject to Restrictive Measures.

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, the [Applicant], by signing this form:⁵

[Please tick as appropriate]

- ☐ confirms that the Applicant agrees 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 accordance with the EIF Transparency Policy, listed in Appendix 5;
- OR
- ☐ declares that (i) the Applicant requests 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) and (ii) such disclosure would undermine the protection of commercial interests⁶ relevant to the operation;
- and
- ☐ acknowledges and agrees (i) to the terms of the Terms of Confidentiality as provided under Annex V of this Call, and (ii) that each of the Applicant and the EIF shall process

⁴ <https://ec.europa.eu/edes/index#!/cases>

⁵ For the avoidance of doubt, this is without prejudice to any publication made by EIF in line with the Terms of Confidentiality

⁶ Including by reason of such information being covered by a confidentiality agreement.

Annex I to the Open Call for Expression of Interest to select Financial Intermediaries under the Ukraine Facility Partial Portfolio Guarantee

Confidential Information (as defined under the Terms of Confidentiality) in accordance with the terms thereunder

Yours sincerely,

Signature(s):

Stamp of the Applicant (if applicable):

Name and position in capitals:

Applicant's name:

Place:

Date (day/month/year):

Appendices

Appendix 1: Applicant Identification

Appendix 2: Information Requirements for pre-selection

Appendix 3: Information Requirements upon positive pre-selection

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

Appendix 5: Disclosure of information on EIF's website (EIF Transparency Policy)

Annex I to the Open Call for Expression of Interest to select Financial Intermediaries under the
Ukraine Facility Partial Portfolio Guarantee

Appendix 1 to the Expression of Interest

APPLICANT IDENTIFICATION

INFORMATION REQUIRED	
NAME	
LEGAL FORM	
DATE OF APPLICATION	
APPLYING AS	☐ APPLICANT ☐ PARTICIPATING ENTITY
CONTACT DETAILS	Title: Mr/Mrs/other (delete or complete as appropriate) Surname: Forename(s): Function: Address: Telephone: Email:

Annex I to the Open Call for Expression of Interest to select Financial Intermediaries under the Ukraine Facility Partial Portfolio Guarantee

Appendix 2 to the Expression of Interest

INFORMATION REQUIREMENTS FOR PRE-SELECTION

INFORMATION REQUIREMENTS		
APPLYING FOR:	☐ GUARANTEE ☐ COUNTER-GUARANTEE	
PROPOSED PORTFOLIO VOLUME ⁷	EUR [•]	
PROPOSED INCLUSION PERIOD TERM	[•] years	
PORTFOLIO CHARACTERISTICS		
BREAKDOWN BY JURISDICTION OF FINAL RECIPIENT	COUNTRY 1 COUNTRY 2 COUNTRY [N]	[•]% OF THE PROPOSED GUARANTEED PORTFOLIO VOLUME FOR EACH COUNTRY
TRANSFER OF BENEFIT PROPOSAL	☐ Limitation of level and/or type of collaterals that can be requested from Final Recipients; ☐ Reduction in the premium charged to Final Recipients, e.g. through the reduction of the credit risk spread (taking into account the cost of the guarantee) / guarantee fee, as applicable; ☐ Financing focused on riskier lending types, borrowers and regions such as start-ups. <i>Please comment and provide a summary of the proposal</i>	

PROPOSAL

1. General information:

Overall implementation strategy (for example any specific approach to target policy priorities such as indicatively micro-enterprises, rural areas, youth and/or women), 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 Final Recipient Transactions to the Portfolio.

2. Financial standing of the Applicant:

Please indicate the Tier 1 capital ratio (if applicable), and the date as of which the ratio was calculated.

Please indicate the most recent credit ratings of the Applicant (if available).

3. Internal segmentation

Internal segments under which the Financial Intermediary intends to include Final Recipient Transactions into the Portfolio.

4. Expected features of the Final Recipient Transactions (if applicable separately for each Target Final Recipient type):

⁷ With respect to the direct guarantee: maximum aggregate amount of principal of beneficiary transactions to be included in the portfolio over the proposed inclusion period.

With respect to the counter-guarantee: maximum aggregate amount of guarantee commitments issued by the applicant to its network of sub-intermediaries over the proposed inclusion period.

Annex I to the Open Call for Expression of Interest to select Financial Intermediaries under the Ukraine Facility Partial Portfolio Guarantee

- a) Indicative expected breakdown of the Portfolio by principal amount (or guarantee amount as the case may be);
- b) Currency (if applicable). Expected maximum concentration for Final Recipient Transactions in the Portfolio denominated in currencies other than EUR (% of the Portfolio for each currency);
- c) Maturity profile. Expected weighted average maturity (WAM) and weighted average life (WAL) for the Portfolio;
- d) Expected breakdown by amortisation type (linear, balloon, bullet, other) in the Portfolio. Please provide your internal definition of bullet and balloon transactions;
- e) Final Recipient Transaction financing purpose. Indicative expected breakdown of the Portfolio by purpose of financing (e.g. investment, working capital, etc.);
- f) 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 Debt Transactions).

5. Proposed Enhanced Access to Finance Measures:

How does it differ from SME Debt Financing products your institution might already offer (for avoidance of doubt, disregarding any product launched thanks to other guarantee programmes)? Example table:

Main features	Current comparable product X	Proposed features for new Debt Financing to be guaranteed by EIF
Max. maturity	[AA] months	[XX] months
Collateral	LTV of [BB]%	LTV of [YY]%
Down-payment (in case of leases)	Minimum [CC]%	Minimum [ZZ]%
...	...	...

Please describe the envisaged pricing for the new product(s) including how it fits in the current pricing policy, including any pricing or fee reduction offered under the Guarantee.

The information requirements from the section 1.4 of Appendix 2 shall preferably be provided in the below attached Excel table:



Information
requirements - presel

Appendix 3 to the Expression of Interest

INFORMATION REQUIREMENTS UPON POSITIVE PRE-SELECTION

The points below list the headings for the information package needed for due diligence purpose and only upon positive pre-selection. 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:

- (i) concluded guarantee or risk sharing transactions with EIF, or
- (ii) submitted an application for an EIF guarantee or risk-sharing programme

and to the extent the required information is already held by EIF, 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 application to (or due diligence conducted by) EIF under such other EIF programme or transaction, as applicable.

1. FINANCIAL INTERMEDIARY'S ACTIVITY

1.1. General information on the Financial Intermediary.

- 1.1.1. Description of the Financial Intermediary (date of establishment, number of employees capital structure and shareholders, banking group, organisational structure, distribution network, number of branches, etc.);
- 1.1.2. Financial Intermediary's legal status, regulatory framework, capital framework⁸ and applicable regulations;
- 1.1.3. Definition of the different internal business segments of the Financial Intermediary (in terms of indicators and thresholds defining such segments, e.g., number of employees, annual turnover or total assets, for enterprises, if applicable);
- 1.1.4. Previous experience with EIF and/or other international financial institutions (IFIs) (such as EIB, EBRD, Council of Europe Development Bank, etc.) or NGOs (e.g. networking, participation in any national or regional initiatives, etc.).

1.2. 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.

1.3. General information on the current lending activity of the Financial Intermediary in respect of the Guarantee Facility per Target Final Recipient type.

1.3.1. Lending Activity:

- i. for Financial Intermediaries applying for the Guarantee: description of the lending⁹ activity related to Target Final Recipients (description of the lending/lease products offered to Target Final Recipient, if relevant senior and/or subordinated, purpose, minimum and maximum maturity of loans/leases, rate of financing (as % of borrower financing needs), minimum and maximum amount, repayment features, collateral requirements, any limitation in start-ups financing, etc.);
- ii. for Financial Intermediaries applying for the Counter-Guarantee: description of the guarantee activity related to Target Final Recipient (description of selection of Financial Sub-Intermediaries, description of the guarantee products offered (i.e. capped / uncapped) to Target Final Recipient, applicable guarantee rate, type and

⁸ If applicable, standardised approach, foundation IRB Approach, Advanced IRB Approach.

⁹ In the case of a Financial Intermediary being a loan (debt) fund, the term "lending" includes the notion of investing and the term "loans" include bonds or other equivalent securities.

Annex I to the Open Call for Expression of Interest to select Financial Intermediaries under the Ukraine Facility Partial Portfolio Guarantee

features of the debt financing products covered by the guarantees (whether senior/subordinated, term, repayment features, amounts, etc.).

- 1.3.2. Business strategy (e.g. positioning, objectives, strengths, core products, geographical areas/focus, origination volumes), market share, main competitors – current and outlook, both in general terms and with respect to the Target Final Recipients.

2. OPERATING PRINCIPLES (WITH RESPECT TO TARGET FINAL RECIPIENT).

- 2.1. Credit policy and acceptable credit risk levels: brief description of the internal procedures, guidelines, tools and systems used for the purpose of credit risk assessment. Such procedures and guidelines may be attached to the application.

- 2.1.1. Risk assessment procedures (default probability - rating/scoring system):

- i. 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;
- ii. Description of the key inputs and their respective weight in the rating output;
- iii. Description of the internal default definition.

- 2.1.2. Collateral policy

- i. Description of the collateral requirements including personal guarantees (type, valuation, haircuts, down payment and residual value for leases, etc.);
- ii. Description of the Loss Given Default (LGD) model and its validation (if applicable).

- 2.1.3. Description of the approval procedures (process, authorities, limits, etc.);

- 2.1.4. Description of the dunning procedure and monitoring system (monitoring of payment dates, early warning system, etc.);

- 2.1.5. 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: description of the principles of sharing recoveries with Sub-Intermediaries, process and operating modalities.

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

3. FINANCING VOLUMES AND PERFORMANCE

All information required below (3.1.-3.3.) shall be provided specifically with respect to the past origination to the target group of final recipients (to the extent the information is available, otherwise by internal segment); and

Separate proxy portfolios should be provided, if relevant to the Expression of Interest is also requesting the coverage of:

- a) Leases;
- b) Subordinated Debt Transactions.

3.1. TRANSACTION VOLUMES

- 3.1.1. New business: annual number and principal volume of new transactions granted over the past 5 years.
- 3.1.2. Outstanding portfolio: total number and principal volume of transactions outstanding at the most recent available year-end split by:
 - i. rating class (e.g. internal scoring/ rating/ probability of default/expected loss) (if available)

Annex I to the Open Call for Expression of Interest to select Financial Intermediaries under the Ukraine Facility Partial Portfolio Guarantee

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

3.2. INTEREST RATES AND REMUNERATION

- 3.2.1. In respect to Financial Intermediaries applying for the Guarantee: description of the Financial Intermediary's remuneration and/or 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 Debt Transactions, capitalized interest, PIK features, and other profit/loss sharing mechanisms (e.g. options, warrants, etc.) and iii) to the extent relevant, by currency.
- 3.2.2. In respect to Financial Intermediaries applying the Counter-Guarantee: 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 borrower, guarantee rate, collateral, etc.), the level of subsidisation of the guarantee premiums, description of modalities of premium collection (from borrower, through Financial Sub-Intermediaries, etc.).

3.3. DEFAULT AND RECOVERY TRACK RECORD

The data required shall include, inter alia:

- 3.3.1. If rating models are used for the Target Final Recipient activity, please provide (for each model in use):
- i. the rating master scale with the respective minimum, maximum and median probability of default (PD) per rating class;
 - ii. 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;
 - iii. Latest back-testing information on the LGD model evidencing the actual versus modelled LGD covering the last 3 years.
- 3.3.2. If no rating model is in place, please provide default vintage information for each year of origination of transactions (for the last 5 years) by:
- i. Aggregate initial principal amount of transactions granted in each year (EUR or relevant currency);
 - ii. Aggregate number of transactions granted in each year (by currency);
 - iii. 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.
- 3.3.3. Average recovery rate: the average amount recovered (open and closed cases) to date on the defaulted transactions for at least 5 years, on aggregate basis and split by currency, product, risk categories, as relevant.

Annex I to the Open Call for Expression of Interest to select Financial Intermediaries under the Ukraine Facility Partial Portfolio Guarantee

- 3.3.4. Average time lags between the payment default by the borrower and the transaction being written off (end of recovery period).

If needed following the discussion of the due diligence, EIF may 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.

Annex I to the Open Call for Expression of Interest to select Financial Intermediaries under the Ukraine Facility Partial Portfolio Guarantee

Appendix 4 to the Expression of Interest

Know Your Customer (“KYC”)

The EIB Group has in place a counterparty due diligence process¹⁰ which takes into account, among others, factors including the type of counterparty (including sector), business relationship, product, service or transaction and country(ies) of operation. Through the EIB Group NCJ Policy¹¹ and its implementing procedures, the EIB Group takes into consideration jurisdictions classified by one or more Lead Organisations for not having made sufficient progress towards satisfactory implementation of EU and/or internationally agreed standards in connection with AML-CFT and/or tax transparency/tax good governance standards. The EIB Group entities apply the counterparty due diligence measures to an extent determined on a risk-sensitive basis.

Please attach as part of the initial counterparty due diligence (or “KYC”) measures (to be completed later during the application process) the following documents with your application:

1. An excel and pdf-copy of the signed and dated Integrity Questionnaire (including ownership structure) in the form of Annex [●]



EIF Integrity
Questionnaire-GSIF_J



Ownership and
control structure char

2. Copy of extract of commercial register or equivalent
3. Copy of extract of beneficial ownership (“UBO”) register or equivalent

¹⁰ Please refer to the EIB Group Anti-Money Laundering and Combatting the Financing of Terrorism Policy (<https://www.eib.org/en/publications/eib-group-anti-money-laundering-and-combatting-the-financing-of-terrorism-policy>)

¹¹ Please refer to the EIB Group Policy towards weekly regulated, non-transparent and non-cooperative jurisdictions and tax good governance

Annex I to the Open Call for Expression of Interest to select Financial Intermediaries under the
Ukraine Facility Partial Portfolio Guarantee

Appendix 5 to the Expression of Interest

EIF Transparency Policy

Within the framework of the EIF's Transparency Policy¹² (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 may publish information relating to the approval of relevant operations by the EIF.

The published information only indicates 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 approval, 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 not being published and, subject to any applicable confidentiality undertakings, only being made public in connection with the signature of the operation in question.

If EIF has not received such declaration confirming that an applicant does not agree to the publication of the operational overview mentioned above, EIF will consider that publication is acceptable to the Applicant, if applicable, and will proceed with publication.

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