

Annex III to the Open Call for Expression of Interest to select Financial Intermediaries under the Energy Efficiency and Renewable Energy for Malta “EERE”



Indicative terms and conditions of the Financial Instrument (“Financial Instrument”): First Loss Portfolio Guarantee (“FLPG”) combined with Interest Rate Subsidy (“IRS”)

Important disclaimer:

This summary term sheet is for information purposes only. This document is an outline of the principal terms and conditions for the product described herein, which are subject to change and non-exhaustive.

This document is intended to provide a basis for discussions and does not constitute a recommendation, a solicitation, an offer or a binding commitment – either implicit or explicit – on the part of European Investment Fund (EIF) and/or 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. EIF does not act as adviser to you or owe you any fiduciary duty. EIF does not make any representations or warranties (whether explicitly or implicitly) with respect to the information contained in this document.

1. Overview of the Financial Instrument: Guarantee and the IRS Component

The EERE Malta’s objective is to provide better access to finance for both private individuals and enterprises via the provision of a capped guarantee for loss protection on portfolios of newly originated Transactions related to Energy Efficiency and Renewable Energy projects.

The guarantee (“the Guarantee”) shall be issued by the EIF (the “Guarantor”) for the benefit of the Financial Intermediary (“FI”). The EIF and each selected Financial Intermediary will enter into a Guarantee Agreement setting out the precise features (e.g. Guarantee Cap Rate, Eligibility Criteria for Transactions, Transfer of Benefit mechanisms). The Guarantee also contains the IRS Component, an interest rate subsidy to be applied to Transactions: it shall be managed and monitored by the Financial Intermediaries and shall apply on top of any interest rate reductions applicable pursuant to the transfer of benefit mechanisms under the Guarantee. In the context of this Call, Financial Intermediaries shall be selected for the Guarantee including the IRS Component.

The Guarantee Agreement is structured (inter alia) to achieve compatibility, subject to the relevant regulator’s views and any national legal and regulatory requirements, with regulatory capital relief in accordance with Regulation (EU) No 575/2013. Whether or not a Financial Intermediary will be able to claim regulatory capital relief based on the Guarantee will also depend on its specific situation.

The FIs will benefit from a guarantee provided by the EIF, on a transaction-by-transaction basis, covering defaults at the applicable guarantee rate (i.e. 80%), in respect of each Transactions included in a Portfolio, up to the Guarantee Cap Amount that is a function of a Guarantee Cap Rate. Defaults are covered in respect of Transactions included in the Portfolio, up to an amount equal to the Guarantee Cap Amount (i.e. the Actual Portfolio Volume x Guarantee Rate x Guarantee Cap Rate).

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The Guarantee Cap Rate may be up to 25% and it will be determined by EIF based on a number of factors (e.g. the expected risk profile of the Portfolio), after the completion of each Financial Intermediary’s selection phase, and set out in the Operational Agreement.

The recoveries on the defaulted Transactions will be shared *pari passu* by the FI and the EIF in the same proportion as the Guarantee Rate (i.e. 80%). and the EIF share of the recoveries shall replenish the available Guarantee Cap Amount

The origination, servicing and recovery processes of the Portfolio will be carried out by the selected Financial Intermediaries, which will manage and service the Portfolio in accordance with their standard credit and collection policy.

The FIs shall pass on the benefit of the guarantee, which will be free of charge, to the underlying Final Recipients and shall propose concrete measures to do so in the Expression of Interest, to be further analysed by the EIF during the selection process. The proposals should seek to quantify the risk covered for free by the Guarantee and pass such benefit to the Final Recipients in the form of higher risk taking through, for example, improving collateral requirements and/or reducing, on the guaranteed portion of each Transaction, the standard credit risk premium in each case as compared to what would typically be required in accordance with the standard credit and collection policy of the Financial Intermediaries applicable to comparable borrowers/transactions.

The Guarantee and IRS Components shall be directed at eligible Final Recipients, as further defined in the Call and in this Annex. The MA has set up a dedicated budget as well as a dedicated cooperation between the MA and the EIB, so that FIs may benefit from technical assistance to identify the eligible final recipients and comply with associated reporting requirements.

2. Indicative Terms and Conditions of the Guarantee and the IRS Component	
Guarantee	The Guarantee issued by EIF provides credit risk coverage on a transaction-by-transaction basis for the creation of a portfolio of loans or leases (“Transactions”) granted to Final Recipients. The Guarantee shall cover losses (Defaulted Amounts) incurred by the Financial Intermediary in respect of each Transaction for which a Credit Event has occurred by not later than 15 years after the entry into of the relevant Transaction, multiplied by the Guarantee Rate and subject to the Guarantee Cap Amount.
Guarantee Agreement	The agreement entered into between the Guarantor and a Financial Intermediary setting out the terms and conditions of both the Guarantee and the IRS components.
Guarantor	The European Investment Fund (EIF).
Financial Intermediary (or the FI)	The beneficiary of the Guarantee, following selection by EIF in accordance with the Call. Financial institutions eligible for the selection process include financial or credit institutions, either public or private, duly authorised to carry out lending or leasing activities and deploy the IRS component according to the applicable legislation in Malta. Such institution shall comply with relevant standards and applicable legislation on the prevention of

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	money laundering and the fight against terrorism and tax fraud to which it may be subject, shall not be in an Exclusion Situation ¹ and shall not be established in, or have business relations which are covered by the Guarantee with entities incorporated in, a Non-Cooperating Jurisdiction.
Guarantee Rate	Up to 80% on each Transaction.
Guarantee Cap Rate	A percentage up to 25%, determined by the EIF after having performed its due diligence/analysis of the Expression of Interest. It shall be set out upfront in the Guarantee Agreement.
Guarantee Cap Amount	Means the maximum aggregate net amount at which the obligation to pay under the Guarantee is capped, which is the maximum liability under the Guarantee and it is calculated, at Financial Intermediary portfolio level, based on the Actual Portfolio Volume, the Guarantee Rate and the Guarantee Cap Rate as follows: Guarantee Cap Amount = Actual Portfolio Volume x Guarantee Rate x Guarantee Cap Rate.
Guarantee Fee	The Guarantee is provided free of charge.
FI Risk Retention	The FIs undertakes, at all times until the expiration of the Guarantee, that it shall comply with the FI Risk Retention, i.e. it shall maintain an economic exposure of at least 20% of the outstanding principal amount of each Final Recipient Transaction (the “ Relevant Portion ”) included in the Portfolio, and it shall not enter into any credit support, guarantee or other risk transfer arrangements with respect to the Relevant Portion.
Defaulted Amounts	(a) Principal and/or interest amounts (excluding late payment or default interest, capitalised interest, fees and other costs and expenses and excluding any interest amounts which accrued after a period of 90 days from the last payment past due) due, payable and outstanding at such time, following occurrence of either a Transaction Default or a Transaction Acceleration, and (b) Any reduction in principal and/or interest amounts (excluding late payment, default interest, capitalised interest, fees and other costs and expenses and excluding any interest amounts which accrued after a period of 90 days from the last payment past due) as a result of a Transaction Restructuring, covered in each case at the Guarantee Rate, and subject to the Guarantee Cap Amount.
Credit Event: Transaction Default	means that: (a) the FI considers at any time (acting reasonably in accordance with its internal procedures) that the Final Recipient is unlikely to meet its payment obligations under

¹ Means any of the situations set out in Appendix 2 of Annex I to the Call.

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	<p>a Transaction (without recourse by the FI to actions such as realisation of security); or</p> <p>(b) a Final Recipient has failed to meet a payment obligation for at least 90 consecutive calendar days under a Transaction.</p>
Credit Event: Transaction Acceleration	<p>Unless otherwise specified in the specific terms of the Guarantee Agreement, means the occurrence of an event of default (howsoever defined) under a Transaction which has entitled the FI to accelerate the payment of any amounts owed to it and the FI 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).</p>
Credit Event: Transaction Restructuring	<p>Unless otherwise specified in the specific terms of the Guarantee Agreement, means that the FI acting in a commercially reasonable manner and in accordance with its standard internal procedures, agrees to the restructuring of an eligible Transaction such that the amount of principal scheduled to be paid, and/or any interest amount due, by the relevant Final Recipient is reduced, in order to improve the collectability of the claims arising from the relevant Transaction.</p>
Credit Event	<p>Any event in the form of Transaction Default, Transaction Acceleration or Transaction Restructuring.</p>
Payment Demands	<p>Payment Demands may be sent before, during or after the workout/recovery procedures in respect of a Transaction in respect of which a Credit Event has occurred.</p> <p>Payment Demands shall be in respect of Defaulted Amounts relating to Transactions included in the Portfolio. The Defaulted Amounts (not necessarily the Payment Demands) have to be reported to the Guarantor by not later than the second Report Date following the calendar quarter in which such Defaulted Amounts have occurred.</p> <p>One Payment Demand may be sent for each calendar quarter, provided it is sent during the period set out in the Guarantee Agreement.</p> <p>The Guarantor shall pay any amounts claimed by the Financial Intermediary within 60 calendar days of the relevant Payment Demand.</p>
Recoveries	<p>Recovery means each and every amount, net of recovery and foreclosure costs (if any), recovered or received by the FI, including by way of set-off, in respect of Covered Amounts.</p> <p>All Recoveries shall be shared <i>pari passu</i> between the Guarantor and the FI, in the same proportion of the Guarantee Rate (i.e. 80%).</p>

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	<p>The FI shall send to the Guarantor at any relevant time, but not later than 30 days after the end of each calendar quarter a recovery notice with accompanying recoveries schedule and shall pay to the Guarantor any relevant amount, within three months of the end of each calendar quarter in which Recoveries are recovered or received by the FI.</p>
Currency of the Transactions	<p>All amounts referred to and payments made under the Guarantee Agreement by and to the EIF shall be in euro.</p>
State aid	<p>The FI shall ensure, in respect of the Transactions included in the Portfolio, compliance with applicable State aid rules both for the aid component arising from the Guarantee and from the IRS component. The State Aid regime which the Financial Instrument shall comply with is the “de minimis” regime.</p> <p>The FI will have to (i) calculate the Transaction’s Gross Grant Equivalent (GGE for both Guarantee and the IRS components), (ii) ensure that, including the GGE of the Transaction, the total GGE received by the Final Recipient over the relevant timeframe is not higher than the relevant threshold set out in the De Minimis Regulation, and (iii) report the GGE of individual Transactions to the EIF.</p> <p>The GGE shall be calculated by the Financial Intermediary using a formula to be provided by EIF upon approval by the Managing Authority and the Investment Board.</p>
Trigger Event	<p>EIF may include Trigger Events in the Guarantee Agreement, the occurrence of which entitles EIF, but does not oblige it, to terminate the new inclusions of Transactions in the Portfolio, without affecting the cover of the included Transactions.</p> <p>Trigger Events may include a Portfolio Trigger Event with respect to a Portfolio.</p> <p>A Portfolio Trigger Event occurs if, on one or more specified date(s) during the Inclusion Period, the ratio between (i) the Actual Portfolio Volume and (ii) the Maximum Portfolio Volume is below a predetermined level defined under the Guarantee Agreement.</p>
Guarantee Termination Events	<p>The Guarantee Agreement will set out standard events of default, including non-payment of amounts due under the Guarantee Agreement, breach of obligation, insolvency, unlawfulness and misrepresentation.</p> <p>The occurrence of an event of default, if not remedied within the relevant grace period (if any) may result in the termination of the Guarantee Agreement (such event, an “Early Termination”). Upon Early Termination all amounts due by the EIF and/or the Financial Intermediary would be calculated in accordance with the terms of the Guarantee Agreement.</p>
<p>3. Indicative Terms and Conditions of the Interest rate Subsidy</p>	

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Interest Rate Subsidy	<p>In the context of this Call, Financial Intermediaries shall be selected both for the Guarantee and for the Interest Rate Subsidy component, under which the Financial Intermediary shall transfer corresponding interest payment compensations to the Final Recipients.</p> <p>The Interest Rate Subsidy shall subsidise an amount (the “Interest Rate Subsidy Amount”) corresponding to a reduction of [100-200]² basis points p.a. of the interest rate corresponding to Eligible Interest Amounts charged to Final Recipients in respect of Transactions, subject to the following main terms and conditions (to be further specified in the Guarantee Agreement):</p> <ul style="list-style-type: none"> (a) The interest rate charged by the Financial Intermediary to Final Recipients in respect of Transactions eligible for the Guarantee shall be reduced by the Interest Rate Subsidy Amount; (b) The Interest Rate Subsidy shall be additional to any pricing reduction resulting from the Transfer of Benefit of the Guarantee; (c) The reduction applied on the Eligible Interest Amount thanks to the IRS shall be equal (in terms of applicable basis point reduction) for all Transactions and all Final Recipients (subject to available budgetary resources); (d) The Interest Rate Subsidy shall apply for the first [3 years]³ of each Transaction to which it is applied, (i.e. Eligible Interest Amounts accrued within a period of [3 years] starting from the day when amounts are first drawn under the relevant Transactions); and the duration of the IRS shall be equal for all Final Recipient Transactions to which it is applied, subject to available budgetary resources; (e) no charges, fees or other costs for the operation of the Interest Rate Subsidy may be charged to Final Recipients and, subject to b) above, the Eligible Interest Amounts shall be determined in accordance with the Financial Intermediary’s standard pricing policy; and <p>Further terms and conditions apply as set out in the Guarantee Agreement.</p>
Eligible Interest Amounts	<p>Interest amounts (“Eligible Interest Amounts”) eligible for the Interest Rate Subsidy shall comply with the following conditions:</p> <ul style="list-style-type: none"> (a) Only regular/scheduled interest can be subsidised, i.e. excluding late payment or default interest, capitalised interest, fees and other costs and expenses; (b) Only interest amounts having accrued before the earlier of (i) 31/12/2026 and (ii) the date falling three years after the first disbursement of the relevant Transaction can be

² These figures are indicative and shall be further defined during the selection process and the Guarantee Agreement. However, the IRS distributed by all the Financial Intermediaries selected by EIF shall bear the same features in terms of duration and reduction amount in respect of each Final Recipient Transaction to which it is applied.

³ Please refer to footnote 2.

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	<p>subsidised, provided that any interest amounts accruing after a Credit Event shall not be covered;</p> <p>(c) Only interest accrued on principal amounts disbursed by 31/12/2023 can be subsidised; and</p> <p>(d) Interests corresponding to the Eligible Interest Types accrued on principal granted to finance all costs eligible for the Guarantee are eligible for the IRS, with the exception of interests accruing on any principal amounts financing recoverable VAT costs connected to financed purchases. For this purpose, operational details would be set out in the Guarantee Agreement.</p>
Payment of the Interest Rate Subsidy	<p>The Financial Intermediary may claim on a [semi-annual] basis reimbursements of the Interest Rate Subsidy Amounts. Subject to operational considerations, availability of amounts and other factors, the EIF may propose to Financial Intermediaries a pre-financing of the Interest Rate Subsidy (if applicable, subject to the terms to be set out in the Guarantee Agreement).</p> <p>EIF shall pay such amounts within [30] business days from the end of the semi-annual inclusion process.</p>
4. The Portfolio	
Inclusion Period	<p>The Inclusion Period is the period during which Transactions to be included in the Portfolio may be approved by the Financial Intermediary and entered into with Final Recipients.</p> <p>Such period shall typically last between 24 and 36 months (unless terminated earlier because of a Trigger Event or a Guarantee Termination Event) and may be extended in justified circumstances upon decision by EIF.</p> <p>Only Transaction amounts relating to principal amounts that have been disbursed by the Disbursement End Date (at the latest, 31/12/2023) shall ultimately be included in the Portfolio Volume.</p> <p>Inclusions occur automatically upon receipt by EIF of an inclusion notice and a Report submitted by the Financial Intermediary on a semi-annual basis, typically one month after the end of each calendar semester, and the Transactions are deemed to be covered from their respective signature date. Each semi-annual Report shall concern new Transactions that have been entered into with Final Recipients during the two preceding calendar quarters, as well as provide ongoing information on the already included Transactions.</p>
Maximum Portfolio Volume	The maximum amount (in EUR) that the Agreed Portfolio Volume can reach, as set out in the Guarantee Agreement.
Agreed Portfolio Volume	The maximum aggregate amount of principal of newly originated eligible Transactions that can be included in the Portfolio,

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	<p>expressed as a percentage of the Maximum Portfolio Volume in the Guarantee Agreement.</p> <p>The Agreed Portfolio Volume may be (i) decreased by agreement between the EIF and the Financial Intermediary or (ii) increased by the EIF pursuant to an Agreed Portfolio Volume increase notice at the EIF’s discretion depending on successful ramp-up of the Portfolio by the FI.</p>
Actual Portfolio Volume	<p>The aggregate amount of the principal committed to be made available under newly originated Transactions included in the Portfolio from time to time, provided that, for the avoidance of doubt:</p> <ul style="list-style-type: none"> (i) if amounts under Transactions are prepaid and/or repaid, then this shall not reduce the Actual Portfolio Volume; (ii) if a Transaction is excluded from the Portfolio as a result of the exclusion process described below, then such Transaction will not be taken into account for the calculation of the Actual Portfolio Volume; and (iii) the Actual Portfolio Volume may in no circumstances exceed the applicable Agreed Portfolio Volume. <p>As of the earlier of:</p> <ul style="list-style-type: none"> (i) the end of a disbursement period when amounts are available for utilisation under a Final Recipient Transaction, and (ii) the Disbursement End Date, <p>the Actual Portfolio Volume will be adjusted in order to reflect the aggregate initial principal amount of Final Recipient Transactions actually drawn.</p>
Disbursement End Date	31 December 2023 or an earlier date as set out in the Guarantee Agreement.
Final Recipient	Private Individuals, SMEs or Mid-Caps, which comply with all relevant Eligibility Criteria.
SME	Any micro, small or medium-sized enterprise as defined in the Commission Recommendation.
Mid-Caps	Enterprises within the meaning of Article 1 of the Title I of the Annex of the Commission Recommendation 2003/361/EC concerning the definition of micro, small and medium-sized enterprises (OJ L124, 20.05.2003, p.36) which i) has up to 3,000 employees and ii) is not an SME.
Commission Recommendation	The Commission Recommendation 2003/361/EC concerning the definition of micro, small and medium-sized enterprises (OJ L124, 20.05.2003, p.36), as amended, restated, supplemented and/or substituted from time to time.

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Transactions	<p>Loans, leases or any other type of debt financing specified in the Guarantee Agreement entered into between the Financial Intermediary a Final Recipient during the Inclusion Period, and complying with all relevant Eligibility Criteria.</p> <p>For each Transaction, an IRS component shall be attached.</p>
Eligibility Criteria	<p>The Financial Intermediary shall ensure that Final Recipients (both as borrower of the Transactions and beneficiary of the IRS), the Transactions and the Portfolio, as relevant, shall comply with a set of Eligibility Criteria set out in Appendix A to this Annex III.</p> <p>Additional criteria may be set by the EIF on a case-by-case basis in each Guarantee Agreement, such as thresholds concerning eligible rating classes, minimum levels of portfolio granularity, portfolio percentage limits on specific Transaction types included in the Portfolio or others.</p> <p>A breach of any of the Eligibility Criteria shall result in an exclusion of the relevant Transaction from the Portfolio, save as specified in the “Exclusion Process”.</p>
Restricted Sectors	<p>Final Recipients shall not have a substantial focus on one or more Restricted Sectors (as determined 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 Final Recipient), as further described in Appendix B;</p>
Exclusion Process	<p>If a Transactions which has been included in the Portfolio does not comply with relevant Eligibility Criteria, it shall be excluded from the Portfolio (and shall not be covered by the Guarantee) and reduce the Actual Portfolio Volume.</p> <p>However, if a Transaction is or becomes non-eligible 1) as a result of any event or circumstance beyond the control of the FI and 2) after a Payment Demand relating to such Transaction was served by the FI to the Guarantor such Transaction shall remain covered by the Guarantee.</p> <p>Similarly, if a Transaction is or becomes non-eligible 1) as a result of any event or circumstance beyond the control of the FI but 2) before a Payment Demand relating to such Transaction was served by the FI to the Guarantor, then such Transaction shall remain covered by the Guarantee if the FI accelerated payment of all amounts owed to it under such Transaction no later than on the Report Date immediately following the date on which it became aware of the same. However, if the FI does not accelerate such Transaction within the timeframe specified above then the relevant Transaction shall be excluded from the Portfolio and shall be deemed never to have been covered by the Guarantee.</p> <p>The Actual Portfolio Volume shall be adjusted following an exclusion from the Portfolio by deducting the aggregate committed principal amount of the Transactions excluded.</p>

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	<p>If the Actual Portfolio Volume is adjusted pursuant to this section, the FI may include one or more further Transactions in the Portfolio to extent that the Actual Portfolio Volume does not exceed the Agreed Portfolio Volume and provided that (i) such inclusions are made until the end of the Inclusion Period and (ii) any other conditions set out in the Guarantee Agreement.</p> <p>Subject to further details to be set out in the Guarantee Agreement, in cases where the Financial Intermediary has received an Interest Rate Subsidy in respect of a non-eligible Transaction it shall be required to repay to EIF the Interest Rate Subsidy that applied from the moment the relevant Transaction became non-eligible.</p>
<p>Transfer of Benefit</p>	<p>The Guarantee is provided with the ultimate purpose to enhance access to finance and the Financial Intermediary will be required to transfer the benefit of the Guarantee to the Final Recipients, in the form of, inter alia, diminished collateral requirements, decreased interest rates, and/or other specific mechanisms that shall form part of the Guarantee Agreement.</p> <p>Financial Intermediaries shall maintain records evidencing such improved financing conditions compared to standard credit policies and procedures applicable to comparable borrowers.</p> <p>For the avoidance of doubts, the IRS Component is not part of the Transfer of Benefit and must be additional to any pricing-related Transfer of Benefit proposed by the Financial Intermediaries.</p>
<p>Servicing and Recoveries</p>	<p>The FI shall perform the servicing of the Portfolio (including the IRS component), including monitoring and recovery actions (including the enforcement of any security), in accordance with its credit and collection policy.</p> <p>The Financial Intermediary shall not make any amendments to its credit and collection policy that may adversely affect the operation, performance or monitoring of the Guarantee Agreement, without prior written consent of the Guarantor.</p>
<p>Monitoring and Audits</p>	<p>FIs and Final Recipients whose Transactions are covered by the Financial Instrument shall agree to allow and to provide access to information, documents and premises related to the Financial Instrument to the representatives of the European Commission (including the European Anti-Fraud Office (OLAF)), the Maltese/European Court of Auditors, EIF, agents of EIF, EIB, the Ministry of European Affairs, and any other national/European Union institution or national/European Union body which is entitled to verify the use of the Financial Instrument and any other duly authorized bodies under applicable law to carry out audit or control activities. To that effect, the Financial Intermediary shall also include appropriate provisions in this respect in each Transaction agreement.</p> <p>The Financial Intermediaries shall provide any information from time to time requested by the EIF with the objective of assessing the eligibility and/or risk profile of the included Transactions.</p>

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5. Miscellaneous	
Reporting – Report Date	<p>The FI shall provide the Guarantor within [30] calendar days⁴ after the end of each semester (the “Report Date”) with semi-annual information in a standardised form (see Appendix C), including among others, information on the Final Recipients covered by the Guarantee, Transactions entered into and relevant amounts outstanding.</p> <p>In order to report EE and RE indicators as per Appendix C, the FI may develop their own procedures to report such indicators or may opt for the technical assistance presented below.</p>
Compliance with Laws	<p>FIs shall comply in all respects with all laws and regulations (whether national laws and regulations or laws and regulations of the European Union) to which it may be subject, the breach of which may (i) adversely impact the performance of the Guarantee Agreement or (ii) adversely prejudice the interests of the Government of Malta or the EIF.</p> <p>The FI shall include in the documentation evidencing the Transaction:</p> <p>(x) undertakings from the Final Recipients equivalent to those contained above; and</p> <p>(y) any representations, warranties and undertakings from the Final Recipients for the purpose of ensuring that each Transaction included in the Portfolio shall comply at any relevant time with the Eligibility Criteria.</p>
Publicity and Visibility	<p>FIs shall carry out adequate information, marketing and publicity campaigns, including through their website or alternative ways of communication to achieve equivalent visibility, aimed at making the EERE known to potential Final Recipients in Malta.</p> <p>FIs shall ensure that the Transaction agreements, promotional material, press releases and any publication on their website or alternative ways of communication to achieve equivalent visibility pertaining to the EERE contains pre-defined logos and a pre-set statement concerning the support obtained from the EERE, as set-out in the Guarantee Agreement.</p>
Non-Cooperating Jurisdiction	<p>Means a jurisdiction (i) listed in the Annex I of the European Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes, adopted by the European Council at its meeting held on 12 March 2019, and/or (ii) listed in the Annex of the Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies, and/or (iii) rated as “partially compliant”, “provisionally partially compliant” or “non-compliant” by the Organisation for Economic Cooperation and</p>

⁴ [FIs shall provide the Guarantor with such information within 20 calendar days with respect to information related to the last calendar quarter of each year.]

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	Development and its Global Forum on Transparency and Exchange of Information for Tax Purposes and/or (iv) included in the Financial Action Task Force “Public Statement” (i.e. countries or jurisdictions with such serious strategic deficiencies that the Financial Action Task Force calls on its members and non-members to apply counter-measures or for which the Financial Action Task Force calls on its members to apply enhanced due diligence measures), and/or (v) included in the Financial Action Task Force statement “Improving Global AML/CFT Compliance: On-Going process”(i.e. countries or jurisdictions with strategic weaknesses in their AML/CFT measures but that have provided a high-level commitment to an action plan developed with the Financial Action Task Force), in each case as such statement, list, directive or annex may be amended and/or supplemented from time to time
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.
Governing Law and Language	The terms of the Guarantee Agreement shall be in the English language and the Guarantee Agreement shall be governed by the laws of Luxembourg.

Other specific elements linked to the Guarantee Energy Efficiency and Renewable Energy Malta “EERE”

Technical Assistance	<p>A technical assistance package developed by the EIB in close cooperation with the MA is made available by the MA [free of charge] to those Financial Intermediaries that opt to use it, as opposed to developing own means of complying with the specific requirements of the Guarantee. In particular the technical assistance is expected to comprise of the following:</p> <ol style="list-style-type: none"> 1. An IT tool to assess the contribution of Standardised Measures to the targets set out in the Operational Programme, and training to Financial Intermediaries on the use of the tool; 2. Coaching support in relation to specific EE/RE and ESIF Operational Programme eligibility; 3. Support in the area of market development and communication activities; 4. Assistance to potential Final Recipients in relation to preparation of business cases and energy audits, in particular in relation to Non-Standardised Measures; 5. Support in the assessment of eligibility (only with regard to EE/RE elements) of potential Final Recipient Transactions); 6. Support in the preparation of reporting documents, with respect to EE/RE elements.
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	<p>It is expected that selected Financial Intermediary (-ies) will provide support to the expert consultant(s) and that they will then provide logistical support and that selected Financial Intermediary (-ies) will manage the expert consultant(s) on a day-to-day basis.</p> <p>As indicated above, the technical assistance package is made available by the MA in cooperation with the EIB. Whilst the assistance provided thereunder is intended to provide support to Financial Intermediaries and Final Recipients, if applicable, in respect of the EE/RE measures to be supported by the Guarantee, the technical assistance package is not part of the Guarantee (or the IRS component thereunder) or implemented under the Guarantee Agreement.</p>
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APPENDIX A ELIGIBILITY CRITERIA

The Financial Intermediary shall ensure that each Transaction (including the IRS component) included in a Portfolio shall comply with (i) the Final Recipient Eligibility Criteria, (ii) the Transaction Eligibility Criteria, and (iii) Eligibility Criteria for the Portfolio, as set out below, and any additional eligibility criteria set out in the specific terms of the relevant Guarantee Agreement.

Certain Eligibility Criteria shall be met at all times, while certain Eligibility Criteria shall only be met on the signing date or approval date of the relevant Transaction (or another date specifically indicated in the Guarantee Agreement). A breach of any of the Eligibility Criteria shall result in an exclusion of the relevant Transaction(s) from the Portfolio save as specified in the “**Exclusion Process**”. The eligibility of the Transactions shall not depend on actual ex-post energy savings or other indicators, but on ex-ante expected outcomes based on the methods to estimate the energy savings for the different types of eligible investments.

1. Final Recipient Eligibility Criteria

Final Recipients shall comply with the following eligibility criteria:

- (a) The Final Recipient is either a private individual, an SME or a Mid-Cap;
- (b) If the Final Recipient is an enterprise (as defined in the SME Definition), it is not subject to collective insolvency proceedings nor fulfills the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors, or an equivalent criteria as per the applicable State aid rules
- (c) It is potentially economically viable and is not in default in respect of any other loan either lent by the FI or by another financial institution according to the FI’s credit and collection policy (which include checks carried out by the FI in external databases);
- (d) It shall be established and/or operating in Malta or, in case of a private individual, have its residence in Malta;
- (e) It shall not be established in a Non-Cooperating Jurisdiction, except in case of NCJ Implementation⁵;
- (f) It shall not be in an Exclusion Situation⁶; and
- (g) It shall not have a substantial focus on one or more Restricted Sectors (which determination shall be made by the FI in its discretion based, without limitation, on the proportionate importance of such sector on revenues, turnover or client base of the relevant Final Recipient).

In case of Final Recipients being private individuals, the requirements above shall be adapted in the Guarantee Agreement.

2. Transaction Eligibility Criteria

All Transactions shall comply with each of the following eligibility criteria:

- (a) The Transaction shall be newly originated (Transactions may not refinance existing debts);

⁵ “NCJ Implementation” means that the Final Recipient is established and operating in the country of establishment of the Intermediary and that there is no indication that the relevant Transaction supports actions that contribute to (i) criminal activities such as money laundering, financing of terrorism, tax crimes (i.e. tax fraud and tax evasion) and (ii) artificial arrangements aimed at tax avoidance.

⁶ Means any of the situations set out in Appendix 2 of Annex I to the Call.

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- (b) The Transaction’s currency shall be euro;
- (c) The initial amount committed by the FI under each Transaction shall not exceed EUR 3 million, subject to applicable State aid rules, or any lower amount as specified in the relevant Guarantee Agreement following the EIF’s risk assessment;
- (d) Other than as a result of a permitted Transaction amendment, the maximum contractual maturity of a Transaction shall not exceed 15 years or such shorter period as specified in the relevant Guarantee Agreement following the EIF’s risk assessment, including the relevant grace period, if any (to assess compliance with this criterion, the EIF shall round down the duration of each Transaction to the closest end of calendar quarter);
- (e) The Transaction shall comply with the Transfer of Benefit, as specified in the Guarantee Agreement;
- (f) The Transaction shall not be in the form of a mezzanine loan, a subordinated debt or a quasi-equity transaction;
- (g) The Transaction shall comply with the De Minimis Regulation;
- (h) Transactions shall not be used to pre-finance grants;
- (i) Transactions must not be affected by an irregularity or a fraud;
- (j) In case of a Transaction granted to a Final Recipient which is a private individual it shall finance Standardised Measures, and in case of a Transaction granted to a Final Recipient which is an SME or a Mid-Cap, it shall finance Standardised Measures or Non-Standardised Measures; and
- (k) The Transaction shall finance the materials, the costs for the technical planning of the installation and/or the costs for the installation/maintenance of the relevant EE/RE investment.

“Standardised Measure” means any of the investments listed in Annex 1.

“Non-Standardised Measure” means an investment undertaken as a result of an ex-ante energy efficiency audit, energy performance certificate and/or any other equivalent method to estimate the energy savings (including, but not limited to, purchase of electric or hybrid vehicles, and water efficiency measures).

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Annex 1: List of Standardised Measures

- a. Investments related to the building envelope:
 - i. Insulation. Investments in insulation materials (including water vapour barriers, weather membranes, measures to ensure air-tightness, measures to reduce the effects of thermal bridges and scaffolding) and products for application of the insulation to the building envelope (wall insulation, roof insulation, floor insulation, mechanical fixings, adhesive, etc.).
 - ii. Windows and doors. Glazing and/or glazing enhancement, frame, gaskets and sealants and their installation costs (purchase of windows and doors, etc.).
 - iii. Other building-envelope related measures with impact on thermal performance. This investment may include inter alia external shading devices, solar control systems, and passive systems.
- b. Investments related to the building system:
 - i. Space heating. Investments related to heat generation (e.g. boiler, heat generation controls), storage (e.g. storage tank), distribution (e.g. circulator, circuit valves, distribution controls) and dispersion (e.g. radiators, ceiling/floor heating, fan coils, controls).
 - ii. Domestic hot water. Investments related to hot water generation (e.g. solar thermal systems, boiler, heat controls), storage (e.g. storage tank), distribution (e.g. circulator, circuit valves/mixing valves, distribution controls, insulation of the system and pipes) and delivery (e.g. tap valves, shower heads).
 - iii. Ventilation systems. Investments related to heat generation and recovery equipment (e.g. heat exchanger, pre-heater, heat recovery unit, heat generation controls), distribution (e.g. fans, circulators, valves, filters, distribution controls) and dispersion (e.g. ducts, outlets, controls).
 - iv. Cooling. Investments related to cooling generation (e.g. air conditioning generators, heat-cold pump, compressors, generation controls), distribution (e.g. circulator, circuit valves, distribution controls) and dispersion (e.g. ceiling/floor/beams; fan coils, controls).
 - v. Lighting. Investments related to efficient light systems.
 - vi. Building and Energy Management Systems. Investments related to building and energy management systems which introduce supervising functions, technical intelligence, smart meters and sub meters controls (e.g. centralised control of generation, distribution, emitters, circulators) and required communication hardware (e.g. wires, transmitters) and software.
 - vii. Connection to energy supplies. Investments related to the connection to energy grid or storage facilities (e.g. district heat, PV-system, energy storage system) and necessary related installations in the context of such investments.
 - viii. Integrated renewable energy investment. Investments related to the supply systems based on energy from renewable sources installed within the building site (including the ground belonging to the site), (e.g. solar panels).
 - ix. Charging stations for electric vehicles.
- c. Investments related to renewable energies (e.g. Photovoltaic systems), not connected to buildings.

APPENDIX B

RESTRICTED SECTORS - Extract from the Guidelines on EIF Restricted Sectors⁷

1. **Illegal Economic Activities**

Any production, trade or other activity, which is illegal under the laws or regulations of the home jurisdiction for such production, trade or activity (“**Illegal Economic Activity**”).

Human cloning for reproduction purposes is considered an Illegal Economic Activity in the context of these Guidelines.

2. **Tobacco and Distilled Alcoholic Beverages**

The production of and trade in tobacco and distilled alcoholic beverages and related products.

3. **Production of and Trade in Weapons and Ammunition**

The financing of the production of and trade in weapons and ammunition of any kind. This restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies.

4. **Casinos**

Casinos and equivalent enterprises.

5. **IT Sector Restrictions**

Research, development or technical applications relating to electronic data programs or solutions, which:

(a) aim specifically at:

- (i) supporting any activity included in the EIF Restricted Sectors referred to under 1. to 4. (inclusive) above;
 - (ii) internet gambling and online casinos; or
 - (iii) pornography,
- or which:

(b) are intended to enable to illegally:

- (i) enter into electronic data networks; or
- (ii) download electronic data.

6. **Life Science Sector Restrictions**

When providing support to the financing of the research, development or technical applications relating to

(a) human cloning for research or therapeutic purposes; or

(b) Genetically Modified Organisms (“**GMOs**”),

the Guarantor will require from the Financial Intermediary appropriate specific assurance on the control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.

The binding list of EIF Restricted Sectors shall be set in the Operational Agreement.

⁷ “Guidelines on the EIF Restricted Sectors” available at:

http://www.eif.org/news_centre/publications/2010_Guidelines_for_Restricted_Sectors.htm

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APPENDIX C
INDICATIVE REPORTING TEMPLATE

A.1.1 Final Recipient ID	A.1.2 Name	A.1.3 Address	A.1.4 Postal Code	A.1.5 Place	A.1.6 Region (NUTS level 2)	A.1.7 Country	A.1.8 Date of establishment	A.1.9 Sector (NACE code Level 4)	A.1.10 Number of employees	A.1.11 Total turnover (EUR)	A.1.12 Total assets (EUR)	A.1.13 Final recipient type	A.1.14 Is the Final Recipient part of a group?	A.1.15 Natural person (Y/N)	Comments
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Optional

A.1.1 Final Recipient ID	A.2.1 Final Recipient Transaction ID	A.2.1.1 Final Recipient Transaction Type	A.2.2 Currency	A.2.3 Purpose	A.2.4 Standardized/non-standardize measure	A.2.5 Principal amount	A.2.6 Maturity (months)	A.2.7 Grace period (months)	A.2.8 Signature date	A.2.9 First disbursement/Lease period start date	A.2.10 First installment date	A.2.11 Amortization profile	A.2.12 Investment amount	A.2.13 Payment frequency	A.2.14 Collateralisation Rate
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory, if applicable

A.2.15 Publication of Final Recipient	A.2.16 Estimated annual decrease energy saving (Tonnes of CO2eq)	A.2.17 Renewables: Additional capacity of renewable energy production (MW)	A.2.18 Interest Rate Subsidy (IRS) Committed (EUR)	A.2.18 Gross Grant equivalent (GGE) related to FPLG (EUR)	A.2.19 Gross Grant equivalent (GGE) related to IRS (EUR)	Comments
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Optional

A.1.1 Final Recipient ID	A.2.1 Final Recipient Transaction ID	A.1.13 Final Recipient internal scoring/rating (Rating Class)	A.1.14 FI Rating scale	B.1 Cumulative disbursement	B.2 Final Recipient Transaction outstanding principal amount	B.3 End of disbursement	B.6 Interest Rate Subsidy (IRS) Disbursed (EUR)	B.7 Defaulted Final Recipient Transaction (Y/N)	B.8 Date of Defaulted Final Recipient Transaction
Mandatory	Mandatory	Mandatory	Optional	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory

A.1.1 Final Recipient ID	A.2.1 Final Recipient Transaction ID	E.1 Event date	E.2 Event type
Mandatory	Mandatory	Mandatory	Mandatory

A.1.1 Final Recipient ID	A.2.1 Final Recipient Transaction ID	D.1 Repayment date
Mandatory	Mandatory	Mandatory

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				only for GGE changes				
A.1.1 Final Recipient ID	A.2.1 Final Recipient Transaction ID	F.2 Old value of the parameter to modify	F.3 New value of the parameter to modify	A.2.4 New Principal Amount	A.2.5 New duration (months)	F.3 Modification Signature Date	F.4 Additional Gross Grant Equivalent (GGE) Amount related to FLPG (EUR)	F.5 Additional Gross Grant equivalent (GGE) related to IRS (EUR)
F.2 = any fields in table A1, A2, B, D, E, F with old values								
F.3 = any fields in table A1, A2, B, D, E, F with new values								

A.1.1 Final Recipient ID	A.2.1 Final Recipient Transaction ID	A.2.2 Currency	C.1 Event date	C.2 Event type	C.3 Defaulted principal amount	C.4 Unpaid interest covered	C.6 Recovery date	C.7 Recovery amount	C.9 Payment date	C.11 Financial Intermediary covered amount
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory

A.1.1 Final Recipient ID	A.2.1 Final Recipient Transaction ID	C.5 Recovery payment currency	C.6 Recovery date	C.7 Recovery amount
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory

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