Call for Expression of Interest ("EoI") to select Financial Intermediaries that will receive resources from the European Investment Fund, acting through the JEREMIE Holding Fund for Lithuania, to implement the First Loss Portfolio Guarantee Financial Instrument for Leasing

Reference number: Call for EoI No. JER-004/6

Introduction

The JEREMIE initiative is a framework providing a series of coherent actions to promote increased access to finance for micro, small and medium-sized enterprises.

The JEREMIE initiative in Lithuania is organised through the European Investment Fund (hereinafter, “EIF”) acting through the JEREMIE Holding Fund (hereinafter, “JHF”). Through the JHF, the EIF manages funds made available from the European Regional Development Fund (hereinafter, “ERDF”) and related public expenditure awarded for utilisation under the JEREMIE initiative.

As part of the Operational Programme for Economic Growth 2007-2013, the competent national authorities have agreed to dedicate resources to the implementation of the JEREMIE initiative with the EIF, in accordance with Article 44 of the Council Regulation (EC) No. 1083/2006 (hereinafter, “Reg. 1083/2006”) and in accordance with the provisions of the Funding Agreement entered into on 1 October 2008 between the Ministries of Finance and Economy of the Republic of Lithuania (hereinafter, “Ministries”) and EIF (hereinafter, “Funding Agreement”). Relevant rules for implementing Reg. 1083/2006 are set out in the Commission Regulation (EC) No. 1828/2006 (hereinafter, “Reg. 1828/2006”).

The cooperation between the Ministries and the EIF acting through the JHF is governed by the Funding Agreement, which defines the type of cooperation and the operational modalities of the JHF financing expenditure in respect of an operation, as this term is defined in Reg. 1083/2006 (hereinafter, “Operation”) comprising contributions to support financial engineering instruments.
The EIF acting through the JHF is advised by the Steering Committee, members of which are nominated by the Lithuanian authorities (hereinafter, “Steering Committee”). EIF in its capacity acting through the JHF acts on the basis of its usual business principles and an investment strategy and planning for the implementation of the JEREMIE initiative.

The JEREMIE initiative is funded from the Operational Programme for Economic Growth for 2007-2013; Objective 2 “Increasing Business Productivity and Improving Environment for Business;” Priority Axis 3 “Improve Access to Financing Sources of SMEs.”

This Call for Expression of Interest targets financial engineering instruments referred to in Article 44 of Reg. 1083/2006 and is addressed to bodies or firms, whether public or private, which are interested in receiving resources out of the JHF for the activities in respect of Operations (hereinafter “Financial Intermediaries”). Such activities shall be carried out in accordance with the contractual agreements to be entered into by the JHF and the selected Financial Intermediaries (hereinafter, “Operational Agreement(s)”). The selection process comprises a short-listing of the eligible Applicants through a panel selection and a due diligence performed according to the EIF internal procedures on the short-listed Applicants.

The Financial Intermediaries should express their interest by completing and submitting an Expression of Interest, a template of which is attached hereto as Annex 1.

1. Definitions and Interpretation

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

- **Applicant** means a Financial Intermediary applying to this Call for Expression of Interest;
- **Business Day** means a day during which EIF Luxembourg office is open, and banks are open for general business in Lithuania and Luxembourg;
- **Deadline** means 19 September 2011;
- **Eligibility Criteria** means the criteria with which the Expressions of Interest and the Applicants must comply with and which are listed in Annex 2 hereof;
- **Expression of Interest** means a proposal sent by an Applicant in response to this Call for Expression of Interest, within the Deadline, to be drafted in accordance with the template attached hereto as Annex 1;
- **JEREMIE** means the initiative “Joint European Resources for Micro to Medium Enterprises” launched by the Commission and EIF, as member of the European Investment Bank Group, in order to promote increased access to finance for the development of SMEs in the European Union;
- **EIB Group** The EIB Group consists of the European Investment Bank (EIB) and the European Investment Fund (EIF);
- **JHF** means the EIF in its capacity acting through the JEREMIE Holding Fund for Lithuania, appointed under the Funding Agreement;
- **Operational Agreement or Guarantee Agreement** means an agreement entered into between a Financial Intermediary and EIF on behalf of the JHF regarding a Financial Instrument on the basis of this Call for Expression of Interest and
Quality Assessment Criteria means the quality assessment criteria applied by EIF at the sole discretion of EIF to the suitability of the Applicant and/or the proposed Financial Instrument according to the business standards of EIF and which are listed in Annex 2 hereof;

Selection Criteria means the Eligibility Criteria and the Quality Assessment Criteria;

Small and Medium-sized Enterprises or SMEs means micro, small and medium-sized enterprises as defined in the Commission Recommendation 2003/361/EC, as implemented by the Law of the Republic of Lithuania on Small and Medium-sized Business Development No VIII-935.

2. JEREMIE Holding Fund

European Investment Fund, 96 Boulevard Konrad Adenauer, L-2968 Luxembourg.

General internet address of the JHF (URL): www.eif.org

Under the Funding Agreement, the EIF may be substituted in its role as JHF. In the event of such substitution, the Ministries, or the entity appointed by the Ministries as new JHF, will assume the full discretion and responsibility to perform the tasks of the JHF and to implement the Operations in Lithuania, and may take over the Financial Instruments. The Operational Agreements will provide for the possible substitution of the EIF, in order to allow the transfer of the Operational Agreements to the successor entity.

3. Description of the activities expected from the selected Financial Intermediaries

The selected Financial Intermediaries will have to implement a financial engineering instrument briefly described in the table below (hereinafter, “Financial Instrument”). A Financial Instrument shall either be set up as an independent legal entity governed by agreements between the co-financing partners or shareholders or as a separate block of finance within a Financial Intermediary. As provided by Reg. 1828/2006, a separate block of finance shall be subject to specific implementation rules within the Financial Intermediary, stipulating, in particular, that separate accounts are kept which distinguish the JHF resources invested in the Financial Instrument, including those contributed by the Operational Programme, from those initially available in the Financial Intermediary.

It is planned to allocate out of the JHF an amount up to EUR 10m to the Financial Instrument, which should generate a portfolio volume of over EUR 50m of new financial leases to SMEs.

See below list of indicative allocation and the relevant Annex setting out the Selection Criteria and the description of the Financial Instrument.

<table>
<thead>
<tr>
<th>Financial Instrument</th>
<th>Indicative capital allocation (millions EUR)</th>
<th>Applicable Annexes</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Loss Portfolio Guarantee on a portfolio of SME transactions</td>
<td>Up to 10</td>
<td>Annex 2 (Financial Instrument: Description and Selection Criteria)</td>
</tr>
</tbody>
</table>

The indicative capital allocated to the Financial Instrument, as well as the amounts available for contribution by the JHF to the selected Financial Intermediary, may be changed as necessary, at
EIF’s sole discretion, particularly if the funding available changes during the JHF implementation process or the demand for the Financial Instrument so requires. Also, during implementation process of the particular Financial Instrument, EIF may, at its sole discretion, decide to increase commitment to particular Financial Intermediary.

To be noted that joint ventures and/or consortiums can express their interest as long as they indicate/nominate one coordinating entity as a contractual counterpart for the EIF for the entire term of the Operational Agreement (in case of selection) and under the condition that all partners in the relevant joint venture or consortium are credit or financial institutions or leasing companies duly authorised to carry out such activities according to Lithuanian legislation. Such Applicants are required to submit one, joint Expression of Interest, in which the coordinating entity should be indicated.

4. Expression of Interest

A template for the Expression of Interest is attached hereto as Annex 1 and can also be found at the following internet address: www.eif.org.

The Expression of Interest includes the Applicant’s identification, the project description, the supporting documents, the declaration of absence of conflict of interest and the statements regarding situations of exclusion.

Until no later than 23/08/2011, the Applicants may request clarifications regarding the Call for Expression of Interest or the nature of the Financial Instrument. Such requests must indicate the Call for Expression of Interest reference number (JER-004/6) and the name of the Applicant and shall be submitted in English via email to:

Regional Business Development Unit
European Investment Fund
info.rbd@eif.org

Requests for clarifications from Applicants shall not receive individual replies. Instead, answers to all requests for clarifications received within the relevant deadline will be published together in a clarification document to be posted on the website www.eif.org.

EIF will, in principle, not contact any Applicant prior to the Deadline, unless it considers it necessary to clarify issues of a mere technical nature. However, should EIF discover any errors, inaccuracies, omissions or any other type of clerical mistake in the text of the Call for Expression of Interest before the Deadline, EIF may contact the Applicant with a view to correcting such errors, omissions or clerical mistakes.

5. Language

The Expressions of Interest, including the submitted documents, shall be in English.

6. Submission of Expression of Interest

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

The Deadline for the submission of Expressions of Interest is 19 September 2011.

The Deadline applies (i) in case of e-mails to the reception by EIF and (ii) in case of registered mail or professional courier service to the date of dispatch proven by the post office stamp or a dispatch receipt.

The Expressions of Interest shall indicate the reference number of the Call (No. JER-004/6) and the name of the Applicant and shall be sent to the following address:

Postal Address:
European Investment Fund
Attention: Regional Business Development Unit
96 Boulevard Konrad Adenauer
L-2968 Luxembourg
LUXEMBOURG

The outer envelope (package) shall indicate the following: “Expression of Interest - Reference number of the Call (No. JER-004/6) – Not to be opened by the reception – To be passed without opening to Regional Business Development Unit”).

E-mail Address:
Attention: Regional Business Development Unit
info.rbd@eif.org

Prior to the Deadline and in the same manner as specified above, the Applicants may change or amend their Expressions of Interest by clearly indicating the parts to be changed or amended.

Prior or after the Deadline and in the same manner as specified above, the Applicants may withdraw their Expressions of Interest.

After the Deadline, an acknowledgement of receipt will be sent to the relevant Applicants by EIF via e-mail, which shall state the following:

• Unique proposal identifier (Expression of Interest number);
• Reference number of the Call for Expression of Interest;
• Confirmation that the Expression of Interest was received before the Deadline.

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

When selecting Financial Intermediaries, EIF is committed to respect fundamental principles, such as:

i) equal treatment,

ii) non-discrimination,

iii) confidentiality, and

iv) transparency.

The Expressions of Interest will be examined by EIF, on a comparative basis, using professional analysis and judgment, according to the Selection Criteria.

EIF will reject those Expressions of Interest which do not comply with the Eligibility Criteria Financial Intermediaries, whose application is rejected because of non-compliance with any of the elements reflected in the statements regarding situations of exclusion (Appendices 4 and 5 to Annex 1 hereto), may not present themselves for consideration in subsequent Calls for the Expression of Interest unless it is specifically evidenced that the reason for the exclusion no longer exists.

The expiration of the Deadline shall not prevent EIF, in limited cases if deemed necessary, from requesting and receiving from Applicants clarifications on issues of a mere technical or formal nature, provided that such clarifications shall neither provide an opportunity to the respective Applicants to unduly improve their applications nor otherwise distort the competition between the Applicants.

Applicants, which are not excluded according to the Eligibility Criteria and which have been providing the additional information requested from pre-selected applicants as per Appendix 2 within the deadline determined in such request from EIF, will go through the EIF selection process based on the Quality Assessment Criteria. The further selection based on the Quality Assessment Criteria, and the due diligence process, if any, follows the standard procedures and guidelines applied by EIF to its business. The evaluation of proposals at this phase will be conducted under competitive terms and it is envisaged to select up to two Applicants. The third best ranked Application will be considered only if the initial allocation is not absorbed by the first two Applicants. To be noted that in the context of the evaluation procedure, EIF may take negotiation positions, which view specifically at the improvement of the access to finance for the benefit of the final beneficiary SMEs.

Reserve list: Those Applicants who score more than 50 points during the selection process based on the Quality Assessment Criteria but are not selected for contractual negotiations of Operational Agreements will form a reserve list (valid for 1 year following notification of inclusion in the reserve list).

In case more funding becomes available within 1 year from the launching of the Call for Expression of Interest, EIF has the discretion to consider either (i) an increase of the allocations to the Applicant(s) with which EIF has signed an Operational Agreement following the selection process and the contractual negotiations or ii) initiating contractual negotiations with any of the Applicant(s) included in the reserve list taking into consideration the results of the evaluation procedure and the ranking formed.

In any phase of the selection process, EIF reserves itself full discretion to consider Applicants and no Applicant has any claim or other right or may expect to be ultimately selected for financial support by the JHF. Any negotiation of terms and conditions of Operational Agreements by no
means entails any obligation for EIF and/or the JHF to enter into such Operational Agreement with the relevant Financial Intermediaries.

Financial Intermediaries, which do not receive contributions from the JHF, are informed accordingly; the reasons for their Expression of Interest being rejected will be clearly communicated to them upon request.

Those Applicants, whose Expression of Interest is rejected, shall have the right to submit a written complaint by e-mail and registered mail or professional courier service, to the same address used for the submission of the Expressions of Interest above, within thirty (30) days of receipt of the letter of rejection. Any complaints will be dealt within the framework and in accordance with the EIB Group complaints policy (for further info visit www.eib.org).


The Financial Intermediaries, with which Operational Agreements will be eventually signed, shall be required to comply with the EIF anti-fraud policy, available on the website of EIF (www.eif.org), and with the relevant monitoring, reporting, publicity and auditing obligations required by the EU regulations applicable to ERDF, and by the Funding Agreement. Such obligations are briefly described in the relevant Financial Instrument description documents, and will be defined in the relevant Operational Agreement.

ANNEXES

Annex 1. Expression of Interest
Annex 2. First Loss Portfolio Guarantee Financial Instrument: Description and Selection Criteria
ANNEX 14 to the Call for Expression of Interest No. JER-004/6

To:
European Investment Fund
Attention: Regional Business Development Unit
96 Boulevard Konrad Adenauer
L-2968 Luxembourg

EXPRESSION OF INTEREST

Call for Expression of Interest No.: JER-004/6

Deadline for the submission of the Expression of Interest: 19 September 2011

Expression of Interest for First Loss Portfolio Guarantee Financial Instrument

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) in response to the Call for Expression of Interest No. JER-004/6 in the framework of JEREMIE initiative implemented through EIF acting as JEREMIE Holding Fund (“JHF”) in Lithuania. Capitalised expressions utilised herein shall have the meaning attributed to them in the above mentioned Call for Expression of Interest.

The undersigned duly authorised to represent the (Applicant), 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 certifies/certify that the (Applicant) is not in one of the situations which would exclude it from taking part in this Call for Expression of Interest listed out in Appendices 4 and 5 to this Expression of Interest. The undersigned shall, upon request, provide all evidence to that extent.

Yours sincerely,

Signature(s): Stamp of the Applicant (if applicable):
Name and position in capitals: Applicant’s name
Place: Date (day/month/year):

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4 In case of consortiums or joint ventures to be completed by coordinating entity.
Appendices
Appendix 1 Applicant’s Identification
Appendix 2 List of Documents Attached
Appendix 3 Declaration of Absence of Conflict of Interest
Appendix 4 Statement Regarding Situations of Exclusion - 1
Appendix 5 Statement Regarding Situations of Exclusion – 2: Declaration of Compliance with Community and National Rules and Policies
APPENDIX 1 TO EXPRESSION OF INTEREST

1.1. Applicant identification

<table>
<thead>
<tr>
<th>INFORMATION REQUIRED</th>
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</thead>
<tbody>
<tr>
<td><strong>APPLICANT’S NAME</strong></td>
<td></td>
</tr>
<tr>
<td><strong>CONTACT DETAILS</strong></td>
<td>Address:</td>
</tr>
<tr>
<td></td>
<td>Telephone:</td>
</tr>
<tr>
<td></td>
<td>Fax:</td>
</tr>
<tr>
<td></td>
<td>Email:</td>
</tr>
<tr>
<td><strong>LEGAL FORM</strong></td>
<td></td>
</tr>
<tr>
<td><strong>COMMERCIAL REGISTER, ETC. – REGISTRATION DETAILS</strong></td>
<td>Denomination of register:</td>
</tr>
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<td></td>
<td>Date of registration:</td>
</tr>
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<td></td>
<td>Country of registration:</td>
</tr>
<tr>
<td></td>
<td>Registration number:</td>
</tr>
<tr>
<td><strong>VAT</strong></td>
<td>Registration number or Statement of exemption issued by the national VAT authority dated......enclosed under reference..... Issued by......</td>
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1.2. Person authorised to submit the Expression of Interest on behalf of the Applicant and appropriate evidence of such authorisation

<table>
<thead>
<tr>
<th>INFORMATION REQUIRED</th>
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</thead>
<tbody>
<tr>
<td><strong>TITLE</strong></td>
<td>Mr/Mrs/other (delete or complete as appropriate)</td>
</tr>
<tr>
<td><strong>NAME</strong></td>
<td>Surname:</td>
</tr>
<tr>
<td></td>
<td>Forename(s):</td>
</tr>
<tr>
<td><strong>FUNCTION</strong></td>
<td></td>
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<tr>
<td><strong>CONTACT DETAILS</strong></td>
<td>Address:</td>
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<td></td>
<td>Telephone:</td>
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<td>Fax:</td>
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<td></td>
<td>Email:</td>
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</tbody>
</table>

1.3. Contact person (if different from 1.2)

<table>
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<tr>
<th>INFORMATION REQUIRED</th>
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</thead>
<tbody>
<tr>
<td><strong>TITLE</strong></td>
<td>Mr/Mrs/other (delete or complete as appropriate)</td>
</tr>
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<td><strong>NAME</strong></td>
<td>Surname:</td>
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<td><strong>FUNCTION</strong></td>
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<td><strong>CONTACT DETAILS</strong></td>
<td>Address:</td>
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<td>Telephone:</td>
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<td>Fax:</td>
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<td></td>
<td>Email:</td>
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</table>

5 In case of consortia or joint ventures to be completed by all participating entities.
1) Project proposal:

a) Description of the Applicant:

(aa) Description of the Applicant’s institution (date of establishment, number of employees, shareholders etc.), legal status and applicable regulatory framework;

(bb) Geographical area of operations and branch network in Lithuania;

(cc) Description of Applicants governing and management bodies and corporate governance structure.

b) Information on the Applicant’s present activities:

(aa) Commitment to SME leasing in Lithuania:

(i) Overall strategy of the Applicant in general and SME leasing strategy in particular, positioning vis-à-vis competitors in SME leasing segment, product range offered in the SME leasing segment, expected impact of current market environment on SME leasing (e.g. tighter leasing criteria, etc);

(ii) Total volume and number of SME financial leases or hire purchase outstanding in each SME sub-segment (breakdown by micro, small and medium enterprises and by asset type, if available) on a yearly basis for the last five financial years (including year to date data for the current financial year);

(iii) Total volume and number of new SME financial leases or hire purchase in each SME sub-segment (breakdown by micro, small and medium enterprises and by asset type if available) granted by the Applicant annually over the last five financial years (including year to date data for the current financial year);

(iv) Share of newly granted SME financial leases or hire purchase in the Applicant’s total commercial leasing portfolio, both in terms of volume and number (on an annual basis over the last five financial years – including year to date data for current financial year).

(bb) Current pricing and collateral policy for comparable financial leases (in terms of maturity, purpose, etc.) to a similar target group, as per Table 1 below, including:

(i) Interest rate split into cost of funding and margin over cost of funding, and specifically the risk-related margin;

(ii) Down payments;

(iii) Up-front fees and any other non-interest payments;

(iv) Other payments.

SME related data and information to be provided in accordance with the definition of SMEs as presented in section 1 “Definitions and Interpretation”, under Call for EoI, page 2.
If interest rates/interest margins and/or levels of down payment depend on the riskiness (expressed through a rating or scoring category) of the SME or/and on the type of the leased asset a relevant breakdown should be provided in addition to the table below.

### Table 1 - Current policy: collateral and interest rate charged on SME financial leases

<table>
<thead>
<tr>
<th>Financial leases or hire purchases awarded on the basis of standard collateral requirements</th>
<th>EUR denominated transactions</th>
<th>Local currency denominated transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requested level of down-payment (% of the asset price):</td>
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<tr>
<td>- minimum</td>
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<tr>
<td>- average</td>
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<tr>
<td>other collateral and guarantees</td>
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<tr>
<td>Interest rate</td>
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<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Reference rate</td>
<td></td>
<td></td>
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<tr>
<td>- Risk-related margin</td>
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<tr>
<td>Residual Value (% of the Capital Amount):</td>
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<td></td>
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<tr>
<td>- average</td>
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<td></td>
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<tr>
<td>- maximum</td>
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</table>

### Information on the implementation of the Financial Instrument by the Applicant:

1. **General implementation strategy (e.g. how the Financial Instrument will be promoted regionally and nationwide, publicity strategy, procedures for allocation of leases, etc);**
2. **The proposed size of the portfolio of eligible SME Transactions to be originated during the Availability Period;**
3. **Indicative industry, asset type, geographical breakdown and SME size of the financial leases to be granted under the Financial Instrument with the objective of forming a new, well diversified portfolio, also taking into consideration the specific features of the Financial Instrument as described in Annex 2;**
4. **Indicative average expected maturity of the newly granted financial leases under the Financial Instrument, taking into consideration the provisions of Annex 2 and the objective to provide longer financial leases maturities to Eligible SMEs;**
5. **Leasing criteria, proposed down payment modalities, proposed pricing requirements, including the proposed minimum and maximum pricing (i.e. pricing to be submitted in ranges) to be applied on the new lease portfolio to be established under this Financial Instrument - submitted in accordance with the table that follows - and other terms and conditions to be applied to the financial leases covered by this Financial Instrument,**
First Loss Portfolio Guarantee Financial Instrument for Leasing, Call for EoI No. JER-004/6

taking into consideration the provisions of Annex 2 and the objective to provide better financing terms to Eligible SMEs. The information submitted herein by the Applicant, as per Tables 2 and 3 below, will be assessed on a comparative basis according to the Quality Assessment Criteria (Annex 2, Part II, section 2) and will become a contractual obligation for the Applicant, if selected. If interest rates/interest margins and/or levels of down payment depend on the riskiness of the SME (expressed through a rating or scoring category) or/and on the type of the leased asset a relevant breakdown should be provided in addition to the table below.

Table 2 - Proposed collateral and interest rate to be charged on the new SME Transactions covered by the Financial Instrument.

<table>
<thead>
<tr>
<th>Financial leases or hire purchases awarded on the basis of reduced collateral requirements (guarantee rate 80%, max. cap rate 25%)</th>
<th>EUR denominated transactions</th>
<th>Local currency denominated transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requested level of down-payment (% of the asset price):</td>
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<td>- minimum</td>
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<tr>
<td>- Risk-related margin</td>
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<tr>
<td>Residual Value (% of the Capital Amount):</td>
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<tr>
<td>- average</td>
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<tr>
<td>- maximum</td>
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</tbody>
</table>

Table 3 - Proposed fees to be applied on the new SME transactions covered by the Financial Instrument:

<table>
<thead>
<tr>
<th>Nature of fees</th>
<th>Value</th>
<th>Single payment</th>
<th>Monthly</th>
<th>Annual</th>
<th>Comments, remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration fee</td>
<td></td>
<td>□</td>
<td>□</td>
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</tr>
<tr>
<td>Fee for the financial lease granting (contract fee)</td>
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<td>□</td>
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</tr>
<tr>
<td>Fee for amendment of terms under the financial lease agreement terms (e.g. financial lease)</td>
<td></td>
<td>□</td>
<td>□</td>
<td>□</td>
<td></td>
</tr>
</tbody>
</table>

13
maturity extension, increase in the financial lease amount, etc.)

Other fees, if any (please provide details)

<table>
<thead>
<tr>
<th>Quarter (after signature)</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>....</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial leases committed to SMEs, EUR m</td>
<td></td>
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</tbody>
</table>

Estimate of the expected timing for initiation of operations following the signature of the Operational Agreement and also estimate of the full commitment of the Financial Instrument to Eligible SMEs. Applicants are requested to submit a time table (on the basis of Table 4) indicating the expected amount of financial leases committed to SMEs on a quarterly basis.

Table 4 – Timetable

The offer will form part of the Quality Assessment Criterion 2.1.3, presented in Annex 2, Part II, section 2. EIF will seek to include binding Portfolio volume targets in the finalised Operational Agreement with the selected Applicant.

Please note that EIF will request Financial Intermediaries to use their best efforts and commit to the following time schedule:
- Due diligence with EIF, including provision of information for due diligence: within 20 business days after such notice from EIF;
- Legal negotiation to be completed within 40 business days after being notified by EIF of selection.

EIF reserves the right to extend these deadlines.

Description of the origin of the sources used to finance the new financial leases (e.g. Applicants own resources raised in the capital markets through bond issues);

2) Information on the Applicant’s IT systems, reporting mechanisms, monitoring procedures and controls, currently utilised in its normal activity (also to be utilised for the implementation of the Financial Instrument);

3) Annual reports for the last three financial years, including audited financial statements (only in electronic format i.e. scanned copies of signed audited financial statements);
4) Copy of Applicant’s registration Certificate or an evidence of the applicant’s national company registration valid at the time of application;  
5) Copy of Applicant’s Articles of Association;  
6) Copy of Applicant’s VAT Certificate, if applicable;  
7) Certified copy of requisite license or, if not available, other proof of the Applicant’s authorisation allowing for the implementation of the Financial Instrument in Lithuania (if applicable);  
8) In the case where a Financial Intermediary and/or its mother company is externally rated, information on the actual external rating of the Applicant and/or its mother company including the relevant rating report(s) from at least one of the following rating agencies: (i) Moody’s Investor Service Limited, (ii) Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. or (iii) Fitch Ratings Ltd. Further, information on any change of the rating within the last two years;  
9) Appropriate evidence of the representative’s authorisation to act for and on behalf of the Applicant (signatory powers);  
10) Declaration on absence of conflict of interest as per template provided in Appendix 3, duly signed;  
11) Statement regarding situations of exclusion - 1 as per template provided in Appendix 4, duly signed;  
12) Statement regarding situations of exclusion - 2 as per template provided in Appendix 5: Declaration of compliance with Community and National rules and policies, duly signed.

The pre-selected Applicants will be requested to submit additional information to complement their Expression of Interest. This will indicatively include inter alia:

A. Detailed information on the Applicant’s operating principles and procedures applied to SME leasing:  
   (i) Origination;  
   (ii) Risk assessment procedures (internal rating / scoring system);  
   (iii) Lease approval procedures;  
   (iv) Collateral requirements (valuation, haircuts, downpayment);  
   (v) Monitoring and early warning signals;  
   (vi) Recovery procedures (what steps are taken and when; which departments are involved);  
   (vii) Risk management: methods utilised for loss forecasting, provisioning and credit risk management on portfolio level;  
   (viii) Summary of changes to the Financial Intermediary’s operating principles and procedures due to the current financial crisis.

B. Information on the Applicant’s total leasing portfolio over the last 5 financial years:  
   (i) Composition and concentration of the outstanding lease portfolio;  
   (ii) Non-performing leases (outstanding non-performing leases /outstanding leases amount) as of the end of each financial year and year to date data for the current year) for the past five financial years - both in terms of number and volume;
(iii) Annual defaults, net losses and bad debt provisions;
(iv) Recoveries/repossessions and recovery periods.
DECLARATION OF ABSENCE OF CONFLICT OF INTERESTS

The undersigned declares that neither (i) the Applicant nor (ii) he/she/they personally as authorised representative(s) of the Applicant have a direct or indirect interest of such a nature and scale that may affect the performance of the tasks assigned to the Applicant under any Operational Agreement referred to in the Call for Expression of Interest No. JER-004/6.

The undersigned is/are aware that a conflict of interest could arise in particular as a result of economic interests, political or national affinities, family or emotional ties, or any other relevant connection or shared interest.

The Applicant will inform EIF, without delay, of any situation constituting a conflict of interest or which could give rise to a conflict of interest.

Furthermore, the Applicant and the undersigned in his/her/their capacity as duly authorised representative(s) of the Applicant confirm to have read the EIF Anti-Fraud Policy and declare not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the Operational 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, either directly or indirectly, as an incentive or reward relating to signing of the Operational Agreement.

Yours sincerely,

Signature:  Stamp of the Applicant’s (if applicable):
Name and position in capitals: Applicant’s name:
Place: Date (day/month/year):
STATEMENT REGARDING SITUATIONS OF EXCLUSION - 1

The undersigned certifies/certify that the (Applicant) is not in any of the situations which would exclude it from taking part in this Call for Expression of Interest and accordingly declare(s) that the (Applicant):

i) has never been the subject of a conviction by final judgment for one or more reasons listed below:
   • participation in a criminal organisation, as defined in Article 2 (1) of the Council Joint Action 98/733/JHA7;
   • corruption, as defined in the Council Act of 26 May 1997 and in Article 3 (1) of the Council Joint Action 98/733/JHA;
   • fraud within the meaning of Article 1 of the Convention drawn up on the basis of Article K.3 of the Treaty on European Union, on the protection of the European Communities financial interests8;
   • money laundering as defined in the Directives 2005/60/EC9 of 26 October 2005 and 2006/70/EC10 of 1 August 2006, and Directive 2001/97/EC of 4 December 200111;

ii) has not performed any act which may be qualified as illegal activity in the meaning of the terms of the EIF Anti-Fraud Policy;

iii) is not bankrupt or is being wound up, where its affairs are not being administered by the court, where it has not entered into an arrangement with creditors, where it has not suspended business activities or is not in any analogous situation arising from a similar procedure under national laws and regulations;

iv) is not the subject of proceedings for a declaration for bankruptcy, for an order for compulsory winding up or administration by the court or of an arrangement with creditors or of any other similar proceedings under national laws and regulations;

v) is not “a firm in difficulty” within the meaning of Article 2.1 of the Community guidelines on State aid for rescuing and restructuring firms in difficulty12;

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12 Communication from the Commission – Community Guidelines on State aid for rescuing and restructuring firms in difficulty (Official Journal of the European Union C 244 of 1.10.2004), as amended or substituted by future Community guidelines from time to time.
vi) no member of its senior management has been convicted as a consequence of a judgment which has the force of res iudicata, in accordance with the legal provisions of the country of any offence concerning its professional conduct;
vii) no member of its senior management has been guilty of grave professional misconduct;
viii) has fulfilled obligations relating to the payment of social security contributions in accordance with the legal provisions of the country in which it is established;
ix) has fulfilled obligations relating to the payment of taxes in accordance with the legal provisions of the country in which it is established and in the countries where it operates, as applicable;
x) there is no court decision in force regarding the violation of the contract on the allocation of other assistance to the Applicant from the resources of the EU budget or the State budget of the Republic of Lithuania;
xii) is not found to have provided serious misrepresentation in supplying the information required in accordance with the Call for Expression of Interest or has supplied such information.

The Applicant and the undersigned in his/her/their capacity as duly authorised representative of the Applicant commit to provide all evidence to the above, upon request by the JHF or EIF.

Signature:       Stamp of the Applicant (if applicable):
Name and position in capitals:                   Applicant’s name
Applicant’s name     Date (day/month/year):
Place:
STATEMENT REGARDING SITUATIONS OF EXCLUSION - 2

DECLARATION OF COMPLIANCE WITH COMMUNITY AND NATIONAL RULES AND POLICIES

The undersigned certifies/certify that the (Applicant) is not in any of the situations which would exclude it from taking part in this Call for Expression of Interest and accordingly declare(s) that the (Applicant):

i) Complies with all Community and National rules and policies in relation to Competition and confirms its willingness and readiness to undertake its responsibility for ensuring that transactions originated under this Financial Instrument respect the applicable provisions of the De Minimis Regulation\(^\text{13}\) (as specified in Annex 2);

ii) Complies with all Community and National rules and policies in relation to the goal of protecting and improving the environment and promoting sustainable development;

iii) Complies with all Community and National rules and policies in relation to gender equality and non-discrimination;

iv) Confirms its willingness and readiness to respect the information and publicity provisions applicable to this Financial Instrument.

Yours sincerely,

Signature: Stamp of the Applicant’s (if applicable):
Name and position in capitals:  Applicant’s name
Place: Date (day/month/year):

ANNEX 2 to the Call for Expression of Interest No JER-004/6

First Loss Portfolio Guarantee Financial Instrument: Description and Selection Criteria

Part I: Description of the Financial Instrument

Capitalised expressions utilised herein shall have the meaning attributed to them in the above mentioned Call for Expression of Interest, unless otherwise defined below or the context requires otherwise. Unless the contrary intention appears, words in the singular include the plural and words in the plural include the singular.

1 Rationale

The purpose of the Financial Instrument is to support leases to Eligible SMEs by providing credit risk protection (in the form of a first loss portfolio capped financial guarantee) in order to reduce the particular difficulties that SMEs face in accessing finance because of the lack of sufficient collateral or amount of initial down-payment in combination with the relatively high risk they represent.

2 Presentation of the Financial Instrument

The guarantee (the “Guarantee”) shall be issued by EIF acting through the JEREMIE Holding Fund (“JHF”) for the benefit of a Financial Intermediary. It shall partly cover the credit risk associated to underlying, newly granted, eligible financial leases to SMEs (“SME Transactions”) included in the guaranteed portfolio (the “Portfolio”).

In order to ensure an alignment of interest between the Financial Intermediary and the JHF, eligible SME Transactions shall be covered by EIF at a guarantee rate of 80%, subject to a maximum liability in respect of SME Transaction losses expressed as a guarantee cap amount (the “Cap Amount”) calculated on a portfolio basis as a percentage of the portfolio (the “Guarantee Cap Rate”).

The Guarantee shall constitute a direct financial guarantee and shall cover losses (relating to unpaid Capital Amounts and Lease Interest) incurred by the Financial Intermediary in respect of each defaulted eligible SME Transactions up to the Cap Amount.

The origination, risk assessment, documentation and servicing of the eligible SME Transactions shall be performed by the Financial Intermediary in accordance with its standard origination and servicing procedures.

In this context, the Financial Intermediary shall retain the direct client credit relationship with each SME.

SME Transactions (according to pre-defined eligibility criteria on a lease-by-lease and portfolio basis) will be automatically covered, by way of submitting inclusion notices on a quarterly basis until the end of the relevant inclusion period.

A Guarantee Fee will be payable by the Financial Intermediary to EIF.
The Financial Instrument

Indicative terms of the Guarantee

These indicative terms are an outline of the principal terms and conditions for the Financial Instrument described herein, which are subject to change and non-exhaustive.

When used in this paragraph 4, the term “EIF” means EIF acting through the JHF.

<p>| Structure | First loss portfolio capped direct financial guarantee providing credit risk coverage on a lease by lease basis for the creation of a portfolio of eligible SME Transactions. The Guarantee shall cover losses incurred by the Financial Intermediary in respect of each defaulted eligible SME Transaction in accordance with the Guarantee Rate. Losses covered by the Guarantee in respect of the Portfolio of eligible SME Transactions shall in aggregate not exceed the Cap Amount agreed in the Operational Agreement (the “Guarantee Agreement”) between EIF and the relevant Financial Intermediary. The credit risk retained by the Financial Intermediary shall be 20% of the Portfolio (on a pari passu basis with EIF). |
| Guarantee | The Cap Amount shall be expressed in EUR. All amounts to be paid by or |</p>
<table>
<thead>
<tr>
<th><strong>Currency</strong></th>
<th>to EIF under the Guarantee will be paid in EUR.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Availability Period</strong></td>
<td>Typically 36 months from the date of signature of the Guarantee Agreement. The Availability Period will be deemed to be terminated (unless otherwise decided by EIF) if halfway through the Availability Period the Actual Volume does not exceed 30% of the Agreed Volume; or triggers with regard to loss levels or collateralisation are breached. During the Availability Period, eligible SME Transactions may be included by the Financial Intermediary in the Portfolio for cover. Such inclusion of eligible SME Transactions shall occur automatically upon receipt by EIF of an inclusion notice submitted by the Financial Intermediary on a quarterly basis until the end of the relevant inclusion period. For the avoidance of doubt the eligible SME Transactions so included shall be deemed to be covered by the Guarantee from the date of the signature of such eligible SME Transactions. The underlying eligible SME Transactions to be covered by the Guarantee shall be: (i) eligible SME Transactions entered into within the Availability Period; or (ii) eligible SME Transactions not entered into before the end of the Availability Period but approved during the Availability Period and in respect of which the lease period has been started by SMEs within 6 months from the end of the Availability Period.</td>
</tr>
<tr>
<td><strong>Agreed Volume</strong></td>
<td>The maximum aggregate Capital Amount of newly originated eligible SME Transactions to be covered by the Financial Instrument, as agreed in the Guarantee Agreement.</td>
</tr>
<tr>
<td><strong>Actual Volume</strong></td>
<td>The aggregate amount of the Capital Amount committed to be available under newly originated eligible SME Transactions included in the Portfolio from time to time, provided that, for the avoidance of doubt: i) if any eligible SME Transaction is prepaid and/or repaid, then this shall not reduce the Actual Volume; and ii) if a eligible SME Transaction is excluded from the Portfolio as a result of the exclusion process described below, then such SME Transaction shall not be taken into account for the calculation of the Actual Volume; iii) The Actual Volume shall in no circumstances exceed the Agreed Volume.</td>
</tr>
<tr>
<td><strong>Maximum Collateralisation Trigger</strong></td>
<td>A trigger event shall occur if on one or more specified date(s) during the Availability Period the actual collateralisation rate in the Portfolio (i.e. the ratio between the aggregate value of the collateral and the Agreed Portfolio Volume) exceeds a predetermined level.</td>
</tr>
<tr>
<td><strong>Maximum Loss Trigger</strong></td>
<td>A trigger event shall occur if on one or more specified date(s) during the Availability Period losses exceed a predetermined level.</td>
</tr>
<tr>
<td><strong>Guarantee Rate</strong></td>
<td>The Guarantee Rate shall be 80% of each loss covered by the Guarantee.</td>
</tr>
<tr>
<td><strong>Guarantee Cap Rate</strong></td>
<td>A percentage of the Actual Volume. The Guarantee Cap Rate shall be up to 25% (subject to downward adjustment following EIF’s assessment of the risk profile of the portfolio).</td>
</tr>
<tr>
<td>Terms</td>
<td>Definitions</td>
</tr>
<tr>
<td>-----------------------------</td>
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</tr>
<tr>
<td><strong>Cap Amount</strong></td>
<td>Expressed in Euro amount, set in the Guarantee Agreement, at which the obligation to pay under the Guarantee is capped, which is the maximum liability under the Guarantee and is calculated on Portfolio basis as the product of the i) lower of the Actual Volume and the Agreed Portfolio Volume, ii) the Guarantee Rate, iii) the Guarantee Cap Rate, and iv) the Disbursement Ratio.</td>
</tr>
<tr>
<td><strong>Disbursement Ratio</strong></td>
<td>At a given time, the ratio, expressed as a percentage, equal to the quotient of: (i) the sum of the Capital Amounts relating to all eligible SME Transactions included in the Portfolio with a Lease Period Start Date prior or equal to such time and (ii) the Actual Volume at such time.</td>
</tr>
<tr>
<td><strong>Lease Period Start Date</strong></td>
<td>The later of: i) the date where a down-payment has been paid by an SME to the Financial Intermediary and ii) the date where the leased asset has been made available to the SME for use.</td>
</tr>
<tr>
<td><strong>Leverage</strong></td>
<td>Defined as the product of (1 divided by the Guarantee Rate) and (1 divided by the Guarantee Cap Rate). The Leverage cannot be lower than 5.</td>
</tr>
<tr>
<td><strong>Guarantee Cover</strong></td>
<td>The Guarantee covers losses incurred by the Financial Intermediary where Losses mean: i) Capital Amounts and/or Lease Interest amounts (however excluding late payment charges, default interest, capitalised interest, fees and other costs and expenses, penalties, fines, any insurance premiums, if any) due, payable and outstanding upon occurrence of either an eligible SME Transaction Default or an eligible SME Transaction acceleration provided that if such SME Transaction has not been accelerated after 90 days following the relevant eligible SME Transaction Default any Lease Interest that would be payable after that time shall not be covered; and ii) Any reduction in Capital Amounts and/or Lease Interest amounts (however excluding late payment charges, default interest, capitalised interest, fees and other costs and expenses, penalties, fines, any insurance premiums, if any) payable as a result of the restructuring of an eligible SME Transaction. For avoidance of doubt, future interest amounts relating to the period following the date of an SME Transaction restructuring, SME Transaction Default or SME Transaction acceleration or, absent of acceleration, accruing after 90 days following the relevant eligible SME Transaction Default until SME Transaction scheduled maturity date, shall not be covered by the Guarantee although they may be due and payable pursuant to the terms of the relevant SME Transaction upon occurrence of default or restructuring of that SME Transaction). The EIF will rank pari passu with Financial Intermediaries with respect to recoveries as further described in “Servicing and Loss Recoveries” below.</td>
</tr>
<tr>
<td><strong>SME Transaction Default</strong></td>
<td>SME Transaction Default definition in line with the Capital Requirements Directive.</td>
</tr>
<tr>
<td><strong>Payment Demand Period</strong></td>
<td>Payment Demands shall only be valid if they are (with respect to a Loss incurred in relation to an eligible SME Transaction during a calendar quarter) sent on any day during the month following such calendar quarter (or if not sent during such period, during any subsequent period of one</td>
</tr>
</tbody>
</table>
In no case may a payment demand be made after the three months period following the Latest SME Transaction Maturity Date (as defined below).

<table>
<thead>
<tr>
<th>Payment Demand Date</th>
<th>Following the occurrence of a Loss related to an SME Transaction Default on one or more eligible SME Transactions and subject to receiving valid payment demands, EIF shall make guarantee payments under the Guarantee within 60 calendar days of the relevant Report Date.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Events of Default under the Guarantee</th>
<th>Standard events of default (typically: failure to pay, breach of agreement, repudiation, Irregularity, illegality and bankruptcy). The occurrence of an event of default, if it has not been 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 Financial Intermediary would be calculated in accordance with the terms of the Guarantee Agreement as if the Report Date were the Early Termination Date.</th>
</tr>
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</table>

**Guarantee Fee**

<table>
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<tr>
<th>Guarantee Fee Amount and Percentage</th>
<th>The Guarantee Fee Amount is expressed in EUR and payable by the Financial Intermediary to the EIF (for the benefit of the JHF), with respect to each eligible SME Transaction included in the Portfolio, on a quarterly basis as a one-off upfront guarantee fee, calculated as the product of: i) the Guarantee Fee Percentage and ii) the sum of the committed Capital Amounts of all eligible SME Transactions at the time of their initial signing during the calendar quarter and iii) the Guarantee Rate.</th>
</tr>
</thead>
</table>

The Financial Intermediary shall undertake in the Guarantee Agreement to disclose, in the documentation governing each SME Transaction entered into between the Financial Intermediary and the SME, the existence and the modalities of payment of the Guarantee Fee (including the Guarantee Fee Percentage).

The Guarantee Fee Percentage is equal to:

i) 0.5% for the SME Transactions up to 2 years,

ii) 1% for the SME transactions longer than 2 years.

It has been established in order to facilitate access to finance by the SMEs covered by the Guarantee, and the De Minimis Regulation will apply. The Guarantee Fee is non refundable.

However, if the Financial Intermediary becomes aware that one or more SME Transactions are non eligible SME Transactions and, by not later than one month immediately following the date on which such SME Transaction was included in the Portfolio, causes such non eligible SME Transaction(s) to be removed from the Portfolio, then the Guarantor shall repay the portion of the Guarantee Fee which relates to such excluded SME Transaction.
Eligible SMEs and Eligibility Criteria


Eligibility Criteria | SME Transactions shall comply, inter alia, with the following criteria. All the Eligibility Criteria shall be met at all times except the SME Criteria i)-iii) and SME Transaction Criteria x b) which shall only be met at the date of the document evidencing the relevant SME Transaction.

SME Criteria

i. Eligible SME: the SME shall be an Eligible SME;

ii. Firm in Difficulty: the SME shall not be a “firm in difficulty” as these are defined in the Article 2.1 of the Community guidelines on State aid for rescuing and restructuring firms in difficulty (OJ C 244, 1.10.2004, p. 2.), as amended, restated, supplemented and/or substituted from time to time;

iii. Restricted Sectors: the SME shall not have a substantial focus on one or more Restricted Sectors (which determination shall be made by the Financial Intermediary in its discretion based, without limitation, on the proportionate importance of such sector on revenues, turnover or client base of the relevant SME);

iv. The SME shall be established and operating in Lithuania.

SME Transaction Criteria

i) SME Transaction shall be a Lease Transaction,

ii) SME Transaction shall not be a lease-back transaction entered into for cash flow management purposes. However if an SME Transaction involves a purchase of an asset directly from a third party vendor, selling it to the Financial Intermediary and subsequent leasing the asset back from the Financial Intermediary, such SME Transaction shall deem to be eligible, provided that the period of time which would elapse from the purchase of the asset by the SME until the Lease Period Start Date does not exceed 3 months.

iii) Origination period: newly originated SME Transactions either (i) entered into by the Financial Intermediary during the Availability Period or (ii) approved during the Availability Period with the Lease Period Start Date falling not later than 6 months from the end of the Availability Period;

iv) Purpose of the lease: investment in tangible assets linked to development or expansion activities but excluding lease of passenger cars;

v) SME Transaction shall not provide funding which constitute
projects of social enterprises aiming at their business development, and projects of micro and small enterprises that are start-ups if they are financed from financial engineering instruments supported by the European Social Fund;

vi) Excluded Undertakings: the SME Transaction shall provide funding only for activities which do not relate to one or more Excluded Undertakings (as defined below);

vii) Utilisation: utilised within Lithuania;

viii) Fixed payment schedule (which, for the avoidance of doubt, shall exclude any revolving facility);

ix) Repayment schedule: amortising;

x) Maturity, covering the majority of the remaining economic useful life of the leased asset of:
   a) minimum of 12 months and
   b) maximum of 84 months including the relevant grace period if any;

xi) SME Transactions shall (X) not receive any assistance under any operational programme (as defined in the Council Regulation) other than the Operational Programme; (Y) be the only assistance received from a financial instrument financed by the Union (other than the Funds).

xii) The customary spread above the base interest rate [and or customary downpayment and/or other collateral requirements] applicable to the relevant eligible SME Transaction included in the Portfolio shall be reduced by the level of the Financial Benefit as per specific terms schedule to the Guarantee Agreement;

xiii) SME Transaction shall not be affected by any Irregularity,

xiv) Currency: EUR and Litas and, as the case may be, in any other freely convertible currency.

xv) SME Transaction shall not finance expenditure which is not eligible in accordance with Art. 7 of EC Reg. 1080/2006.

xvi) Other criteria as per specific terms schedule to the Guarantee Agreement

**SME Portfolio Criteria**

Concentration limits:

i) the sum of Capital Amounts (considered at the time of signing) of all eligible SME Transactions entered into with a single Eligible SME shall not be greater than “de minimis” amount (i.e. EUR 1,5 million per undertaking or EUR 750 000 per undertaking active in the road transport sector divided by the Guarantee Rate);

ii) the sum of Capital Amounts (considered at the time of signing) of all eligible SME Transactions entered into with single Eligible
SMEs, which account in the Portfolio for more than the lower of (i) 2% of the Agreed Volume and (ii) the amount specified in (i) above, shall not exceed 20% of the Agreed Volume.

iii) the sum of Capital Amounts (considered at the time of signing) of all eligible SME Transactions forming part of a single industry sector (expressed by NACE code – Rev.2. Division) shall not account for more than 20% of the Agreed Volume;

iv) other concentration limits (e.g. lowest rating concentration), as determined by the EIF on a case by case basis.

Eligible SMEs could potentially benefit more than once from a guarantee cover, provided that the criteria related to the maximum obligor concentration above are met.

In accordance with Art. 2(5) of the Commission Regulation (EC) No 1998/2006 de minimis aid shall not be cumulated with State aid in respect of the same eligible costs if such cumulation would result in an aid intensity exceeding that fixed in the specific circumstances of each case by a block exemption Regulation or Decision adopted by the Commission.

Lease Transaction means, unless otherwise specified in the specific terms of the Guarantee Agreement, any ‘hire-purchase’ or a lease contract which would be treated as ‘finance lease’ within the meaning of the International Accounting Standard (IAS) 17 (Leases) as published and amended from time to time by the International Accounting Standards Board (IASB) and as implemented by the European Union.

Capital Amount means the purchase price, net of any recoverable Value Added Tax, of an asset leased by the Financial Intermediary to SMEs under an SME Transaction, reduced by the amount of a down payment there under.

Lease Interest shall mean the contractual interest amount charged by the Financial Intermediary to the SME as set out in the relevant SME Transaction documentation or, when not available, an interest amount determined by the Financial Intermediary using the implicit or internal rate of return for the relevant Lease Transaction provided that the method used for the purpose of such calculation shall be set out in the Guarantee Agreement.

Restricted Sectors include the following (non exhaustive):

a. 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. Human cloning for reproduction purposes is considered an Illegal Economic Activity.

b. Tobacco and Distilled Alcoholic Beverages
   The production of and trade in tobacco and distilled alcoholic beverages and related products.

c. 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.

d. Casinos
Casinos and equivalent enterprises.

e. IT Sector Restrictions

Research, development or technical applications relating to electronic data programs or solutions, which
(i) aim specifically at:
   (a) supporting any activity included in the EIF Restricted Sectors referred to under a to d above;
   (b) internet gambling and online casinos; or
   (c) pornography,
   or which
(ii) are intended to enable to illegally
   (a) enter into electronic data networks; or
   (b) download electronic data.

f. Life Science Sector Restrictions

When providing support to the financing of the research, development or technical applications relating to (i) human cloning for research or therapeutic purposes; or (ii) Genetically Modified Organisms (“GMOs”), EIF will require from the EIF counterpart 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 complete list of restricted sectors can be found in the Guidelines on the EIF Restricted Sectors:

| Excluded Undertakings | Subject to State Aid Regulations or Structural Funds Provisions, the following sectors, without limitation, shall also be excluded:

a. Undertakings active in the fishery and aquaculture sectors, as covered by Council Regulation (EC) No 104/2000;

b. Undertakings active in the primary production of agricultural products, as listed in Annex I to the Treaty on the functioning of the European Community;

Additional excluded sectors presented in Article 1 (c-g) of the De Minimis Regulation, e.g. aid for the acquisition of road freight transport vehicles granted to undertakings performing road freight transport for hire or reward. |

| Irregularity | “Irregularity” means the infringement of a provision of European Union law resulting from an act or omission by the Financial Intermediary and/or a SME which is the borrower of an SME Transaction which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget. |

| Exclusion Process | At any time, EIF may (but shall not be obliged to) verify whether an SME Transaction included in the Portfolio is an eligible SME Transaction and whether its inclusion in the Portfolio is in compliance with the terms of the Guarantee. |
If an Intermediary becomes aware that an SME Transaction is or becomes a non eligible SME Transaction or any other undertakings, requirements or requests of the Guarantee are not complied with or satisfied in connection with such SME Transaction the Financial Intermediary shall include such information in the immediately following Report delivered to the EIF.

If an SME Transaction does not comply with Eligibility Criteria it shall be deemed to be excluded from the Portfolio (and shall not be covered by the Guarantee) as of the date on which it became a non eligible Transaction.

However if an eligible SME Transaction becomes a non eligible SME Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary after a payment demand relating to such SME Transaction was served by the Financial Intermediary to the EIF such transaction shall be deemed to be covered by the Guarantee.

Similarly if an eligible SME Transaction becomes a non eligible SME Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary but before a payment demand relating to such SME Transaction was served by the Financial Intermediary to the EIF, then such SME Transaction shall be deemed to be covered by the Guarantee if the Financial Intermediary accelerated payment of all amounts owed to it under such SME Transaction no later than on the Report Date immediately following the date on which it became aware of the same. However if the Financial Intermediary does not proceed to the acceleration of such SME Transaction within the timeframe specified above then this SME Transaction shall be excluded from the Portfolio.

The Actual Volume shall be adjusted downwards following an exclusion from the Portfolio by the aggregate committed Capital Amount of the SME Transactions so excluded.

**Right of Clawback by EIF**

EIF will be entitled to be repaid by the Financial Intermediary certain amounts in specified circumstances, including any amounts paid by EIF in excess of the Guarantee Cap Amount, any excess amount paid by EIF as a result of an exclusion of a transaction of the Portfolio or any amount payable by the Financial Intermediary as a result of fraud or illegality.

**Adjustment of the Actual Volume**

In respect of each eligible SME Transaction included in the Portfolio, if on the date which is the date on which a part or entire commitment made available for utilisation under eligible SME Transaction is cancelled (such date, the “Adjustment Date”), but in any case no later than 31 December 2015, the Actual Volume shall be reduced to reflect the actual amount of the Capital Amount utilised under that eligible SME Transaction. The Financial Intermediary shall reflect any such adjustment in the Report immediately following such Adjustment Date.

If the Actual Volume is adjusted pursuant to this section or section Exclusion Process as described above (the amount of reduction of the Actual Volume, the “Adjusted Portion”), the Financial Intermediary may include one or more further eligible SME Transactions in the Portfolio up to the aggregate of Adjusted Portions and to extent that the Actual Volume does not exceed the Agreed Volume and if such inclusions are made, at the latest, in the
If in respect to an eligible SME Transaction (or part thereof, as case may be), the Lease Period Start Date falls after 31 December 2015 and the Financial Intermediary suffers a loss on such eligible SME Transaction (or such part thereof) after that date, the Guarantee will not cover such amounts.

<table>
<thead>
<tr>
<th>Guarantee Final Termination Date</th>
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<tbody>
<tr>
<td>The Guarantee will terminate on the earlier of: (i) six months following the Latest SME Transaction Maturity Date; (ii) the date on which an Early Termination (if any) has occurred and (iii) the date (if any) on which the EIF is no longer liable to effect further payments to the Financial Intermediary and has no further claims under the Guarantee.</td>
</tr>
</tbody>
</table>

**SME Transaction conditions**

### Latest SME Transaction Maturity Date
Means the earlier of (X) the latest day on which an SME Transaction included in the Portfolio is scheduled to be repaid by the relevant SME in accordance with the scheduled repayment provisions of the documentation governing such SME Transaction (including as a result of any amendment to the terms of such SME Transaction) and (Y) the date which is the maximum SME Transaction maturity following the last day of the Availability Period.

### Pricing and collateral requirements for eligible SME Transactions
Eligible SME Transactions shall be extended to the Eligible SMEs on the basis of the pricing and collateral policy submitted by the selected Financial Intermediary under the Expression of Interest, as requested under the Expression of Interest.

Note for collateral policy: The collateral policy submitted by the Financial Intermediaries under the Expression of Interest shall take into consideration the risk coverage provided by the Guarantee.

Note for pricing policy: When submitting their proposed pricing policy, the Financial Intermediaries should take into consideration that the Guarantee will cover 80% of the risk exposure of each eligible SME Transaction (up to the Cap Rate).

The Financial Intermediary shall undertake to reduce the overall interest rate charged by the Financial Intermediary and/or downpayment and/or other collateral requirements under each eligible SME Transactions included in the Portfolio. The level of such reduction (**Financial Benefit**) proposed by the Financial Intermediary shall be assessed and confirmed by EIF following analysis and due diligence and shall deemed to be an eligibility criterion for SME Transactions to be included in the Portfolio.

### Servicing Loss and Recoveries
The Financial Intermediary shall perform the servicing of the Portfolio, including monitoring and recovery actions.

The Financial Intermediary shall take recovering actions (including the enforcement of any security) in relation to each defaulted eligible SME Transaction in accordance with its internal guidelines and procedures.

Loss Recoveries, net of recovery costs (if any), recovered or received by the Financial Intermediary in respect of the Loss shall be shared between EIF and the Financial Intermediary pro rata to the Guarantee Rate.
EIF shall be entitled to its portion of the Loss Recovery up to the date on which the Financial Intermediary, acting in good faith and in commercially reasonable manner determines in accordance with its internal guidelines and recovery procedures that the recovery period for the relevant defaulted eligible SME Transactions shall be terminated.

**Loss Recoveries**

means each and every amount (including, if assets leased to an SME are repossessed by the Financial Intermediary (i) any amount received by the Financial Intermediary as a result of the sale of such assets, and/or (ii) if such assets are re-leased, the purchase price of such assets agreed with the new lessee), net of recovery and foreclosure costs (if any), recovered or received by the Financial Intermediary in respect of a Loss, or amounts which could have been recovered or received by the Financial Intermediary in respect of a Loss, but for the application of any security on the relevant SME Transaction granted by the Financial Intermediary to third parties) where the EIF has paid amounts under the Guarantee in respect of such Loss.

### Miscellaneous

<table>
<thead>
<tr>
<th>Management Fee</th>
<th>None</th>
</tr>
</thead>
</table>

**Reporting**

Financial Intermediaries shall provide EIF, typically within 30 calendar days after the end of each calendar quarter (the ‘Report Date’) with quarterly information in a standardised form, including among others, information on the SMEs covered by the Guarantee, new eligible SME Transactions provided, eligible SME Transaction amounts outstanding (the ‘Report’).

An indicative reporting template may be made available by EIF upon request.

Regular controls and verifications will be performed by EIF in order to ensure compliance with the specifications and provisions of this Guarantee.

**State Aid requirements**

Financial Intermediaries shall be responsible for ensuring that eligible SME Transactions originated respect the provisions of the De Minimis Regulation, in accordance to the State aid scheme approved by the Order of the Minister of Economy No 4-650 on Portfolio Guarantee de minimis aid scheme under VP2-2.3-ŪM-01-K measure “Holding funds” of 27 August 2010 as amended by the Order of the Minister of Economy No 4-546 of 27 July 2011 (Official Gazette No 98 of 30 July 2011). In this context, they shall be responsible, inter alia, for the calculation of the Gross Grant Equivalent (“GGE”) and also for following the appropriate monitoring procedure as this is stipulated in the De Minimis Regulation, Article 3.

Full text can be found under the following address:


**Monitoring and Audit**

Financial Intermediaries and the relevant SMEs covered by the Guarantee shall agree to allow and to provide access to documents and premises related to the relevant Guarantee for the representatives of the Ministries, the European Commission (including the European Anti-Fraud Office (OLAF)), the European Court of Auditors, EIF and any other authorised bodies duly empowered by
applicable law to carry out audit and/or control activities. To that effect, the Financial Intermediaries shall also include appropriate provisions in each agreement with the SMEs.

Publicity

Financial Intermediaries, in line with applicable law and Structural Funds publicity provisions, shall carry out adequate marketing and publicity campaigns – as specified in the Guarantee Agreement – aimed at making the JEREMIE initiative known to the SMEs in Lithuania.

In particular, the selected Financial Intermediary will be contractually required to:

- Product labelling: The name of the product should clearly point to JEREMIE (e.g. “JEREMIE First Loss Portfolio Guarantee”);
- Promote JEREMIE, Structural Funds and the Guarantee through its website;
- All documents concerning this Guarantee, including amongst others, lease applications, SME lease or agreements, promotional material to the SMEs, etc., will contain a statement mentioning that the SME Transaction was made possible with the support of the European Regional Development Fund (ERDF) and also national resources - Appropriate text and logos is envisaged to be provided to the selected Financial Intermediary during the phase of contractual negotiations;
- Financial benefit: The financial benefit made possible due to JEREMIE’s and Structural Fund’s participation should be identified at the time of signature of the SME Transaction contract and formally communicated to the SME. The financial benefit offered should also be used as a marketing tool from the Financial Intermediary.

Additional Structural Fund requirements

This Financial Instrument is funded by EU structural funds and it is therefore subject to structural funds regulation and requirements, some of which have already being presented in this document. It should be noted, however, that more detailed information on actions necessary to ensure compliance of operations linked to this Financial Instrument with all structural funds requirements (e.g. retention of documents, environmental protection, equality and non-discrimination) will be provided to, and discussed with, the selected Financial Intermediary during the contractual negotiations process.

This Financial Instrument is further subject to additional national structural funds requirements. National structural funds requirements may apply, inter alia, to any amendment of Guarantee Agreements which may in particular be necessary if the purpose, objective, eligibility conditions, timeframe of, or the budget for, the Financial Instrument changes. Save as otherwise provided under relevant law, such changes in the Financial Instrument would only apply as of the date of implementation in the Guarantee Agreement of the additional requirements.

Transfer

In the event that the Funding Agreement is terminated in respect of EIF (for any reason whatsoever), the EIF shall be entitled at any time to transfer all or part of its rights and obligations under the Guarantee to any appointed successor entity. Besides this, neither the EIF nor the Financial Intermediary shall be entitled to transfer any of its rights and obligations under the Guarantee without the consent of the other party. Appropriate arrangements will be put in place for these purposes.
Part II: Selection Criteria for the First Loss Portfolio Guarantee Financial Instrument

<table>
<thead>
<tr>
<th>1. ELIGIBILITY CRITERIA</th>
<th>System of appraisal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1. Financial or credit institution or leasing company authorised to carry out leasing business in Lithuania. To be noted that joint ventures and also consortiums can express their interest as long as they indicate/nominate one coordinating entity as a contractual counterpart for the EIF for the entire term of the Guarantee Agreement (in case of selection). Such Applicants are required to submit one, joint Expression of Interest.</td>
<td>Yes/ No</td>
</tr>
<tr>
<td>1.2. The Expression of Interest is prepared in accordance with Annex 1 to the Call for Expression of Interest. All necessary supporting documents are provided (in the form requested if specified).</td>
<td></td>
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<tr>
<td>1.3. The Expression of Interest is duly signed.</td>
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<tr>
<td>1.4. The Expression of Interest is completed and submitted in English.</td>
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<tr>
<td>1.5. The Expression of Interest is submitted both by registered mail and e-mail.</td>
<td></td>
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<tr>
<td>1.6. The Expression of Interest is submitted within the Deadline.</td>
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<tr>
<td>1.7. The Expression of Interest addresses all the items of the Financial Instrument, including any special conditions set out in the relevant parts of the Financial Instrument description (Part I of this Annex).</td>
<td></td>
</tr>
<tr>
<td>1.8. Appendices 4 and 5 to Annex I are complete and are acceptable to the reasonable satisfaction of EIF.</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>QUALITY ASSESSMENT CRITERIA</td>
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<tr>
<td>2.1.</td>
<td><strong>Commitment to SME leasing</strong></td>
</tr>
<tr>
<td></td>
<td>2.1.1. General implementation strategy (promotion of the Financial Instrument regionally and nationwide, leasing volume, a number of SMEs to be assisted). Capacities to build up the Portfolio of eligible SME financial leases (“SME Transactions”).</td>
</tr>
<tr>
<td></td>
<td>2.1.2. Pricing policy and collateral requirements of the Financial Intermediary, to be charged under the Financial Instrument, as submitted under the Expression of Interest.</td>
</tr>
<tr>
<td></td>
<td>o of which offer related to the down payment, other collateral, interest rate and risk margin (risk margins will be compared), other payments – table 2 presented in Appendix 2</td>
</tr>
<tr>
<td></td>
<td>o of which offer related to the proposed fees – table 3 presented in Appendix 2.</td>
</tr>
<tr>
<td></td>
<td>2.1.3. Timetable for the implementation of the Financial Instrument with the established guidelines for the implementation of the Instrument and the time-frame to achieve them – table 4 presented in Appendix 2.</td>
</tr>
<tr>
<td>2.2.</td>
<td><strong>Financial Intermediary’s operational capacity</strong></td>
</tr>
<tr>
<td></td>
<td>2.2.1. Financial Intermediary’s organisational structure and corporate governance. Administrative capacities of the Financial Intermediary: quality of IT systems, reporting mechanisms, monitoring procedures and controls.</td>
</tr>
<tr>
<td></td>
<td>2.2.2. Financial Intermediary’s leasing policy (internal procedures and guidelines), risk assessment (rating/scoring), SME Transactions approval procedures, collateral requirement, recovery procedures, etc. Quality of its existing SME Transactions portfolio and the rate of non-performing SME Transactions.</td>
</tr>
<tr>
<td>2.3.</td>
<td><strong>Financial Intermediary’s financial standing</strong></td>
</tr>
<tr>
<td></td>
<td>An assessment of the financial standing of the Financial Intermediaries will be performed on the basis of key financial ratios.</td>
</tr>
</tbody>
</table>