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Call for Expression of Interest (“EoI”) to select Financial Intermediaries that will receive resources from the JEREMIE Holding Fund for Romania to implement a JEREMIE Funded Financial Instrument with an embedded Risk Sharing element

Reference number: Call for EoI No. JER-002/4

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 Romania 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 Sectoral Operational Programme “Increase of Economic Competitiveness” for the period 2007-2013 (hereinafter, “SOP IEC”)¹, the Government of Romania has agreed to dedicate resources to the implementation of the JEREMIE initiative with EIF, in accordance with Article 44 of the Council Regulation (EC) No. 1083/2006² (hereinafter, “Reg. 1083/2006”) and in accordance with the provisions of the Funding Agreement entered into on 18 February 2008 between the Government of Romania (hereinafter, “GoR”) and EIF (hereinafter, “Funding Agreement”)³. Relevant rules for implementing Reg. 1083/2006 are set out in the Commission Regulation (EC) No. 1828/2006⁴ (hereinafter, “Reg. 1828/2006”).

¹ SOP IEC approved by the European Commission Decision C (2007) 3472 of 12 July 2007.

² Council Regulation (EC) No. 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No. 1260/1999 (Official Journal of the European Union L210 of 31.07.2006), as amended from time to time.

³ Funding Agreement approved by Government Decision 514/2008 published in Monitorul Oficial No. 445 / 12 June 2008, as amended or substituted from time to time.

⁴ Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (Official Journal of the European Union L371 of 27.12.2006), as amended from time to time, including by Commission Regulation (EC) No 846/2009 of 1 September 2009 amending Regulation (EC) No 1828/2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (Official Journal of the European Union L250 of 23.09.2009).

The cooperation between the GoR and 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. EIF acting through the JHF is advised by an Investment Board, the members of which are nominated by the GoR (hereinafter, "**Investment Board**"). 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 SOP IEC; Priority Axis 1 "An innovative and eco-efficient productive system"; Key Area of Intervention 1.2 "Access to finance for 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 EIF and the selected Financial Intermediaries (hereinafter, "**Operational Agreement(s)**").

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, which has to be a credit institution authorized to carry out business in Romania under the applicable regulatory framework;
Deadline	means 20/09/2013;
Eligibility Criteria	means the criteria with which the Expressions of Interest and the Applicants must comply with and which are listed in Annex 2 – Part II 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;
Financial Instrument JEREMIE	JEREMIE Funded Financial Instrument with a risk sharing element; means the initiative "Joint European Resources for Micro to Medium Enterprises" launched by the Commission and the 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 EIF in its capacity acting through the JEREMIE Holding Fund for Romania, appointed under the Funding Agreement;
Operational 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 the selection process;
Quality Assessment Criteria	means the quality assessment criteria applied by EIF at the sole discretion of EIF to assess 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 under Commission Recommendation 2003/361/EC.

2. Holding Fund manager

EIF, with registered address at 15 avenue JF Kennedy, L-2968, Luxembourg ((URL): www.eif.org) acts through the JEREMIE Holding Fund for Romania as appointed through the Funding Agreement.

Under the Funding Agreement, EIF may be substituted in its role as JHF. In the event of such substitution, GoR, or the entity appointed by GoR as new JHF, will assume the full discretion and responsibility to perform the tasks of the JHF and to implement the Operations in Romania, and may take over the Financial Instruments. The Operational Agreements will provide for the possible substitution of 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 enter into Operational Agreements with the objective to implement a financial engineering instrument briefly described in the table below (hereinafter, "**Financial Instrument**"). A Financial Instrument shall either be set up either 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 indicative initial amount of EUR 20 million to the Financial Instrument from the Sectoral Operational Programme "Increase of Economic Competitiveness 2007-2013".

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

Financial Instrument	Indicative initial capital allocation (million EUR)	Applicable Annexes
JEREMIE funded financial instrument	20 (twenty)	Annex 2 (Financial Instrument: Description and Selection Criteria)

Under this Call for EoI, additional capital may be allocated from time to time to the Financial Instrument until 31/12/2015, at EIF's sole discretion, on the basis of additional funds becoming available at JHF level and which EIF intends to deploy in accordance with the objectives and features of this Call for EoI. In this context, it is noted that the SOP IEC Monitoring Committee approved on 03/06/2013 an increase of the JEREMIE Holding Fund capital by EUR 50m.

Financial Intermediaries shall clearly express their interest for a capital allocation (in terms of amount requested) and may express their interest for a capital allocation higher than the total initial amount allocated by the JHF to the Financial Instrument.

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 addresses: www.eif.org.

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

Until no later than **30/08/2013**, 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 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 no later than **06/09/2013**.

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 defect in the text of the Call for Expression of Interest before the Deadline, the EIF will correct the text and inform the Applicants accordingly.

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 (no more than 10 megabytes per email) **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, USB Memory Stick).

The Deadline for the submission of Expressions of Interest is 20/09/2013.

The Deadline applies (i) in case of e-mails to the reception by the 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-002/4) and the name of the Applicant and shall be sent to the following address:

Postal Address:

European Investment Fund
Attention: Regional Business Development Unit
15, avenue JF Kennedy
L-2968 Luxembourg
LUXEMBOURG

The outer envelope (package) shall indicate the following:
“Expression of Interest - Reference number of the Call (No. JER-002/4) - 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 the EIF via e-mail, which shall state the following:

- Reference number of the Call for Expression of Interest;
- Unique proposal identifier (Expression of Interest number);
- 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, the 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 the EIF, on a comparative basis, using professional analysis and judgment, according to the Selection Criteria.

The 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 the 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 who are not excluded according to the Eligibility Criteria, and who have provided the additional information requested as per Appendix 2 within the deadline, will go through the EIF selection process based on the Quality Assessment Criteria

The selection based on the Quality Assessment Criteria, and the due diligence process, if any, follow the standard procedures and guidelines applied by the EIF to its business. The evaluation of proposals at this phase will be conducted under competitive terms and one or more Applicants may be selected. To be noted that, in the context of the evaluation procedure, the EIF may take negotiation positions, which view specifically at the improvement of the access to finance for the benefit of the final beneficiary SMEs.

If, for any reason, an Operational Agreement is not signed with an Applicant initially selected, the EIF reserves the right to consider increasing the amount negotiated with (an)other Applicant(s) initially selected (in case more than one is selected).

Applicants who are not considered for contractual negotiations may constitute a reserve list, with a validity of maximum one year following notification.

During this period of time and in case the EIF does not proceed further with any of the selected Applicant(s) for contractual negotiations or if additional funding is made available, the EIF reserves itself the right to revert back to the Applicants included in the reserve list and initiate contractual negotiations with any of them, taking into consideration the results of the evaluation and the ranking formed.

In any phase of the selection process, the EIF reserves itself full discretion to consider Financial Intermediaries 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 the EIF to enter into such Operational Agreements 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, which will be dealt within the framework and in accordance with the [EIB Group Complaints Mechanism Policy](#) (further information can be found on <http://www.eib.org/about/cr/complaints/reporting/index.htm>).

8. Operational Provisions

The Financial Intermediaries with which Operational Agreements will be eventually signed shall be required to comply with 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 Agreements.

ANNEXES

- Annex 1. Template of Expression of Interest
- Annex 2. JEREMIE funded financial instrument: Description and Selection Criteria

ANNEX 1 to the Call for Expression of Interest No. JER-002/4

To:
European Investment Fund
Attention: Regional Business Development Unit
15 JF Kennedy Avenue
L-2968 Luxembourg

EXPRESSION OF INTEREST

Call for Expression of Interest No.: JER-002/4

Deadline for the submission of the Expression of Interest : 20/09/2013

Expression of Interest for JEREMIE funded financial instrument

Applicant submitting the Expression of Interest: _____,

(company name,
registration number /
standard identification
code, if applicable)

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-002/4 in the framework of JEREMIE initiative implemented through the EIF acting through the JEREMIE Holding Fund for Romania. 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):
Name and position in capitals:
Applicant's name
Place:

Stamp of the Applicant (if applicable):

Date (day/month/year):

APPENDICES

Appendix 1 Applicant 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 EU and National Rules and Policies

Appendix 1 to Expression of Interest

APPLICANT IDENTIFICATION

1.1. Applicant identification

INFORMATION REQUIRED	
APPLICANT NAME	
CONTACT DETAILS	Address: Telephone: Fax: Email:
LEGAL FORM	
COMMERCIAL REGISTER , ETC. – REGISTRATION DETAILS	Denomination of register: Date of registration: Country of registration: Standard identification code / registration number, if applicable:
VAT	Registration number or Statement of exemption issued by the national VAT authority dated.....enclosed under reference..... Issued by.....

1.2. Person authorised to submit the Expression of Interest on behalf of the Applicant

INFORMATION REQUIRED	
TITLE	Mr/Ms/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
FUNCTION	
CONTACT DETAILS	Address: Telephone: Fax: Email:

1.3. Contact person (if different from 1.2)

TITLE	Mr/Ms/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
FUNCTION	
CONTACT DETAILS	Address: Telephone: Fax: Email:

Appendix 2 to Expression of Interest

LIST OF DOCUMENTS ATTACHED

1) Project proposal⁵:

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 Romania (including identification of branches facilitating accessibility to disabled persons);
- (cc) Description of Applicant’s governing and management bodies and corporate governance structure.

b) Information on the Applicant’s present activities:

(aa) Commitment to SME lending in Romania:

- (i) Overall strategy of the Applicant in general and SME lending strategy in particular, positioning vis-à-vis competitors in SME lending segment, product range offered in the SME lending segment, expected impact of current market environment on SME lending (e.g. tighter lending criteria, etc);
- (ii) Volume and number of SME loans outstanding on a yearly basis for the last three completed financial years (in addition to data available for the current financial year), as per table below;

SME loans outstanding	2010	2011	2012	2013
Volume				
Number				

- (iii) Volume and number of new SME loans over the last three completed financial years (in addition to data available for the current financial year), as per table below;

New SME loans	2010	2011	2012	2013
Volume				
Number				

⁵ SME related data and information to be provided in accordance with the definition of SMEs as presented in section 1 “Definitions and Interpretation”, under the current Call for EoI.

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- (bb) Current pricing and collateral policy for comparable loans (in terms of maturity, purpose, collateral etc.) to a similar target group, including: Interest rate (split into base rate and margin (of which risk-related margin); up-front fees and any other non-interest payments.
Information to be provided in accordance with the framework of the tables 1 and 2 presented below, under section c.

c) Information on the implementation of the Financial Instrument by the Applicant:

- (aa) General implementation strategy (e.g. absorption capacity and time required for full drawdown of the amount requested to Eligible SMEs, how the Financial Instrument will be promoted regionally and nationwide, publicity strategy, procedures for allocation of loans, etc);
- (bb) Indicative average expected maturity and maturity profile of the newly granted loans under the Financial Instrument, taking into consideration the provisions of Annex 2 and the objective to provide longer loan maturities to Eligible SMEs;
- (cc) Lending criteria, proposed pricing and collateral requirements, including the **proposed minimum and maximum pricing** (i.e. pricing to be submitted in ranges) to be applied on the new loan portfolio (on the 50% portion funded by the Financial Intermediary’s resources) to be established under this Financial Instrument - submitted in accordance with the tables that follow:

Table1 : Applicant’s proposed collateral and interest rate to be charged on loans to be included in the new SME loan portfolio (on the 50% funded by the Financial Intermediary’s resources) originated under the Financial Instrument.

Pricing and Collateral requirements		
Requested level of Collateral (%)		
For Investment loans		
For Working Capital loans		
	Min	Max
Interest rate (including applicable base rate)		
Base rate		
- of which risk-related margin (bp)		

Applicants are requested to submit an offer (on the basis of the table above) specifying the requested level of collateral (collateral offer to be based on asset evaluation; haircuts, in line with internal Credit Risk Policy of the Applicant, to be also submitted) and the corresponding interest rate that will be charged to Eligible SMEs under this Financial Instrument.

The offer will form part of the Quality Assessment Criterion 2.1.2., presented in Annex 2, Part II, section 2, it will be evaluated based on the Quality Assessment Criteria (cf. Annex 2, Part II), and will become a contractual obligation for the Applicant, if selected.

Table 2 - Fees to be applied on loans to be included in the new SME loan portfolio originated under the Financial Instrument:					
Nature of fees	Value	Single payment	Monthly	Annual	Comments, remarks
Administration fee		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Fee for the loan granting, loan maturity extension, increase in the loan amount		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Fee for amendment of terms under the loan agreement terms		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other fees, if any (please provide details)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Applicants are requested to provide their fees policy to be applied on loans under this Financial Instrument.

- (dd) Estimate of the expected timing for initiation of operations following the signature of the Operational Agreement and also estimate of the full drawdown of the Financial Instrument to Eligible SMEs.
- (ee) The operational budget of the Financial Instrument:
 - (i) Amount of Applicant's own co-financing offered in addition to JHF funding, in accordance with specifications of Annex 2 (i.e. 50%);
 - (ii) Description of the origin of the sources of co-financing to be contributed by the Applicant in this Financial Instrument (e.g. Applicant's own resources raised in capital markets through bond issues);
 - (iii) Level of annual Management Fees requested - The Management Fees shall be calculated as a percentage of the pro rata share (i.e. on the co-funding contributed by the EIF acting through the JHF) of the average outstanding amount (i.e. disbursed and not repaid) of the SME loan portfolio, and shall, in accordance with applicable rules⁶, not exceed 3% per annum;

⁶ In particular Article 43, para. 4, of Commission Regulation (EC) No. 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (Official Journal of the European Union L371 of 27.12.2006) as amended from time to time, including by Commission Regulation (EC) No 846/2009 of 1 September 2009 amending Regulation (EC) No 1828/2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (Official Journal of the European Union L250 of 23.09.2009).

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- 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;
- 4) Certified copy of banking license or other requisite license or, if not available, other proof of the Applicant's authorisation allowing for the implementation of the Financial Instrument in Romania;
- 5) In the case where Financial Intermediaries are externally rated by 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. on the Applicant or its mother company, information on the actual external rating(s) of Applicant including the relevant rating report(s). Further, information on any change of the rating within the last two years;
- 6) Appropriate evidence of the representative's authorisation to act for and on behalf of the Applicant (signatory powers);
- 7) Declaration on absence of conflict of interest as per template provided in Appendix 3, duly signed;
- 8) Statement regarding situations of exclusion - 1 as per template provided in Appendix 4, duly signed;
- 9) Statement regarding situations of exclusion - 2 as per template provided in Appendix 5, duly signed.

The Applicant(s) selected for the second stage of the evaluation process will be requested to submit additional information to complement their Expressions of Interest at a date specified by EIF before the due diligence process. This will indicatively include inter alia:

- A. Detailed information on the Applicant's operating principles and procedures applied to SME lending:
- I. Origination;
 - II. Risk assessment procedures (internal rating / scoring system);
 - III. Delegation, Loan approval procedures and disbursement process
 - IV. Pricing policy (incl. analysis of cost of funding, administrative costs and risk related margin)
 - V. Collateral requirements (valuation, haircuts);
 - VI. Monitoring and early warning signals;
 - VII. Restructuring policy and practices;
 - VIII. Recovery procedures (what steps are taken and when; which departments are involved);
 - IX. Risk management: methods utilised for loss forecasting, provisioning and credit risk management on portfolio level;
 - X. 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 lending portfolio over the last 5 years:
- I. Composition and concentration of the outstanding loan portfolio (sector, internal rating/scoring system, etc.);
 - II. Non-performing loans (outstanding non-performing loans/outstanding loan 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. Defaults vintage analysis, net losses and bad debt provisions;
 - IV. Recoveries vintage analysis and recovery timing.
- C. JEREMIE portfolio expected composition:
- I. Composition by SME type;
 - II. Composition by sector (NACE);
 - III. Composition by loan type, internal rating/scoring, expected maturity and average life.

Appendix 3 to Expression of Interest

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-002/4.

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:

Name and position in capitals:

Applicant's name

Place:

Stamp of the Applicant's (if applicable):

Date (day/month/year):

Appendix 4 to Expression of Interest

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 1 of the Council Framework Decision 2008/841/JHA of 24 October 2008⁷;
 - corruption, as defined in Article 2 (1) of the Council Framework Decision 2003/568/JHA of 22 July 2003⁸;
 - 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 interests as annexed to the Council Act of 26 July 1995⁹;
 - money laundering as defined in Article 1(2) and (3) and terrorist financing as defined in Article 1(4) of the Directive 2005/60/EC¹⁰ of 26 October 2005;
- ii) has not performed any act which may be qualified as prohibited practices 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 difficulty¹¹;
- vi) has not and no member of its senior management has been convicted of any offence as a consequence of a judgment which has the force of *res iudicata*, in accordance with the legal provisions of the country;

⁷ Which repeals the Joint Action 98/733/JHA of 21 December 1998 adopted by the Council on the basis of Article K.3 of the Treaty on European Union, on making it a criminal offence to participate in a criminal organisation in the Member States of the European Union.

⁸ Which repeals the Joint Action 98/742/JHA of 22 December 1998 adopted by the Council on the basis of Article K.3 of the Treaty on European Union, on corruption in the private sector.

⁹ Official Journal of the European Union C316 of 27.11.1995.

¹⁰ Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (Official Journal of the European Union L309 of 25.11.2005), as amended from time to time and as complemented by Commission Directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC as regards the definition of ‘politically exposed person’ and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis (Official Journal of the European Union L214 of 4.8.2006), as amended from time to time.

¹¹ Communication from the Commission – Community Guidelines on State aid and restructuring firms in difficulty (Official Journal of the European Union C 244 of 1.10.2004), as amended or substituted by future EU guidelines from time to time.

- vii) has not and 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 and in the countries where it operates, as applicable;
- 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) 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:

Name and position in capitals:

Applicant's name

Place:

Stamp of the Applicant (if applicable):

Date (day/month/year):

Appendix 5 to Expression of Interest

STATEMENT REGARDING SITUATIONS OF EXCLUSION - 2

DECLARATION OF COMPLIANCE WITH EU 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 EU and National rules and policies in relation to Competition and confirms its willingness and readiness to undertake its responsibility for ensuring that loans originated under this Financial Instrument respect the provisions of Commission Regulation (EC) No 1998/2006¹² (as specified in Annex 2) as such Regulation may be amended or superseded;
- ii) Complies with all EU and National rules and policies in relation to the goal of protecting and improving the environment and promoting sustainable development;
- iii) Complies with all EU 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:

Name and position in capitals:

Applicant's name

Place:

Stamp of the Applicant's (if applicable):

Date (day/month/year):

¹² Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid (Official Journal of the European Union L379 of 28.12.2006, p.5), (the "**De Minimis Regulation**"), as such regulation may be amended or superseded.

ANNEX 2 to the Call for Expression of Interest No JER-002/4

JEREMIE funded 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.

1 Rationale

The purpose of the Financial Instrument is twofold, namely to

1. provide funding to the Financial Intermediary to support new SME lending; and
2. share the risk of new SME loans.

SME loan portfolios to be established on the basis of the Financial Instrument are geared towards Eligible SMEs which are not in difficulty¹³ and are within the normal credit risk spectrum of SMEs in Romania (i.e. bankable SME risk).

2 Structure

JEREMIE Holding Fund resources will be provided by the EIF (acting through the JHF) to selected Financial Intermediaries pursuant to individual Operational Agreements. Subject to the risk-sharing element set out below, the Financial Intermediary undertakes to repay to the EIF the disbursed amount and any interest accrued thereon.

The Financial Intermediary further undertakes to originate a new portfolio of SME loans partly funded from the initially disbursed funds¹⁴. The origination, due diligence, documentation and execution of the SME loans will be performed by the Financial Intermediary in accordance with a pre-set origination model agreed with the EIF but otherwise applying all normal standard procedures of the Financial Intermediary.

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

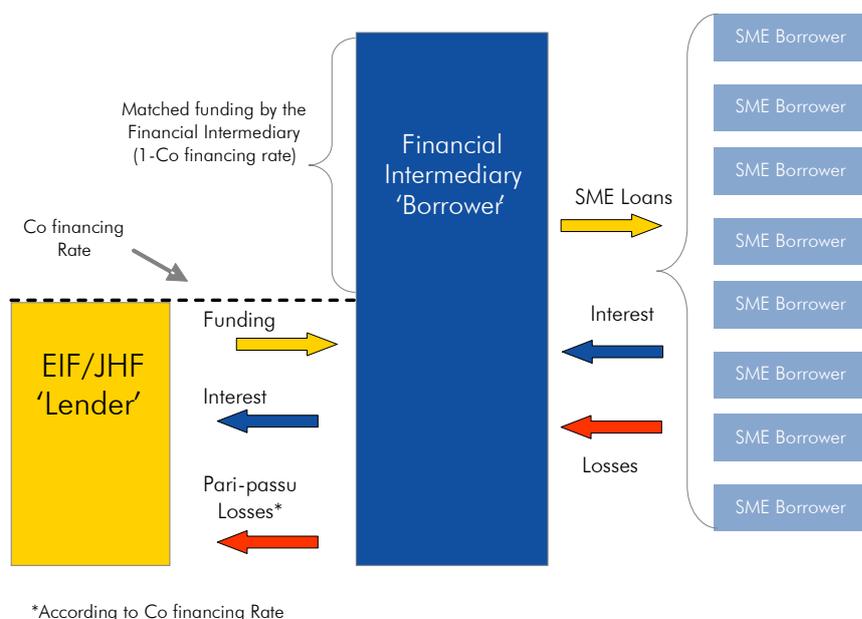
Each Financial Intermediary will be responsible (in compliance with its internal operating guidelines) for the handling of payments, the ongoing monitoring, the reporting to the EIF as well as the management and realisation of collateral backing the newly originated SME loan portfolio.

The EIF's repayment claim under the Operational Agreement will be decreased, contingently on losses occurring under the originated SME portfolio (under agreed conditions and at a predetermined ratio), thereby providing a risk-sharing element to the Financial Intermediary.

Graphically, the structure is as follows:

¹³ "Firms in difficulty" within the meaning of Art. 45 of Reg. 1828/2006 and within the meaning of 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.

¹⁴ Repaid amounts will be returned to the Holding Fund.



Summary description of JEREMIE funded financial instrument structure

In the situation of ex-ante financing, the JEREMIE funds are provided to the Financial Intermediary in advance and in tranches. For as long as they remain undrawn to Eligible SMEs, they shall be remunerated on the basis of a commercial deposit rate agreed between the EIF and the Financial Intermediary.

Once funds are drawn to SMEs, and hence the risk sharing element is activated, the JEREMIE funds shall be remunerated on the basis of the interest amounts actually paid by the SMEs on the SME loans. The interest rate of the SME loan shall be the weighted average of (i) the rate charged by the Financial Intermediary, in accordance to its submitted offer, and (ii) the interest rate required by the JHF, which will be equal to: either (i) 0% or (ii) the same rate as charged by the Financial Intermediary

Repayments from SMEs are collected by the Financial Intermediary and, as regards the JEREMIE funded portion are transferred to the JHF on a periodic basis. For as long as such repayments remain deposited within the Financial Intermediary (awaiting transfer to the JHF) they shall be earning a deposit rate.

3 Indicative Summary of Transaction Terms

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. This document is intended to provide a basis for discussions and does not constitute an offer or a binding commitment – either implicit or explicit – on the part of the EIF.

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

Structure	Funded financial instrument with risk sharing element.
Governing law and language	The terms of the JEREMIE Funded Financial Instrument shall be in the English language and shall be governed by the laws of England.
Form	Operational Agreement for co-funding of a SME loan portfolio and risk sharing thereof.

Limitation of liability	Liability of the EIF vis-à-vis the Financial Intermediary will be limited to the outstanding amount to such Financial Intermediary under the relevant Operational Agreement.
Co-financing rate	The Financial Intermediary shall provide co-financing of 50% on a loan by loan basis.
Risk sharing	The EIF and the Financial Intermediary will share the risk on each SME loan financed by the facility on a <i>pari passu</i> basis (i.e. the EIF will cover 50% of the losses on an Eligible SME loan).
Pricing and Collateral requirements	<p>SME loans provided under this Financial Instrument will be offered to the Eligible SMEs on the basis of the pricing and collateral policy submitted by the selected Financial Intermediary under the Expression of Interest (c.f. quality assessment criteria).</p> <p>To be noted that the JHF, in principle, will not apply any interest rate on the amounts lent to the Financial Intermediary for as long as these amounts are on-lent to the SMEs (under the same condition, namely, no interest rate when on-lent to the SMEs), thereby reducing the overall interest rate to be charged to the SMEs by the Financial Intermediary by at least 50%.</p> <p>The Financial Intermediaries will have the possibility to originate SME loans at market level, i.e. based on the standard pricing policy applied by the Financial Intermediary. In such a case the JHF will apply the interest rate on the amounts lent to the Financial Intermediary equal to the rate that the latter on-lent to the SMEs. It is expected that SME loans at market level will be primarily issued in cases of substantial loan amounts (exceeding the GGE specified below) or loans to SMEs that already benefited from de minimis aid and where the relevant SME Loan would cause them to exceed the GGE ceiling.</p> <p>The Financial Intermediaries are expected to present as part of their EoI an indicative amount of SME Loans to be originated at (i) 0% for the JHF part of the loan or (ii) the same rate as charged by the Financial Intermediary for the JHF part of the loan.</p>
Eligible SMEs and transactions	<p>Micro, small and medium enterprises as defined in the Commission Recommendation 2003/361/EC. "Firms in difficulty" within the meaning of Art. 45 of Reg. 1828/2006 and within the meaning of 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 shall not be eligible.</p> <p>A number of industries will be supported, except:</p> <p>a. Illegal Economic Activities</p> <p><i>Any production, trade or other activity, which is illegal under the laws or regulations of the home jurisdiction for such production, trade or activity.</i></p> <p><i>Human cloning for reproduction purposes is considered an Illegal Economic Activity.</i></p> <p>b. Tobacco and Distilled Alcoholic Beverages</p> <p><i>The production of and trade in tobacco and distilled alcoholic beverages and</i></p>

	<p><i>related products.</i></p> <p>c. Production of and Trade in Weapons and Ammunition</p> <p><i>The financing of the production of and trade in weapons and ammunition of any kind.</i></p> <p>d. Casinos</p> <p><i>Casinos and equivalent enterprises.</i></p> <p>e. IT Sector Restrictions</p> <p><i>Research, development or technical applications relating to electronic data programs or solutions, which</i></p> <p><i>(i) aim specifically at:</i></p> <p style="padding-left: 40px;">(a) <i>supporting any activity included in the EIF Restricted Sectors referred to under 2. a to d above;</i></p> <p style="padding-left: 40px;">(b) <i>internet gambling and online casinos; or</i></p> <p style="padding-left: 40px;">(c) <i>pornography,</i></p> <p><i>or which</i></p> <p><i>(ii) are intended to enable to illegally</i></p> <p style="padding-left: 40px;">(a) <i>enter into electronic data networks; or</i></p> <p style="padding-left: 40px;">(b) <i>download electronic data.</i></p> <p>f. Life Science Sector Restrictions</p> <p><i>When providing support to the financing of the research, development or technical applications relating to</i></p> <p><i>(i) human cloning for research or therapeutic purposes; or</i></p> <p><i>(ii) Genetically Modified Organisms (“GMOs”),</i></p> <p><i>The 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 Genetically Modified Organisms;</i></p> <p>g. Undertakings active in the fishery and aquaculture sectors, as covered by Council Regulation (EC) No 104/2000;</p> <p>h. Undertakings active in the primary production of agricultural products, as listed in Annex I to the Treaty on the functioning of the European Community;</p> <p>As the Financial Instrument will be implemented within the scope of the Commission Regulation (EC) No 1998/2006¹⁵, as amended or superseded, additional excluded sectors and activities may apply.</p> <p>Furthermore, the financial intermediaries shall observe the provisions of Art. 7 of Reg. 1080/2006, in particular:</p> <ul style="list-style-type: none"> • not finance recoverable VAT • limit purchase of land to 10% of each loan.
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¹⁵ Commission Regulation (EC) No 1998/2006 of 15.12.2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid (Official Journal of the European Union L379 of 28.12.2006, p.5), (the “De Minimis Regulation”), as amended or superseded.

	<p>The SME shall be established, registered and operating in Romania.</p> <p>The transactions cannot be combined with: (X) any assistance under any operational programme (as defined in the Council Regulation) other than the Operational Programme and (Y) any assistance received from a financial instrument financed by the European Union and (Z) any assistance financed by public funds provided by the national authorities.</p>
Eligible forms of SME financing	<p>SME loans shall be granted only in order to finance:</p> <p>A. investments in tangible and in intangible assets; and/or</p> <p>B. working capital related to development or expansion activities that are ancillary (and linked) to activities referred to in (A) above (which ancillary nature shall be evidenced, inter alia, by the business plan of the SME and the amount of the financing); and/or</p> <p>C. working capital (such as purchase of raw materials, stocks and other manufacturing inputs, labour, inventories and overheads, funding to finance trade receivables, non-consumer sales receivables) related to the establishment, strengthening or expansion of new or existing business activity of an SME on the basis of one of the two following options whichever is applicable to each case: i) a plan for the creation or expansion of an enterprise or, ii) loan application and/or credit documentation, in each case including a description of the SME's working capital needs;</p> <p>but in each case excluding pure financial activities or real estate development when undertaken as a financial investment activity or the provision of consumer finance.</p> <p>Refinancing, restructuring and/or partial disbursements of an existing committed loan are not eligible.</p>
Currency of SME- loans	An SME loan may be denominated in either EUR or RON.
SME loan Maturity	Minimum 12 months and maximum 120 months including the relevant grace period of up to 1/3 of the loan maturity (for capital repayment).
SME loan and Amount	<p>The instrument will be implemented within a <i>de minimis</i> aid scheme under the existing <i>de minimis</i> regulation or any new <i>de minimis</i> regulation which may amend or supersede Commission Regulation (EC) No 1998/2006. As it stands at the time of the publication of this Call, it can be expected that any such new scheme will be in force during the time of implementation of the instrument.</p> <p>Without prejudice to the legislative process under way, and without representation in this respect, preliminary documents on the new <i>de minimis</i> rules indicate that the following may apply to the determination of <i>de minimis</i> aid:</p> <ul style="list-style-type: none"> the overall ceiling for <i>de minimis</i> aid to any one SME undertaking is set at a gross grant equivalent of EUR 200,000 per

	<p>undertaking (or EUR 100,000 per undertaking active in the road transport sector) for a period of three consecutive years;</p> <ul style="list-style-type: none"> • loans that do not exceed EUR 1 000 000, have a duration not exceeding five years and are secured by collateral covering at least 50 % of the loan can be considered as having a gross grant equivalent equal to the <i>de minimis</i> ceiling (see above). • For loans exceeding the threshold above, or where the SME has already received <i>de minimis</i> aid in the relevant three-year period, the Intermediary will be held to a maximum loan amount per SME which will not cause the SME to have received aid in excess of the <i>de minimis</i> ceiling. <p>To the extent that the Financial Intermediaries may, in compliance with a revised <i>de minimis</i> State Aid regime, apply their standards pricing policy at market level, the JHF will apply the interest rate on the amounts lent to the Financial Intermediary equal to the SME on-lending interest rate.</p> <p>The above reflects the status quo to be expected at the time of the issuance of the Call. This description serves at setting the possible future framework of State Aid compliance under the Call. It does not constitute any legal advice and EIF may not be held responsible for the information contained herein.</p> <p>The Financial Intermediaries will have the possibility to originate SME loans at market level (see “Pricing and Collateral requirements” below).</p>
SME Portfolio Criteria	The Financial Instrument will also foresee the definition of SME Portfolio Criteria (e.g. maximum single industry concentrations (expressed by NACE code – Rev.2. Division), maximum concentrations for bullet and/or balloon loans, etc.), aimed at ensuring a certain risk profile of the Financial Instrument.
Maximum loan Portfolio	The maximum aggregate notional amount of newly originated loans that may be co-financed by the JHF and the Financial Intermediary and covered by the Financial Instrument, as agreed in the Operational Agreement.
Availability period	At maximum 24 months from the date of signature of the Operational Agreement, but not later than 31/12/2015.
Origination Model	Newly originated SME loans to be covered by the Financial Instrument are included in the portfolio subject to pre-set loan inclusion criteria defined on a loan by loan basis.
Risk sharing arrangements	Cover of losses on a loan by loan basis and <i>pari passu</i> basis by the EIF acting through the JHF and the Financial Intermediary. The EIF’s repayment claim under the Operational Agreements will be reduced accordingly.

Loss Cover	The EIF will cover losses incurred by the Financial Intermediary on the SME loans co-financed by the Financial Instrument calculated under the risk sharing arrangement. At any time, the EIF's liability for coverage of such losses shall not exceed the outstanding principal amount of the Financial Instrument at such time.
SME loans Default definition	Default definition in line with Capital Requirements Directive.
Disbursement under the Operational Agreement	Disbursement in several tranches, either ex-ante or ex-post, on a periodic basis, based on actual utilisation. Decision on whether funding will be provided to the Financial Intermediary ex ante or ex post will be taken by EIF on the basis of EIF's assessment regarding the credit ability of the selected Financial Intermediary (as concluded during the evaluation/due diligence process). In case of non or partial build-up of the SME loan portfolio, prepayment clauses shall apply.
Financial covenants and counterparty risk mitigants	On the basis of the EIF's assessment of the counterparty risk of the selected Financial Intermediary (as concluded during the evaluation/due diligence process), the EIF will request appropriate financial covenants and undertakings by the selected Financial Intermediary under the Operational Agreement. The EIF reserves the right to determine the collateral or risk mitigants to be provided by the selected Financial Intermediary under the Operational Agreement, including, subject to local law requirements, rating triggers, pledges or negative pledges.
Repayment of the Financial Instrument under the Operational Agreement	Repayments would occur on a periodic basis typically mirroring (i) principal repayments (on a pro rata basis on the basis of the co-financing rate) and (ii) any recovered amount (according to the risk sharing rate), of the underlying SME loans. The EIF's repayment claim will be reduced/written-off in proportion to the Losses occurring under the risk-shared portfolio (according to the co-financing rate).
Loss Recoveries	The Financial Intermediary shall take recovery actions (including enforcement of any security) in relation to each defaulted SME loan co-financed by the Financial Instrument in accordance with its internal guidelines and procedures. Recoveries with respect to losses on such SME loans by the Financial Intermediary shall be shared between the EIF and Financial Intermediary according to the risk sharing arrangement.
Interest due	The Financial Intermediary shall pay interest at a commercial deposit interest rate, as agreed with the EIF under the Operational Agreement on the following funds provided under the Financial Instrument: 1. Funds disbursed to the Financial Intermediary, but not yet disbursed to SMEs (in the case of funding provided ex ante to the Financial Intermediary); 2. Repayments (principal, default interest, recoveries) collected by the Financial Intermediary from SMEs but not yet transferred to the EIF.

Other terms and conditions (if applicable)	Other terms and conditions for the new SME loans originated under the Financial Instrument should be applied by the Financial Intermediary in accordance with the policies submitted under the Expression of Interest.
Management Fees	Financial Intermediaries might receive a Management Fee in accordance with applicable rules ¹⁶ , but not exceeding 3% on an annual basis, for their origination and servicing of the portfolio. The Management Fee shall be calculated as a percentage of the pro rata share (i.e. on the co-funding contributed by the EIF acting through the JHF) on the average outstanding amount (i.e. disbursed and not repaid) of the portfolio of SME loans.
Reporting	Financial Intermediaries shall provide the EIF with quarterly information in a standardised form and scope, which will be defined by the EIF. Regular controls and verifications will be performed by the EIF in order to ensure compliance with the specifications and provisions of this Financial Instrument. Further to the quarterly reporting obligations, a monthly KPI report (e.g. applications received, approvals, disbursements, rejections, etc.) may be also requested from the Financial Intermediary.
De Minimis requirements	As the financial instrument will be implemented within the scope of the Commission Regulation (EC) No 1998/2006 ¹⁷ , as such regulation may be amended or superseded, the Financial Intermediaries shall be responsible for ensuring compliance of the underlying loans with the provisions of such regulation (taking into consideration existing National rules and procedures). In this context, they shall be responsible for the calculation of the Gross Grant Equivalent ("GGE") ¹⁸ and also for following the appropriate monitoring procedure as this is stipulated in article 3 of the Commission Regulation (EC) No 1998/2006, as such regulation may be amended or superseded. The instrument shall be governed by a <i>de minimis</i> aid scheme to be issued by the GoR, which can be expected to be in force during the period of implementation of the instrument.

¹⁶ In particular Article 43, para. 4, of the Commission Regulation (EC) No. 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (Official Journal of the European Union L371 of 27.12.2006) as amended from time to time, including by Commission Regulation (EC) No 846/2009 of 1 September 2009 amending Regulation (EC) No 1828/2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (Official Journal of the European Union L250 of 23.09.2009).

¹⁷ Commission Regulation (EC) No 1998/2006 of 15.12.2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid (Official Journal of the European Union L379 of 28.12.2006, p.5), as amended, (the "De Minimis Regulation"). Commission Regulation (EC) No 1998/2006 shall apply until 31 December 2013. After this date the scheme shall be aligned with the relevant amendment or repeal Regulation.

¹⁸ The Financial Intermediaries will be contractually obliged to state in the individual loan agreement with each Final Beneficiary the exact amount of De Minimis aid received through this loan in the form of GGE.

Monitoring and Audit	Financial Intermediaries and the relevant SMEs (final beneficiaries) shall agree to allow and to provide access to their premises and to documents related to the relevant Financial Instrument for the representatives of the GoR (including the Managing Authority), the European Commission (including the European Anti-Fraud Office (OLAF)), the Court of Auditors of the European Communities, the 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	<p>Financial Intermediaries, in line with applicable law and Structural Funds publicity provisions, shall carry out adequate marketing and publicity campaigns aimed at making the JEREMIE initiative and in particular this Financial Instrument known to the SMEs in Romania. In particular, the selected Financial Intermediaries will be contractually required to:</p> <ul style="list-style-type: none"> • Product labelling: The name of the product should clearly point to JEREMIE (e.g. “JEREMIE funded financial instrument for SMEs”); • Promote JEREMIE and the Financial Instrument through its website; • Insert a promotional billboard inside all branches promoting this Financial Instrument; • Make at least two promotional publications in the newspapers; • Make available promotional leaflets in all branches promoting this Financial Instrument; • All documents concerning this Financial Instrument, including amongst others, loan applications, loan agreements, promotional material to the SMEs, etc, will contain a statement mentioning that part of the financing comes from European Regional Development Fund (ERDF) and also national resources in accordance with Art. 9 of the Commission Regulation (EC) No. 1828/2006, as may be amended or superseded - Appropriate text and logos is envisaged to be provided to the selected Financial Intermediary during the phase of contractual negotiations; • Financial benefit: Any financial benefit to the SMEs achieved through this financial instrument should be identified at the time of signature of the loan contract and communicated to the SME. The financial benefit achieved should also be used as a marketing tool from the Financial Intermediary; • Publicity provisions relating to the Final Beneficiaries (i.e. Eligible SMEs) shall be described within the Operational Agreement.
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 Annex, here above (e.g.

	<p>Monitoring and Audit, Publicity, Reporting etc, as well as national rules on eligibility of expenditure). 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 for a period of 10 years from the date on which de minimis aid was granted with respect to documents demonstrating that the conditions of Commission Regulation (EC) No 1998/2006, as amended or superseded, have been complied with, environmental protection, equality and non discrimination) will be provided to and discussed with the selected Financial Intermediaries during the contractual negotiations process.</p>
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Part II: Selection Criteria for the JEREMIE funded financial instrument

System of
appraisal
Yes/ No

1. ELIGIBILITY CRITERIA

- 1.1. Credit institutions authorised to carry out business in Romania under the applicable regulatory framework.
Applicants for which, at any stage, the process for recalling or cancelling their authorisation to carry out business in Romania has started, or is about to start, are not Eligible.
- 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).
- 1.3. The Expression of Interest is duly signed.
- 1.4. The Expression of Interest is completed and submitted in English.
- 1.5. The Expression of Interest is submitted both by registered mail and e-mail.
- 1.6. The Expression of Interest is submitted within the Deadline.
- 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.

2.	QUALITY ASSESSMENT CRITERIA	Max. score 200, of which:
2.1.	<p>Project Relevance, Quality and Coherence</p> <p>2.1.1. Absorption capacity based on the project proposal and implementation strategy and track record in SME lending. 30</p> <p>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 (collateral and maximum interest rates, for the avoidance of doubt including applicable base rate, will be compared) – table 1 presented in Appendix 2 section 1. 40</p> <p>2.1.3. Level of Management Fees requested by the Financial Intermediary. 15</p>	85, of which:
2.2.	<p>Project Maturity</p> <p>Quality of key financial ratios (a preliminary assessment of the financial standing and credit ability of the Financial Intermediaries will be performed on the basis of key financial ratios calculated from the audited financial statements submitted). In case of externally rated Financial Intermediaries, actual external ratings will be also considered. 15</p>	
2.3.	<p>Project Sustainability</p> <p>Detailed assessment of the Financial Intermediary’s financial standing with regard to capital adequacy, provisions, liquidity, other financial ratios, its capacity to service outstanding loan portfolio, the quality of its existing SME loan portfolio and the rate of its non-performing loans, etc. Also assessment of the Financial Intermediary’s organisational structure and corporate governance. 40</p>	
2.4.	<p>Institutional Capacity</p> <p>Detailed assessment of the Financial Intermediary’s credit worthiness and risk management with regard to credit policy (internal procedures and guidelines), origination, risk assessment (rating/scoring), loan approval procedures, collateral requirement, recovery procedures, risk management and monitoring etc.</p> <p>Assessment of the administrative capacity of the Financial Intermediary: Quality of IT systems, reporting mechanisms, monitoring procedures and controls and assessment of overall ability of the Financial Intermediary’s to comply with the Financial Instrument’s reporting and monitoring requirements. 60</p>	