

To:

European Investment Fund

WB EDIF Guarantee Facility – Youth Employment

Attention: Guarantees, Securitisation & Microfinance

37B, Avenue JF Kennedy

L-2968 Luxembourg

**EXPRESSION OF INTEREST**

**in the context of the WB EDIF Guarantee Facility – Youth Employment**

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| **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 the [Applicant] and [Participating Entities] in response to the Open Call for Expression of Interest in the framework of the Facility implemented by EIF**.** Capitalised expressions utilised herein shall have the meaning attributed to them in the above mentioned Open Call for Expression of Interest.

The undersigned, duly authorised to represent the [Applicant] and [Participating Entities], by signing this form certifies/certify and declare(s):

1. that the information contained in this Expression of Interest and its Appendices is complete and correct in all its elements;
2. to have read the EIF Anti-Fraud Policy (or any policy that may replace it);
3. not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the Guarantee Agreement and not to have granted nor to grant, not to have sought nor to seek, not to have attempted nor to attempt to obtain, and not to have accepted nor to accept, any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal practice or involving corruption, either directly or indirectly, as an incentive or reward relating to signing of the Guarantee Agreement;
4. that the [Applicant] [and Participating Entities] does not perform illegal activities according to the applicable legislation in the countries of establishment;
5. that (A) EIF may process Personal Data relating to the Intermediary in accordance with the EIF Financial Intermediary Data Protection Statement from time to time, and (B) no Personal Data of Final Recipients (or borrowers or lessees) shall be communicated to EIF in this Expression of Interest; and
6. that the [Applicant] [and each Participating Entity] has in place appropriate internal policies and procedures concerning the prevention of fraud, corruption, money laundering, terrorism financing, tax fraud, tax evasion and tax avoidance.

For the purposes of the EIF Transparency Policy, as further specified in the Call for Expression of Interest, and subject to the approval of the relevant operation by the EIF Board of Directors, the Applicant [and the Participating Entities] by signing this form:

*[Please tick as appropriate]*

* confirms that the Applicant and [the Participating Entities] agree(s) with the disclosure of summary information relevant to this transaction (the project name, the nature of the operation, the geographical focus and the relevant EIF-managed resources) in the Board minutes published on EIF's website, following the approval and signature of said minutes

OR

* declares that (i) the Applicant and [the Participating Entities] request(s) the non-disclosure of summary information relevant to this transaction (the project name, the nature of the operation, the geographical focus and the relevant EIF-managed resources) in the Board minutes published on EIF's website, following the approval and signature of said minutes and (ii) such disclosure would undermine the protection of commercial interests[[1]](#footnote-2) relevant to the operation.

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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Appendices

Appendix 1 Applicant/Participating Entity Identification

Appendix 2 Declaration of Honour

Appendix 3 Information Requirements

Appendix 4 Know Your Customer (“KYC”) documents to attach

Appendix 1 to the Expression of Interest.

APPLICANT/PARTICIPATING ENTITY IDENTIFICATION[[2]](#footnote-3)

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

Appendix 2 to the Expression of Interest.

**DECLARATION OF HONOUR OF APPLICANT/PARTICIPATING ENTITY[[3]](#footnote-4)**

The undersigned [name of the signatory(ies) of this Declaration], representing the following legal person: [name of the Applicant/Participating Entity] (the “Financial Intermediary”)

full official name:

official legal form:

full official address:

VAT registration number:

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

a) the Financial Intermediary is as of the date of this declaration bankrupt or being wound up, is as of the date of this declaration having its affairs administered by the courts, in this context, has during the last five (5) years from the date of this declaration entered into an arrangement with creditors, has as of the date of this declaration suspended business activities, is as of the date of this declaration the subject of proceedings concerning those matters, or is as of the date of this declaration in any analogous situation arising from a similar procedure provided for in national legislation or regulations;

b) during the last five (5) years from the date of this declaration, the Financial Intermediary or persons having powers of representation, decision-making or control over it has been convicted of an offence concerning its professional conduct by a judgment which has the force of res judicata, which would affect its ability to implement the Facility. Alternatively, where such judgments exist the undersigned declares that the Financial Intermediary can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment;

c) during the last five (5) years from the date of this declaration, the Financial Intermediary or persons having powers of representation, decision-making or control over it has been the subject of a judgment which has force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such illegal activity is detrimental to the Union’s financial interests. Alternatively, where such judgments exist the undersigned declares that the Financial Intermediary can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment;

d) as of the date of this declaration, the Financial Intermediary is guilty of misrepresentation in supplying information required for selection as a Financial Intermediary or fails to supply this information; and

e) as of the date of this declaration, the Financial Intermediary is, to its knowledge, listed in the central exclusion database, established under Commission Regulation (EC, Euratom) No 1302/2008 of 17 December 2008 on the central exclusion database.

|  |  |  |
| --- | --- | --- |
| Full name | Date (day/month/year): | Signature(s) |

Appendix 3 to the Expression of Interest.

**INFORMATION REQUIREMENTS**

**The points below list the headings for the minimum information needed. In case of joint applications all the following information shall be provided for the Applicant and each Participating Entity.**

N.B.: All information required below concerning the activity of the applicant institution and its products must be provided, specifically and in detail, for Final Recipients according to the EU Definition (Commission Recommendation 2003/361/EC – OJ L124, 20.05.2003, p.36 as amended from time to time).

All numerical data provided in the application should also be provided in electronic format (.xlsx or similar).

**1. FINANCIAL INTERMEDIARY’S ACTIVITY**

1.1. General information

1.1.1. Description of the Financial Intermediary (date of establishment, number of employees, capital structure and shareholders, banking group, organisational structure, distribution network, number of branches, etc.).

1.1.2. Applicant’s legal status, regulatory status and applicable regulations, regulatory capital framework[[4]](#footnote-5).

1.1.3. Applicant’s rating (if applicable).

1.1.4. Definition of the internal business segmentation of the Applicant (in terms of number of employees, annual turnover, total assets, etc.).

1.2. Final Recipient activity

Financial Intermediaries are required to provide their internal Final Recipient definition.

1.2.1. Description of the Final Recipient financing activity as follows: description of the lending/lease products offered to Final Recipients broken down by purpose of finance, minimum and maximum maturity of loans/leases, rate of financing (as % of borrower financing needs), minimum and maximum amount, repayment features, etc. .

1.2.2. Business strategy (e.g. positioning, objectives, strengths, core products, geographic areas/focus, origination volumes), market share, main competitors – current and outlook.

1.2.3. If relevant, indicative percentage of transaction in the Applicant’s currently outstanding Final Recipient portfolio qualifying as Youth Employment Transactions definition (as defined in the Call) financing out of the total Final Recipient financing book.

**2. FINANCIAL STANDING**

2.1. Key financial figures(\*) for the last three full years available (please fill in the data requested under this point in the Excel table attached in section 5 below, or similar format).

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

**3. IMPLEMENTATION**

3.1. Proposed Agreed Volume (i.e. size of the Portfolio) to be originated during the Availability Period (the envisaged origination currency(-ies) to be clearly specified), separately (if applicable) for a Youth Employment Portfolio and a non-Youth Employment Portfolio.

3.2. Expected timing of launch of the product in the market following the signature of the Operational Agreement. Timing required to build up the proposed Portfolio taking into account necessary pre-implementation actions (adoption of IT systems, development of underlying contracts, etc.) and the indicative Eligibility Criteria presented in Annex II. Forecasts of the estimated principal amounts of eligible Final Recipient Transactions to be originated in each quarter of the Availability Period.

3.3. Prior/proven experience (including compliance with relevant operational and reporting requirements) with the deployment of other similar EU/EIB/EIF products.

3.4. Description of internal organisation set-up (and roles) for the implementation of a potential Guarantee Agreement, including the potential identification of a dedicated project team (or unit) and/or internal incentive mechanisms.

3.5. Description of other measures intended to be undertaken so as to facilitate timely build up of the Portfolio (e.g. training of sales force and of internal approval bodies).

3.6. Description of the envisaged marketing and publicity actions for the product(s) to be deployed under the Facility.

3.7. The benefit offered to the Final Recipients:

3.7.1. Quantification of the envisaged reduction of the interest rate to be applied to the Final Recipient Transactions under the Facility.

3.7.2. Proposal for the reduction of collateral requirements applicable to the Final Recipient Transactions under the Facility.

3.7.3. Quantification of any additional reduction of fees, if applicable, charged to Final Recipients either upfront or on an on-going basis during the life of the Final Recipient Transaction.

For each of the points 3.7.1. and 3.7.2. above, the Applicant is requested to provide two examples with regard to Final Recipient borrowers with different credit quality (and accordingly different credit risk premiums and collateral requirements).

**4. OPERATING PRINCIPLES (WITH RESPECT TO FINAL RECIPIENT FINANCING).**

4.1. Credit policy and risk appetite: brief description of the internal procedures, guidelines, tools and systems used in credit risk assessment.

4.1.1. Risk assessment procedures:

4.1.1.1. If applicable, description of the internal rating models/scoring systems in place and their last validation (including external rating source, if applicable) and if rating models are not used for credit risk assessment, description of the tools used instead.

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

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

4.1.2. Collateral policy:

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

4.1.2.2. Description of the Loss Given Default (LGD) model and tis validation (if applicable). Description of the key inputs and their respective weight in the LGD output.

4.1.3. Description of the approval procedures (description of the process, delegation of approval powers, limits, acceptance /decline rates, etc.).

4.1.4. Description of the dunning procedure and monitoring system (monitoring of payment dates, frequency of contact with the client, early warning system, etc.).

4.1.5. Work-out / recovery procedures (steps taken, departments involved, indication whether recovery process is dealt with in-house or is outsourced, length of recovery procedures).

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

**5. FINAL RECIPIENT FINANCING ORIGINATION AND PERFORMANCE DATA**

|  |
| --- |
| All information required below in sections 5.1 to 5.3 shall be provided specifically with respect to:a) Final Recipients (to the extent the information is available, otherwise to the relevant internal segments); and,b) A proxy portfolio of Final Recipient Transactions that fit at origination the Eligibility Criteria (please refer to Annex II) or, if such information is not available, a portfolio of transactions as comparable as possible to the Final Recipient Transactions. At least, the following Eligibility Criteria should be reflected in the extraction of the proxy portfolio: (a) eligible types of debt instruments, (b) minimum and maximum maturity, (c) maximum exposure, (d) Final Recipients established and/or operating in the relevant geography and Final Recipients operating in an eligible industry sector. In case leases are relevant to the Expression of Interest please provide a separate proxy portfolio for leases.**If feasible, the information shall be provided in the attached Excel table - Data inputs - Information Requirements (or alternative form)**EIF may ask within the due diligence process for clarifications on the provided data, including an anonymous loan-by-loan tape used for the aggregate figures provided, or further breakdowns of the requested data. |

**5.1 Recent origination**

5.1.1. Final Recipient financing volumes

5.1.1.1. New business: annual number and principal volume of Final Recipient Transactions entered into over the past 3 years.

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

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

1. Rating class (e.g. internal scoring/rating/ probability of default/expected loss) (if available);
2. Internal business segmentation (if risk segmentation differs from business segmentation, please also provide breakdown for risk segments);
3. Industry (using NACE Rev.2 (Division Level, i.e. one letter followed by two digits));
4. Type of borrowers (autonomous, Final Recipients, start-ups and micro enterprises) (if available);
5. Maturity of the Final Recipient Transactions;
6. Purpose of finance (investments or working capital (or other breakdown, please specify));
7. Currency.

5.1.2. Interest rates and remuneration: current pricing policy applied by type of product, current cost of funding, description of interest spread components, including a) administrative costs component, b) minimum risk related margin, split (if applicable): i) by risk category of the borrower, and ii) to the extent relevant, by currency, or by any other applicable criterion (e.g. by maturity or type of borrower, as applicable), c) other components.

**5.2. Expected characteristics of the Portfolio to be built up**

The following information is required for the ex-ante assessment of the Portfolio. If applicable, the Applicant should provide the required information separately, both for the Youth Employment Portfolio and the non-Youth Employment Portfolio.

5.2.1. Expected features of the Final Recipient Transactions:

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

5.2.1.1. Internal client segmentation

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

5.2.1.2. Economic sector - industry concentration

Expected top 5 Industry sectors of the Portfolio (using NACE Rev.2 (Division Level) (both by number and volume of Final Recipient Transactions).

5.2.1.3. Start-ups, & micro enterprises

Expected percentage of start-ups (as per Applicant’s internal definition) and micro-enterprises in the Portfolio. Please provide internal definition of a start-up company.

5.2.1.4. Indicative expected breakdown of the Portfolio by debt products (investment or working capital loans, leasing, etc.);

5.2.1.5. Indicative expected breakdown of the Portfolio by principal amount (in case of leases – financed amount) and expected average amount.

5.2.1.6. In case of leases, expected portion of Portfolio, description of typical down payment and residual value estimates.

5.2.1.7. Expected breakdown by currency (EUR, local currency, as applicable).

5.2.1.8. Maturity profile

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

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

5.2.1.10. Interest rate type breakdown.

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

5.2.1.11. Expected embedded options percentages and other special features (payments holidays, maturity extensions, interest-only- periods, etc.).

5.2.2. Portfolio risk profile:

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

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

5.2.2.2 Collateralisation of the Final Recipient Transactions in the Portfolio

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

**5.3 Performance Track Record**

5.3.1. **If rating models are used** for the Final Recipient activity, please provide (for each relevant model/risk segment):

1. the rating master scale with the respective minimum, maximum and median probability of default (PD) per rating class;
2. the latest back-testing information on the PD model evidencing the actual default frequencies per rating class versus modelled PD and the evolution of the explanatory power of such model (e.g. Gini score) over the last 3 years. The Applicant may provide readily available internal reports on internal rating model(s) validation;
3. Annual rating migration per rating class for at least the last 3 years[[5]](#footnote-6);
4. Observed default frequencies for the last 5 years for each internal rating/scoring model;
5. The latest back-testing information on the LGD model evidencing the actual versus modelled LGD. The Applicant may provide readily available internal reports on internal LGD model(s) validation.

5.3.2. **If no rating model is used**, please provide default vintage analysis data for each period[[6]](#footnote-7) of origination of transactions, split by each relevant segment when applicable (for at least the last 5 years, but please provide more years if possible).Please specify the definition of “default” that is reflected in the data provided.

5.3.3. Recovery rate data, by year of Final Recipient Transaction default: the total amount recovered (open and closed cases) to date on the defaulted transactions for at least 5 years (please provide more years if possible), on aggregate basis and split by currency and collateral type, internal segmentation, product, and any other relevant breakdown.

5.3.4. Average time lags between the granting of the transaction, the default of the borrower and the end of recovery period (including when resulting in a write-off), on aggregate basis.

**Notwithstanding the above, Applicants are encouraged to provide the most detailed level of information (including all data referred to in sections 5.1, 5.2 and 5.3 here above) in order to facilitate EIF’s risk assessment of the Portfolio.**

Appendix 4 to the Expression of Interest.

**KNOW YOUR CUSTOMER (“KYC”) DOCUMENTS TO ATTACH**

1) Copy of extract of commercial register or equivalent;

2) Copy of the list of directors or other authorised representatives or equivalent.

3) Ownership structure: overall structure up to and including information on the Ultimate Beneficial Owner[[7]](#footnote-8)

1. Including by reason of such information being covered by a confidentiality agreement. [↑](#footnote-ref-2)
2. In case of a joint application, this form shall be completed separately by the Applicant and Participating Entities. [↑](#footnote-ref-3)
3. In case of a joint application, this declaration shall be completed separately by each of the Applicant and the Participating Entities. [↑](#footnote-ref-4)
4. If applicable, standardised approach, foundation IRB Approach, Advanced IRB Approach [↑](#footnote-ref-5)
5. Rating migration matrices should show the actual migration to each one of the other ratings including default. For the avoidance of doubt, debt finance to Final Recipient that had a rating at the beginning of the period but that didn’t have a rating at the end of the period for reasons not related to credit quality (example, full repayment of facilities) should be reported in a separate column as non-rated. [↑](#footnote-ref-6)
6. Periods should be in years, if possible quarterly data is preferred. [↑](#footnote-ref-7)
7. Ultimate Beneficial Owner means any natural person(s) who ultimately owns or controls the Financial Intermediary through direct or indirect ownership of more than 10%. [↑](#footnote-ref-8)