



To:

European Investment Fund

COSME Loan Guarantee Facility

37B, avenue J.F. Kennedy

L - 2968 Luxembourg

EXPRESSION OF INTEREST

For the (Counter-)Guarantee for debt financing
For the Guarantee for securitised portfolio

[Please delete as appropriate]

in the context of the COSME Loan Guarantee Facility

Applicant submitting the Expression of Interest

Please complete indicating:

- Company Name
- Registration Number

Dear Sir or Madam,

Herewith we are submitting our Expression of Interest on behalf of [Applicant], (the "Applicant") in response to the Open Call for Expression of Interest in the framework of the COSME Loan Guarantee Facility (the "COSME LGF", the "Facility" or "EU Guarantee") implemented by EIF. 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 and declares:

1. that the information contained in this Expression of Interest and its Appendices is complete and correct in all its elements;
2. to have read the EIF Anti-Fraud Policy and not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the (Counter-)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 (Counter-)Guarantee Agreement.

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

1. The Applicant is not in any of the situations below:
 - a) it is bankrupt or being wound up, is having its affairs administered by the courts, in this context, is the subject of proceedings concerning those matters, or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations or has suspended business activities;
 - b) it is guilty of misrepresentation in supplying information required for selection as a Financial Intermediary; or fail to supply this information;

- c) it is, to its knowledge, listed in the central exclusion database established under Commission Regulation 1302/2008 of 17 December 2008;
2. The Applicant has not been in one of the following situations during the last five (5) years from the date of signature of this form:
- a) it has entered into an arrangement with creditors in the context of being bankrupt or being wound up, having its affairs administered by the courts;
 - b) it or persons having powers of representation, decision-making or control over it have been convicted:
 - (i) of an offence concerning their professional conduct by a judgement which has the force of res judicata which would affect their ability to implement the Facility; or
 - (ii) for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity by a judgement which has the force of res judicata, where such illegal activity is detrimental to the Union's financial interests
- Alternatively, where such judgments exist, the undersigned declares that the Applicant 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 these judgments;
3. The Applicant is established and operating in one or more of the Participating Countries;
4. In respect of Guarantees provided under the Facility, the Applicant is duly authorised – if applicable - to carry out financing activities according to the applicable legislation; alternatively, in the case of Counter-Guarantees, the Applicant is duly authorised – if applicable - to issue guarantees according to the applicable legislation; and
5. The Applicant does not perform activities that are illegal according to the applicable legislation in the country of the Applicant.

For the purpose 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], by signing this form:

[Please tick as appropriate]

- confirms that the Applicant agrees with the disclosure of summary information relevant to this transaction (the project name, the nature of the operation, the geographical focus and the relevant EIF-managed resources) in the Board minutes published on EIF's website, following the approval and signature of said minutes
- OR
- declares that (i) the Applicant requests the non-disclosure of summary information relevant to this transaction (the project name, the nature of the operation, the geographical focus and the relevant EIF-managed resources) 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 interests¹ 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):

Appendices

¹ Including by reason of such information being covered by a confidentiality agreement.

Appendix 1 : Applicant Identification

Appendix 2 : Information Requirements

Appendix 3 : Know Your Customer ("KYC") documents to attach

Appendix 1 to the Expression of Interest

APPLICANT IDENTIFICATION

INFORMATION REQUIRED	
APPLYING FOR:	<input type="checkbox"/> GUARANTEE <input type="checkbox"/> COUNTER-GUARANTEE <input type="checkbox"/> SECURITISATION
NAME	
LEGAL FORM	
CONTACT DETAILS	Title: Mr/Mrs/other (delete or complete as appropriate) Surname: Forename(s): Function: Address: Telephone: Email:

Appendix 2 to the Expression of Interest

INFORMATION REQUIREMENTS

The points below list the headings for the minimum information needed.

Please add relevant information that might have an impact on your application (specific market environment, product related, specifics regarding your institution, etc.)

A. GENERAL INFORMATION

N.B.: The information required below concerning the activity of the applicant institution and its products should be provided in respect of its activities for SMEs (according to the EU Definition following the Commission Recommendation 2003/361/EC – OJ L124, 20.05.2003, p. 36 as amended from time to time).

Debt Financing means any type of debt financing, including subordinated loans, participating loans, convertible loans, leasing, revolving credit facilities and bank guarantees.

1. FINANCIAL INTERMEDIARY'S ACTIVITY

1.1. General information: description of the applying institution (date of establishment, brief history, number of employees, shareholders, etc.) legal status, regulatory framework and applicable regulations, including the supervisory authority, and rating, if applicable (please add reports of rating agencies to the Application, if available).

1.2. Description and standard terms of each Debt Financing product offered to SMEs including purpose, maturity, maximum and average rate of financing (as % of investment), maximum amount, etc.

1.3. Geographical area of operation.

1.4. Branch network: number, type and size of branches.

1.5. Previous experience in cooperating with international financial institutions (IFI) such as EIB, EBRD, CoEB.

2. FINANCIAL STANDING

2.1. Annual reports for the last available three years (to be annexed to the Application).

For institutions whose losses are covered in full or in part, directly or indirectly, by the State or other public entities (such as regional or local authorities), further information and statements are requested:

- State resources (budgetary resources) available for the SME related activity (guarantee or lending activity, not limited to the product proposed under the EU Guarantee for cover) and how it's applied (e.g. to operating expenses, loss cover, etc.)
- Planned budgetary resources for SME related activities (guarantee or lending activity, not limited to the product proposed under the EU Guarantee for cover)
- Are the budgetary resources allocated specifically to different products?
- How and when is the budget fixed?
- Are there budgetary/capacity limitations?

3. OPERATING PRINCIPLES

3.1. Credit policy: abstract of internal procedures and guidelines.

3.1.1. Origination (including internal SME segmentation, if any).

3.1.2. Risk assessment procedures (internal rating / scoring system) including rating/scoring master scale(s).

3.1.3. Approval procedures.

3.1.4. Delegation system.

3.1.5. Collateral requirements.

3.1.6. Monitoring.

3.1.7. Recovery procedures (what steps are taken and when; which departments are involved).

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

4. DEBT FINANCING VOLUMES (over the most recent 5 year period) of SME lending (by product/purpose, maturity range, SME segment)

4.1. Annual number and volume of finance granted.

4.2. Total number and volume of finance outstanding at year-end for the most recent 5 years.

5. POSITION IN THE MARKET

6. INTEREST RATES AND FEES

6.1. Pricing policy with regard to SME Debt Financing (by product/purpose, maturity, SME segment, risk category, etc.).

6.2. Types and Levels of Fees (including up-front fees, commitment fees etc).

7. IT SYSTEM

7.1 Ability to comply with the Reporting requirements linked to the EU Guarantee.

B. PROPOSAL

1. PROPOSED PRODUCT TO BE COVERED UNDER THE COSME EU GUARANTEE FOR DEBT FINANCING:

All information required below concerning the activity of the applicant institution and its products must be provided, specifically and in detail, for:

(a) SMEs (according to the EU Definition following the Commission Recommendation 2003/361/EC – OJ L124, 20.05.2003, p. 36 as amended from time to time); and

(b) Debt Financing with final maturity of at least 12 months; and

(c) Debt Financing with a principal amount of up to EUR 150,000 (for both banks and guarantee institutions). Debt Financing with a principal amount above EUR 150,000 may also be covered under the Facility as long as the Financial Intermediary can demonstrate, by means of a checklist including all relevant Eligibility Criteria, that the SME/Final Recipient would not be eligible under the guarantee window of the InnovFin mandate².

1.1. APPLICATION UNDER THE EU GUARANTEE

1.1.1. Application under OPTION 1 of the SME High Risk Definition, new product with higher credit risk, either Direct or Counter-Guarantee model:

- How does it differ from SME Debt Financing product your institution might already offer?
- Envisaged volumes with an EU Guarantee over a period of 3 years; please provide the basis/assumptions for such estimate.
- The envisaged pricing for the new product(s) should be detailed including how it fits in the current pricing policy.
- Implementation strategy: externally (liaising with partners, marketing, etc.) and internally (necessary procedures, systems, etc.). Please also provide an estimate of the expected time needed to prepare for implementation.

1.1.2. Application under OPTION 2 of the SME High Risk Definition, increase in volumes, either Direct or Counter-Guarantee model:

- SME origination of the latest available consecutive 12 month period including the rating/scoring class distribution for such SME loans at origination.
- Debt Finance granted under the relevant programme for the past three years in the Acceptable Rating Categories i.e. the rating classes which, according to the distribution by rating class of the SME debt financing originated over the latest available consecutive 12 month period as reported above, include the SME debt financing which correspond, in terms of volumes, to the most risky quartile (25%), rounded up to the full rating class containing the threshold.
- Envisaged volumes with an EU Guarantee over a period of 3 years; please provide the basis/assumptions for such estimate Implementation strategy: externally (liaising with partners, marketing, etc.) and internally (necessary procedures, systems, etc.). Please also provide an estimate of the expected time needed to prepare for implementation.

1.2. DEFAULT RATE / RECOVERY RATE (for the most recent 5 year period, if available) for SME lending, always with regard to the most comparable loan/guarantee product currently offered (e.g. same product offered to a less risky client segment or less risky product offered to same client segment (for OPTION 1) and/or the product to be covered for the Acceptable Rating Classes (for OPTION 2)³:

1.2.1 Non-performing loan/guarantee rates (defaulted Debt Financing /outstanding Debt Finance amount)

1.2.2. Average time lags between the granting, the payment default by the borrower and the establishment of the final loss.

1.2.3. Detailed analysis of defaults incurred and recoveries made

² For further information on the InnovFin mandate and the related guarantee window, please refer to the following link: http://www.eif.org/what_we_do/guarantees/single_eu_debt_instrument/innovfin-guarantee-facility/index.htm

³ For further information on the identification of the Acceptable Rating Classes, please refer to question 15 of the Frequently Asked Questions document available at the following link: http://www.eif.org/what_we_do/guarantees/single_eu_debt_instrument/cosme-loan-facility-growth/2014-12-17-cosme-lgf-faqs.pdf

- Default definition used.
- Details on annual defaults (before recoveries) and recoveries.
- Vintage year analysis: Net cumulative defaults and/or losses, with break-down by portfolio (year of loan granting): e.g. annual and cumulative losses incurred with regard to loans granted in the years 2011, 2012 etc.

EXAMPLE TABLES:

Default rate detail		defaults occurred after 0, 1, 2 ... years (total outstanding when defaulted)						Total default EUR
year of granting	Debt Finance granted in EUR	0	1	2	3	4	5	
Year N-6		%	%	%	%	%	%	
Year N-5		%	%	%	%	%		
Year N-4		%	%	%	%			
Year N-3		%	%	%				
Year N-2		%	%					
Year N-1		%						

Recovery rate detail		recoveries occurred after 0, 1, 2 ... years						Total recoveries in EUR
year of default	Default Amount in EUR	0	1	2	3	4	5	
Year N-6		%	%	%	%	%	%	
Year N-5		%	%	%	%	%		
Year N-4		%	%	%	%			
Year N-3		%	%	%				
Year N-2		%	%					
Year N-1		%						

2. PROPOSED PRODUCT TO BE COVERED UNDER THE COSME EU GUARANTEE FOR SECURITISATION

Please describe the product features of the proposed product to be covered under the COSME EU Guarantee for Securitisation.

3. MARKETING AND PROMOTION OF EU SUPPORT:

- Please note that the Financial Intermediary will be required to promote the products offered under the EU Guarantee through its website, including concrete information on how/where to apply and contact points for Final Recipients and that all information and promotional material of the product must clearly point to the support provided by the EU Guarantee.
- Please note that the Financial Intermediary will be required to explicitly inform Final Recipients that financing is made possible through the support of the EU Guarantee with the financial backing of the European Union under COSME Financial Instruments and that such information needs to be prominently included either in the contractual documentation and/or in an accompanying cover letter and it shall be duly acknowledged by the Final Recipient.
- Please note that the EIF, in cooperation with the Financial Intermediary, will identify and develop within 24 months from the start of the Availability Period of each agreement with a Financial Intermediary case studies on Final Recipients benefitting from the Facility, which may result in a publication by the European Commission.

Appendix 3 to the Expression of Interest

Know Your Customer ("KYC") documents to attach

- 1) Copy of extract of commercial registry 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 Owner⁴ if available at the time of submission of the Expression of Interest. If not, to be provided as soon as possible in the course of the selection process.

The Applicants that have successfully completed a selection process during the last 12 months in the context of an EIF programme are invited to inquire in writing with EIF at the email cosme.lgf@eif.org on whether the document under point (3) above is required to be re-submitted during the selection process, provided that no changes have occurred since last submission of such information.

⁴ 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%.