



Pan-European Guarantee Fund in response to COVID-19

OPEN CALL FOR EXPRESSION OF INTEREST TO SELECT FINANCIAL INTERMEDIARIES

Published on 31 August 2020

The objective of this Open Call for Expression of Interest (the “**Call**”), launched by the European Investment Fund (the “**EIF**”), is to select eligible financial institutions to become Financial Intermediaries with respect to products intended to be implemented by the EIF under the Pan-European Guarantee Fund, as further described below.

All applications to be submitted to the EIF under the Pan-European Guarantee Fund facility shall conform to the Call. All capitalised terms and expressions shall have the meaning attributed to them in this Call document, including as may be defined in the relevant Indicative Term Sheets annexed hereto, as appropriate.

The documents and information enclosed in this Call are provided to potential financial intermediaries ahead of the formal launch of the Pan-European Guarantee Fund given the short implementation period provided for such programme.

These documents and information are indicative, non-binding, published for information purposes and might be subject to change. None of the information contained herein constitute a commitment from the EIF.

1. Pan-European Guarantee Fund

In the context of the COVID-19 pandemic, as part of an overall package of measures agreed by the Eurogroup on 9 April 2020 and further endorsed by the European Council on 23 April 2020, the European Investment Bank Group (“**EIB Group**”) has been asked to enhance significantly its operations in support of EU-based companies affected by the crisis and, as a response, has established a Pan-European Guarantee Fund (the “**Facility**” or “**EGF**”).

The objective of EGF is to respond to the economic impact of the COVID-19 pandemic by ensuring that companies in the Participating Member States have sufficient short-term liquidity available to weather the crisis and are able to continue their growth and development in the medium to long-term.

It is expected that EGF (with targeted size of EUR 25bn¹), to be managed by the EIB Group (both EIB and EIF), should result in up to EUR 200bn of additional financing.

All EU Member States which commit to EGF will be eligible to receive financing thereunder and, further to completion of required contribution formalities, will become Participating Member States. Here is a [list](#) of all participating and non-participating Member States, as amended from time to time.

The EIF will aim to make available additional financing in the context of EGF in all Participating Member States, with a view to achieving a geographic distribution that is proportionate to the economic impact of the crisis, the sizes of the economies, and available national and European support instruments.

Under EGF, the EIF will deploy a number of equity and debt fund products (together “**EGF Equity & Debt Funds Products**”) and a number of guarantee products (together “**EGF Guarantee Products**”) in cooperation with selected Financial Intermediaries. The EIF will deploy these products primarily through intermediated operations with a particular focus on SME and (Small) Mid-Cap² final beneficiaries, in line with the request of Member States in connection with their approval of the Facility. The EIF might deploy additional products over time depending on evolving policy objectives and market demand, and subject to approval by the Participating Member States. The Call will be amended if and when new products are deployed. For ease of reference, an Information Note will be published listing all relevant amendments to this Call.

EGF is designed to support final beneficiaries that are viable in the long term and would meet a lender’s or other financial intermediaries’ requirements for commercial financing, but are struggling due to the economic impact of the COVID-19 pandemic.

Given the EIB Group’s commitments to Paris Alignment set out in the Climate Bank Roadmap³, EGF Operations appraised from the beginning of 2021 shall be subject to the relevant restricted sectors and activities. These include, without limitation and depending on the financing product being implemented: final recipients with a substantial focus⁴ on certain sectors relating to e.g. fossil fuels or high CO2 emissions; or (for investment financing) restrictions on the purpose of the EGF supported financing, such as limitations in respect of vehicles to zero- or very low emissions thresholds. Further details are provided in Annex XIII⁵.

2. Pan-European Guarantee Fund Products

Under EGF, the EIF will deploy the following products:

EGF EQUITY & DEBT FUNDS PRODUCTS		
1	Existing Funds Top-Up Facility	providing additional liquidity primarily to existing EIF equity portfolio funds to ensure stability and availability of capital for investee SMEs and Mid-Caps under current adverse market conditions through either: <ul style="list-style-type: none">- Option 1 : EIF equity top-ups in side vehicles; or- Option 2: EIF preferred equity top-ups through main fund or side vehicles

¹ In the case of contribution of all EU27 Member States.

² As well as social enterprises.

³ [The EIB Group Climate Bank Roadmap 2021-2025 \(eif.org\)](#), in particular Chapter 4 Supporting Paris-Aligned Operations and Annex 2 Paris Alignment Framework – Low carbon.

⁴ As such term is used in the EIF Restricted Sectors Policy: [Guidelines on the EIF Restricted Sectors](#) (eif.org)

⁵ For the EGF Synthetic Securitisation product, the EIBG will share with financial intermediaries the list of restricted sectors as part of the side letter.

	Email address to submit an Expression of Interest	EGF_Equity@eif.org
	Please refer to Annex II for indicative term sheet	
	Please refer to Annex Ia for the relevant Expression of Interest	
2	Replacing Defaulting LPs Facility	replacing defaulting or likely to default distressed Limited Partner (LP) investors in funds, thereby ensuring that funds can complete the initially envisaged investment strategy in terms of number of SMEs and Mid-Caps supported and retain capacity to do follow-on investments
	Email address to submit an Expression of Interest	EGF_Equity@eif.org
	Please refer to Annex III for indicative term sheet	
	Please refer to Annex Ia for the relevant Expression of Interest	
3	Target Fund Size Facility	supporting (i) funds in their fundraising period to achieve first closing or (ii) funds still in their subscription period to have subsequent closings and reach their targeted fund sizes or adequate fund size in case of limited investor interest as result of the crisis following the COVID-19 pandemic, thereby facilitating new investments in SMEs and Mid-Caps
	Email address to submit an Expression of Interest	EGF_Equity@eif.org
	Please refer to Annex IV for indicative key term sheet	
	Please refer to Annex Ia for the relevant Expression of Interest	
4	Turnaround & Special Situation Funds	supporting the establishment of funds with dedicated turnaround and special situations strategies that help keep distressed SMEs and Mid-Caps active by providing them with equity or equity-like capital injections and creating value by operational restructuring, thereby saving them from bankruptcy, preserving jobs, and restarting growth
	Email address to submit an Expression of Interest	EGF_Equity@eif.org
	Please refer to Annex V for indicative term sheet	
	Please refer to Annex Ia for the relevant Expression of Interest	
5	Selective Loan Funds	supporting the establishment of selective loan funds providing onward lending in the form of non-distressed senior, subordinated or unitranche solutions, thereby widening the availability of non-bank financing to SMEs and Mid-Caps, also adapted to their longer-term financing needs in light of the current adverse market situation.
	Email address to submit an Expression of Interest	EGF_Equity@eif.org
	Please refer to Annex VI for indicative key term sheet	
	Please refer to Annex Ia for the relevant Expression of Interest	
6	Senior Private Credit	Supporting (directly or indirectly) debt funds, managed by both established and new private fund

		managers, which, by applying a portfolio diversification approach, invest predominantly in the form of senior, asset-based or unitranche financing to SMEs and Mid-Caps, thereby offering an effective alternative source of financing and provide tailored lending with longer tenors, flexible collateral requirements and flexible repayment options.
	Email address to submit an Expression of Interest	EGF_Senior_Private_Credit@eif.org
	Please refer to Annex VII for indicative key term sheet	
	Please refer to Annex Ia for the relevant Expression of Interest	

EGF GUARANTEE PRODUCTS		
1	Capped (Counter-) Guarantees	The product is intended to support SMEs and Small Mid-Caps, as well as social enterprises via dedicated Capped (Counter-) Guarantees for such enterprises, by improving their access to finance through partial capital relief and loss protection for portfolios of newly originated eligible transactions, as well as refinancing of their existing obligations. The selected Financial Intermediaries will benefit from a remunerated guarantee provided by the EIF, on a transaction-by-transaction basis, covering defaults, at a guarantee rate of up to 70% in respect of eligible transactions included in a given portfolio up to a maximum guarantee rate of 30%.
	Email address to submit an Expression of Interest	EGF_Portfolio_Guarantees@eif.org
	Please refer to Annex VIII for indicative key term sheet	
	Please refer to Annex Ib for the relevant Expression of Interest	
2	Uncapped (Counter-) Guarantees	improving access to finance for SMEs and Small Mid-Caps through full capital relief and loss protection for the guaranteed portion of the portfolios of newly originated eligible transactions, as well as refinancing of existing SMEs and Small Mid-Caps obligations. The selected Financial Intermediaries will benefit from a remunerated guarantee provided by the EIF, on a transaction-by-transaction basis, covering defaults, at a guarantee rate of up to 70% in respect of eligible transactions included in a given portfolio.
	Email address to submit an Expression of Interest	EGF_Portfolio_Guarantees@eif.org
	Please refer to Annex IX for indicative key term sheet	
	Please refer to Annex Ib for the relevant Expression of Interest	
3	Synthetic Securitisation	The product, jointly deployed by the EIF and the EIB, is intended to provide guarantees on first loss piece or mezzanine tranches of existing portfolios of SMEs and Mid-caps debt financing, auto loans or retail

		loans (synthetic transactions). While transferring the risk on an existing portfolio the Financial Intermediaries achieve capital relief on such portfolio. The Financial Intermediaries will commit to provide new financing (including working capital lines) in the form of an additional portfolio to SMEs for a multiple of the resources allocated to the Synthetic Securitisation, for an amount based on the capital relief achieved and the characteristics of the existing portfolio and additional portfolio, as further described in Annex X.
	Email address to submit an Expression of Interest	EGF_Securitisation@eif.org Cc: EGF-ABS-requests@eib.org
	Please refer to Annex X for indicative key term sheet	
	Please refer to Annex Ib for the relevant Expression of Interest	

3. Definitions and Interpretation

In this Call, capitalised terms and expressions shall have the meaning attributed to them below or as elsewhere defined in this document and its Annexes, unless the context requires otherwise.

Agreement	Means any guarantee or counter-guarantee or fund by-laws or any other relevant agreement entered into by the EIF with a Financial Intermediary for deployment of EGF Equity & Debt Funds Products and EGF Guarantee Products under the Facility.
Applicant	Means an entity applying to this Call as a potential, future Financial Intermediary, or an advisor duly authorised to represent an entity applying to this Call or in case of an application to EGF's defaulting LP facility also can be, among others, an investor (limited partner) in a Financial Intermediary.
Data Protection Statement	Means the EIF statement on the processing operations of Applicants and Financial Intermediaries' personal data, as published on the EIF's website: http://www.eif.org/attachments/eif_data_protection_statement_financial_intermediaries_due_diligence_en.pdf
Deadline	Means at the latest by 31 October 2021, or such different date as may be announced officially in the EGF section of the EIF's website. EIF may determine that the Deadline will end on an earlier date depending, inter alia, on the availability of the budgetary resources for the Facility. Any change in the Deadline will be announced officially in the EGF section of the EIF's website.
Expression of Interest	Means an application to the Open Call for Expression of Interest submitted to the EIF within the Deadline or the Securitisation Deadline, as applicable, conforming to the provisions of Annex Ia or Annex Ib as applicable.
Financial Intermediary	Means: In respect of EGF Equity & Debt Funds Products: investment funds and special purpose vehicles, in any form, established or to be established, that undertake long term risk capital investments in the form of equity, preferred equity, quasi-equity, hybrid debt-equity instruments (or other type of mezzanine financing), or any other

	<p>debt financing.</p> <p>In respect of EGF Guarantee Products:</p> <ul style="list-style-type: none"> a) Guarantees: public or private entities (including credit or financial institutions or loan (debt) funds), if applicable, duly authorised to carry out debt financing activities according to the applicable legislation; b) Counter-Guarantees: public or private (counter-) guarantee schemes, (counter-) guarantee institutions or other entities, credit or financial institutions, if applicable, duly authorised to issue guarantees according to the applicable legislation; c) Synthetic Securitisation: Commercial banks, financial institutions, leasing companies, special-purpose vehicles, private credit funds, alternative lenders, crowd lenders and micro-finance institutions⁶ duly authorised to carry out lending or leasing activities according to the applicable legislation, established or operating in a Participating Member State. The Financial Intermediary may receive the EGF guarantee on an existing portfolio and build the additional portfolio through different entities, provided that all such additional institutions are within the scope of consolidation (pursuant to the Capital Requirement Regulation) of the Financial Intermediary. <p>For additional information on eligible Financial Intermediaries, please refer to the Annexes with indicative key term sheets for each relevant product.</p>
Indicative Key Term Sheets	Means the indicative terms and conditions of the different products deployed by the EIF under EGF as set out in Annexes II, III, IV, V, VI, VII, VIII, IX, X of this Call.
Non-Compliant Jurisdiction ("NCJ")	<p>Includes jurisdictions</p> <ul style="list-style-type: none"> (i) listed in the Annex I of the Council of the European Union conclusions on the revised European Union list of non-cooperative jurisdictions for tax purposes, adopted by the Council of the European Union at its meeting held on 18 February 2020; (ii) listed in the Annex of the Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies; (iii) rated as "partially compliant", "provisionally partially compliant" or "non-compliant" by the Organisation for Economic Cooperation and Development and its Global Forum on Transparency and Exchange of Information for Tax Purposes; (iv) included in the Financial Action Task Force "Public Statement" (i.e. countries or jurisdictions with such serious strategic deficiencies that the Financial Action Task Force calls on its members and non-members to apply counter-measures or for which the Financial Action Task Force calls on its members to apply enhanced due diligence measures);

⁶ National promotional banks and institutions are not considered as eligible financial intermediaries for the EGF synthetic securitisation product.

	<p>(v) included in the Financial Action Task Force statement “Improving Global AML/CFT Compliance: On-Going process”(i.e. countries or jurisdictions with strategic weaknesses in their AML/CFT measures but that have provided a high-level commitment to an action plan developed with the Financial Action Task Force); and/or</p> <p>(vi) included in the OECD/G20 list of jurisdictions that have not satisfactorily implemented the tax transparency standards,</p> <p>in each case as such statement, list, directive or annex may be amended and/or supplemented from time to time.</p> <p>Where the relevant support is not reserved for operations, projects or activities implemented in the same jurisdiction where the concerned Applicant is incorporated, the Applicant shall not be incorporated in or invest through a Non-Compliant Jurisdiction.</p> <p>Please refer to the EIB’s website⁷ for an FAQ containing the most updated reference lists of Non-Compliant Jurisdictions or enquire with the EIF for confirmation of Non-Compliant Jurisdiction status.</p>
Operation	Means a transaction entered into between the EIF and a Financial Intermediary under an Agreement.
Participating Entity	Means, in case a joint application to the Call for Expression of Interest is submitted covering the Applicant and at least one additional potential future Financial Intermediary, each and every additional potential future Financial Intermediary covered by such joint application.
Participating Member States	Means the EU Member States that have individually entered into a contribution agreement with the EIB as required to formalise their adherence to EGF. Please refer to the following link for the list of Participating Member States (Annex XI).
Securitisation Deadline	Means at the latest by 31 March 2022, or such different date as may be announced officially in the EGF section of the EIF’s website. EIF may determine that the Securitisation Deadline will end on an earlier date depending, inter alia, on the availability of the budgetary resources for the Facility. Any change in the Securitisation Deadline will be announced officially in the EGF section of the EIF’s website.
Targeted Activities	Mean (i) criminal activities such as money laundering, financing of terrorism, tax crimes (i.e. tax fraud and tax evasion); and (ii) tax avoidance practices.

4. Financial Intermediaries

This Call is addressed and restricted to Financial Intermediaries committing to support final beneficiaries operating (and established, if relevant) in one or more of the Participating Member States in line with EGF mandate requirements.

Applicants and Participating Entities, including the managers of the Financial Intermediaries, shall

⁷ <https://www.eib.org/en/about/compliance/tax-good-governance/faq>

represent that, at the date the application is submitted, they are not in any of the situations of exclusion, as further described in Annex I, as applicable, to this Call.

Applicants including the managers thereof shall (i) comply with relevant international and EU standards and legislation, where applicable, on the prevention of money laundering, the fight against terrorism, tax fraud, tax evasion and artificial arrangements aiming at tax avoidance and (ii) not be established in a Non-Compliant Jurisdiction unless the operation is physically implemented in the relevant Non-Compliant Jurisdiction and does not present any indication that it supports actions that contribute to Targeted Activities.

The EIF Anti-Fraud Policy, the EIB Group Policy towards Weakly Regulated, Non-transparent and Non-cooperative Jurisdictions and Tax Good Governance, EIB Group Anti-Money Laundering and Combating Financing of Terrorism Framework, the EIF Transparency Policy and the Guidelines on EIF Restricted Sectors, shall apply to all Agreements under the Facility. For further information please refer to:

https://www.eif.org/attachments/publications/about/Anti_Fraud_Policy.pdf

https://www.eib.org/attachments/strategies/eib_group_ncj_policy_en.pdf

<https://www.eib.org/en/publications/eib-group-anti-money-laundering-policy-and-combating-finance-of-terrorism-framework>

https://www.eif.org/news_centre/publications/eif-transparency_policy_01022016.pdf

https://www.eif.org/attachments/publications/about/2010_Guidelines_on_restricted_sectors.pdf

The criteria set out above shall apply mutatis mutandis to the Financial Sub-Intermediaries, if applicable.

The EIB Group is committed to continue maintaining a stringent policy against tax fraud, tax evasion, tax avoidance as well as money laundering and terrorism financing.

All EIF Operations are assessed in line with the standards of the due diligence process promoted by the EIB Group AML-CFT Framework and the EIB Group NCJ Policy. Operations with NCJ links are subject to enhanced due diligence to determine whether (i) the levels of transparency and integrity of the relevant operation are satisfactory to the EIB Group (in particular the contracting counterparty/ies and their beneficial owners must be clearly identified), (ii) the contracting counterparty/ies can provide plausible justifications for the NCJ location link or (iii) there is a risk that the operation is (or may be) misused for Targeted Activities. The enhanced vigilance may consider, on a risk-sensitive basis and as applicable, relevant elements of the Anti-Tax Avoidance Toolbox in Appendix 1 to the EIB Group NCJ Policy. All Applicants are therefore hereby notified that in the course of the EIF tax integrity due diligence process, information on contracting counterparty's full ownership diagram, including all direct/indirect 10% (or more) UBOs (or deemed controlling), may be requested and that additional questions may arise as part of this process.

For more information, please refer to the FAQ on the EIB Group NCJ Policy at the following site:

<https://www.eib.org/en/about/compliance/tax-good-governance/faq>

5. Application procedure

Interested Applicants shall submit, before the Deadline or the Securitisation Deadline, as applicable, by e-mail to the EIF a formal Expression of Interest in a PDF duly signed form to the relevant address indicated in Section 2 for each product. The Deadline and the Securitisation Deadline apply to the receipt of the email by the EIF. For the avoidance of doubt, applications shall only be submitted via e-mail. EIF does not accept paper applications.

The Expression of Interest shall be submitted to the EIF in the form of Annex Ia or Ib depending on the applicable product(s). It is to be noted that financial institutions may group together for the Facility through submitting a joint Expression of Interest. In the Expression of Interest one coordinating entity shall act as the Applicant. The Applicant shall apply in the name and on behalf of the Participating Entities and shall indicate to the EIF the basis for the joint application. Following selection of such joint

application, one Agreement may be signed with the Applicant and Participating Entities or, alternatively, separate Agreements may be signed with the Applicant and each Participating Entity. The ultimate decision on the form of the Agreement(s) shall be made at the discretion of the EIF, taking into account the nature of the underlying Operations.

An acknowledgement of receipt will be sent to the relevant Applicants by the EIF via e-mail, which shall state the confirmation that the Expression of Interest was received before the Deadline or the Securitisation Deadline, as applicable. The submission of Expression of Interest will only be considered as effective once this acknowledgement of receipt has been sent.

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 or acceptance of the same.

Each Expression of Interest shall:

- state in the subject of the email: “Pan-European Guarantee Fund - Expression of Interest: [name of the applicant]”;
- be prepared in English;
- contain the complete set of relevant documentation (including a scanned copy of the Expression of Interest duly completed and signed).

The EIF reserves the right at any time to request clarifications or the submission of additional or supplementary information in respect of an application, verify with any applicant or with a third party any information set out in any submission.

The Applicants may withdraw, in the same manner in which they applied, i.e via email their Expression of Interest at any stage of the selection process.

The EIF reserves the right, at any time to:

- make changes to the Call, the selection process or associated terms, dates and deadlines;
- replace the Call with another call for expression of interest;
- cancel the Call in its entirety.

Under EGF Equity & Debt Funds Products, it is permitted for an Applicant to request investment for a Financial Intermediary in which the EIF has already invested, including where such investment was made by the EIF using resources managed on behalf of third parties. However, in such circumstances the eligibility of the Applicant may depend on the EIF obtaining the prior consent of such third party(ies). For avoidance of doubt, EGF Guarantee Products and EGF Equity & Debt Funds Products cannot be combined under the same portfolios.

6. Selection process

The Applicants⁸ will be selected in accordance with EGF own rules, policies and procedures applicable to EIF and to the specific types of operations supported under EGF at the time of signature of the relevant operation and as adapted or modified from time to time. The EIF reviews regularly its guidelines and procedures, both in the context of regular annual reviews as well as in the context of the EIB Group developments, for example relating to Group Compliance standards.

The EIF shall assess applications on a continuous basis and “first come, first assessed” basis, using professional analysis and judgment, taking into account the objectives, terms (Indicative Term Sheets of the relevant product(s)), risk appetite and concentration limits of EGF. The previous experience of the Financial Intermediary with the EIF in operating the Capped Guarantee instrument, the Uncapped Guarantee Instrument or the Synthetic Securitisation Instrument, as applicable, will be assessed as part

⁸ Reference to Applicants throughout this section includes any existing EIF Financial Intermediary, if applicable.

of the selection process for the respective product.

Any personal data provided by the Applicants shall be processed by the EIF in compliance with its Data Protection Statement and the Regulation (EU) 2018/1725 on the protection of individuals with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, as amended from time to time.

The selection process of each Applicant typically comprises the following steps (as per below), provided that each preceding step was concluded with a positive result. EIF reserves the right to skip steps in the selection process or perform streamlined screening or due diligence process for Financial Intermediaries in the EIF portfolio or approved by the EIF not more than 6 months before the Call publication. This right will be exercised at the discretion of the EIF.

Stage 1: Screening

Stage 2: Due Diligence

Stage 3: Approval Process

Stage 4: Negotiation and signature

The selection process includes an EIF's assessment of the expected performance and of the policy fit of the proposal, as set out in Sections 6.1 (EGF Equity & Debt Funds Products) and 6.2 (EGF Guarantee Products) at the relevant stages of the selection process.

On the basis of the assessment of the Applicant, the expected performance and of the policy fit, the EIF will decide whether a proposal qualifies for support under EGF.

Stage 1 shall entail a preliminary assessment/screening of whether the proposal can be taken forward. Following positive outcome of Stage 1, EIF (in collaboration with EIB, in the case of the Synthetic Securitisation Instrument) will perform a due diligence (Stage 2). The format of such due diligence (including desktop) will be at the discretion of the EIF, depending on which EGF product the Financial Intermediaries applied to, and whether the EIF can (in its view) include in its assessment information already in its possession (e.g. in case of established business relationship with a given Financial Intermediary). For further information about the due diligence information requirements for EGF Guarantee Products, please see Annex XII to this Call.

Following positive outcome of Stage 2 (and prior to entering into an Agreement with an Applicant), the proposal to be supported under EGF shall be submitted by the EIF (and the EIB, in the case of the Synthetic Securitisation Instrument) to its relevant decision making bodies for approval, and (where required) to the Contributors' Committee of the EGF (Stage 3). EIF (and the EIB, in the case of the Synthetic Securitisation Instrument) may obtain approvals for proposed applications from its governing bodies and (where applicable) the Contributors' Committee until the end of 2021 in the case of the Capped Guarantee Instrument and the Uncapped Guarantee Instrument or until 30/6/2022 in the case of the synthetic securitisation instrument.

Following positive conclusion of Stage 3, and the finalisation of the contractual documentation with the Financial Intermediary, the appropriate Agreement(s) shall be signed with the Financial Intermediary (Stage 4). The ultimate decision on the form of the Agreement(s) shall be made at the discretion of the EIF. The terms of the Agreement(s) shall be in English.

In any phase of the selection process until and prior to entering into a legally binding agreement with an Applicant, the EIF reserves full discretion to consider or not Applicants, and no Applicant has any claim or other right or may expect to be ultimately selected as the Financial Intermediary in the context of EGF. Any negotiation of terms and conditions of Agreement(s) by no means entails any obligation for the EIF to enter into such agreement with the relevant Financial Intermediaries.

Applicants' proposals may be also placed on a reserve list at any stage of the process. Such applications may be taken forward over time depending on, inter alia, budget availability, expected loss profile of the relevant EGF product and EGF geographical coverage criteria. However, EIF maintains the right to first process applications received in the meantime which positively pass the process stages described

above.

The participation of any Applicant in the EGF will depend, inter alia, on the budget available, the risk appetite/concentration limits of the EGF and other considerations made by the EIF such as, without limitation, the outcome of the due diligence, if conducted, and the result of negotiations with the Applicant.

At any stage of process, the EIF may communicate, via e-mail, to the relevant Applicants whether their expression of interest has been taken forward, rejected or placed on a reserve list.

Those Applicants, whose Expression of Interest is rejected at any stage of the selection process, shall have the right to submit a written complaint by e-mail, within thirty (30) days of receipt of the rejection notice. Any complaints will be dealt within the framework of and in accordance with the EIB Group complaints policy⁹.

6.1 Assessment criteria for EGF Equity & Debt Funds Products

Assessment criteria for expected performance

As part of the expected performance assessment, the EIF will analyse all the applications based on but not limited to the following criteria:

Management Team

- a) Relevant experience
- b) Composition of the team, track record and balance of skills
- c) Ability to provide relevant added value
- d) Ability to provide adequate commitment for the life of the fund ensuring appropriate alignment of interest with investors (Limited Partners).
- e) Screening of management team members in accordance with standard market practice and with specific attention to issues related to corrupt, fraudulent, coercive or collusive practices or criminal convictions concerning their professional conduct
- f) Quality of investment process

Market

- a) Identification of the target market
- b) Size of the market and potential development of the market
- c) Growth potential in the target market

Deal Flow

- a) Track record of access to deals
- b) Quality of deals
- c) Credible plans to develop deal flows

Investment Strategy

- a) Stage, sector and geographical focus
- b) Expected portfolio composition at fund size (minimum/target/hard cap)
- c) Relevance of the investment strategy to the market
- d) Identification of suitable and achievable exit routes for targeted investments, if applicable

Fund size

- a) Balance between fund size and investment strategy
- b) Financial sustainability of the fund manager

⁹ For further information visit <http://www.eib.org/infocentre/publications/all/complaints-mechanism-policy.htm>

Proposed terms (in line with market standards, with explanations for deviations)

- a) Fund structure (compliance assessment as well as KYC/AML screening and tax integrity), governance, alignment of interest
- b) Legal and tax structure
- c) Fees and costs
- d) Any performance related remuneration such as carried interest to be designed to reward overall fund performance

Expected financial returns

- a) Evidence that the fund is to be run on a commercial basis and that it can be expected to be financially viable
- b) The investment performance track record of the manager

Investor base

- a) General overview of the existing and/or foreseen investor base.
- b) Co-investment strategy and rationale.
- c) Screening and monitoring of co-investors to the extent the information is made available to the EIF and in accordance with standard market practice.

Monitoring and reporting

- a) Ability to effectively manage risk and monitor investments according to the industry standards,
- b) Ability to provide regular reporting and valuation information at each level of the investments in line with the industry standards.

Assessment criteria for policy fit

In terms of policy fit, the EIF will evaluate each investment proposal on the basis of the policy objectives defined in the relevant Indicative Term Sheet.

For Financial Intermediaries applying under EGF Equity & Debt Funds Product 1 (Existing Funds Top-Up Facility), Applicants should provide, among others: i) aggregate and detailed follow-on needs from EGF and their rationale, ii) budget split and details (financial and operational) about the underlying portfolio companies proposed by the Applicant to benefit from Existing Funds Top-Up Facility under EGF. In any case, the EIF reserves the right to request additional information from the Applicants during the selection process.

6.2 Assessment criteria for EGF Guarantee Products (other than the EGF Synthetic Securitisation Product)

Assessment criteria for expected performance

As part of the expected performance assessment, the EIF will analyse all the applications based on but not limited to the following criteria:

Financial intermediary

- a) Financial Standing
- b) Strategy and business outlook
- c) Underwriting and servicing procedures
- d) Restructuring and recovery procedures
- e) Capacity to assess and manage risk
- f) Pricing policies
- g) Risk appetite
- h) Environmental, Social and Corporate Governance policies

- i) Compliance assessment (KYC/AML screening and tax integrity)

Portfolio to be covered

- a) Relevant rating systems, risk assessment tools and associated back-testing/review exercises
- b) Pricing /collateral conditions applied to relevant segment
- c) Expected portfolio characteristics (default rate, recovery rate, duration, composition, etc.)

When making selection decisions the EIF will consider, inter alia, the impact of the application on the geographical distribution and the risk profile of the Facility. The EIF will aim at the appropriate composition of the relevant product(s) aggregate portfolio between Guarantees and Counter-Guarantees, adequate credit risk profile, granularity and diversification of the overall Facility. The credit risk contribution of the proposed Operation to the Facility shall be confirmed based on the results of the due diligence.

Assessment criteria for policy fit

- a) Experience and ability of the Applicant to finance, or facilitate finance to, SMEs and Mid-Caps in light of the proposed volumes. This shall be assessed by the EIF based inter alia on: track record of lending to (or as case may be of guaranteeing transactions with) final beneficiaries, including in managing operations supported by the EIF, and the business plan for building a Portfolio;
- b) Quality and plausibility of the implementation proposal, with particular focus on the implementation, the transfer of benefit (where applicable), marketing and rollout strategy, previous experience working with international financial institutions, etc.

6.3 Assessment criteria for EGF Synthetic Securitisation Product

Assessment criteria for expected performance

As part of the expected performance assessment, the EIF will analyse all the applications based on but not limited to the following criteria:

Financial intermediary

- a) Financial Standing
- b) Strategy and business outlook
- c) Underwriting and servicing procedures
- d) Restructuring and recovery procedures
- e) Capacity to assess and manage risk
- f) Pricing policies
- g) Risk appetite
- h) Synthetic securitisation management experience and track record
- i) Environmental, Social and Corporate Governance policies
- j) Compliance assessment (KYC/AML screening and tax integrity)
- k) Proposed securitisation structure and feasibility

Existing Portfolio to be securitised

- a) Proposed existing portfolio characteristics (e.g. granularity, diversification, credit quality, duration, type of assets)
- b) Relevant rating systems, risk assessment tools and associated back-testing/review exercises
- c) Credit performance track record

When making selection decisions the EIF will consider, inter alia, the impact of the application on the geographical distribution, the target mobilised resources and the risk profile of the Facility. The EIF will aim at the appropriate composition of the relevant product(s) aggregate Synthetic Securitisation portfolio of operations, including composition between FLPs and Mezzanines, adequate credit risk profile, granularity and diversification of the overall Facility. The type of the securitised assets will be part of the assessment under the selection process¹⁰. The credit risk contribution of the proposed Operation to the Facility shall be confirmed based on the results of the due diligence.

Assessment criteria for policy fit: the new portfolio implementation

- a) Experience and ability of the Applicant to finance, or facilitate finance to, SMEs under the new portfolio, in light of the proposed volumes and within a predefined timeframe. This shall be assessed by the EIF based inter alia on: track record of lending to final beneficiaries, including in managing operations supported by the EIF, and the business plan for building a Portfolio;
- b) Quality and plausibility of the implementation proposal, with particular focus on the implementation, marketing and rollout strategy, previous experience working with international financial institutions, etc;
- c) Ability to manage the additional portfolio, particularly with regards to the capital redeployment test and the transfer of financial advantage

7. Language and signing process

The Expression of Interest shall be prepared in English.

Financial Intermediaries acknowledge that they may be requested to use a digital signature for the purpose of signing the Agreement.

8. Publishing of information on the Financial Intermediaries

The EIF and EIB may publish on their websites the list of Financial Intermediaries with which the EIF concluded an Agreement under EGF, a list of the Financial Intermediaries invested in, and a list of final beneficiaries thereunder as further specified in the respective Indicative Term Sheets.

For the avoidance of doubt, EIF may publish on their website or on any EGF related website, information relating to the approval of the relevant operation by the EIF, in line with and subject to the provisions of the Terms of Confidentiality.

¹⁰ Preference will be given to financing to enterprises (term loans, leasing contracts and credit facilities to SMEs, Small Mid-Caps and Mid-Caps) as part of the securitized portfolio. Auto loans and consumer loans may also be securitized.