

ANNEX 2 to the Call for Expression of Interest No JER-009/2

First Loss Portfolio Guarantee Financial Instrument: Description and Selection Criteria

Part I: Description of the Financial Instrument

Capitalised expressions utilised herein shall have the meaning attributed to them in the above mentioned Call for Expression of Interest.

1 Rationale

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

The objective of the Financial Instrument is to enhance SME access to finance by:

- i) primarily reducing interest rate, including risk related margin; and
- ii) reducing collateral levels.

2 Presentation of the Financial Instrument

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

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

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

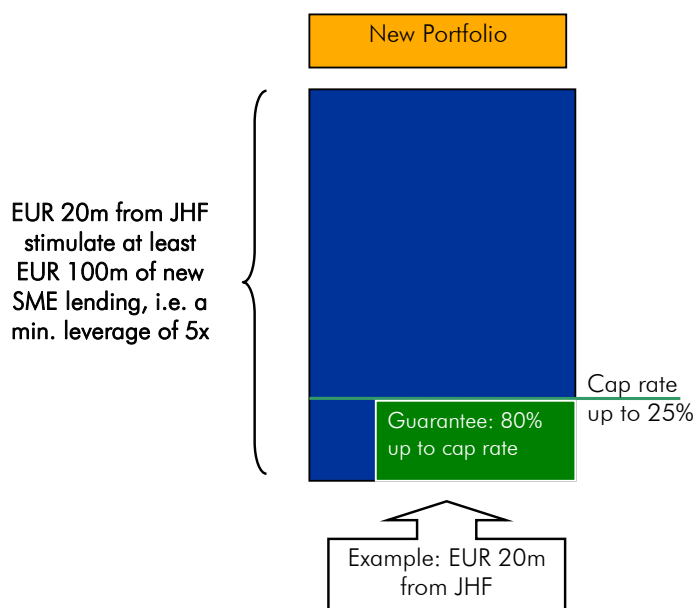
The origination, due diligence, documentation and servicing of the SME Transactions shall be performed by the Financial Intermediary in accordance with its standard origination and servicing procedures.

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

SME Transactions (according to pre-defined eligibility criteria on a transaction-by-transaction and portfolio level) will be automatically covered, by way of submitting inclusion notices on a quarterly basis.

No Guarantee Fee will be payable by the Financial Intermediary to EIF.

3 The Financial Instrument – example transaction



4 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.

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

Structure	First loss portfolio capped direct financial guarantee providing credit risk coverage on a case by case basis for the creation of a portfolio of eligible SME Transactions. The Guarantee shall cover losses incurred by the Financial Intermediary in respect of each defaulted eligible SME Transaction in accordance with the Guarantee Rate. Losses covered by the Guarantee in respect of the Portfolio of eligible SME Transactions shall in aggregate not exceed the Cap Amount agreed in the Guarantee Agreement between EIF and the relevant Financial Intermediary. The credit risk retained by the Financial Intermediary shall be 20% of the Portfolio (on a <i>pari passu</i> basis with EIF) and shall not be covered by any third parties other than collateral from borrower.
Governing law and language	The terms of the Guarantee Agreement shall be in the English language and the Guarantee Agreement shall be governed by the laws of England.
Guarantee Currency	The Cap Amount shall be expressed in EUR. All amounts to be paid by or to EIF under the Guarantee will be paid in EUR.
Availability Period	Typically 24 months from the date of signature of the Guarantee

	<p>Agreement. The Availability Period will be deemed to be terminated (unless otherwise decided by EIF) if halfway through the Availability Period the Actual Volume does not exceed 30% of the Agreed Portfolio Volume.</p> <p>During Availability Period, SME Transactions may be included by the Financial Intermediary in the Portfolio for cover. Such inclusion of SME Transactions shall occur automatically upon receipt by EIF of an inclusion notice submitted by the Financial Intermediary on a quarterly basis.</p> <p>For the avoidance of doubt the SME Transactions so included shall be deemed to be covered by the Guarantee from the date of the signature of such SME Transactions.</p> <p>The underlying SME Transactions to be covered by the Guarantee shall be:</p> <p>(i) SME Transactions entered into within the Availability Period; or</p> <p>(ii) SME Transactions not entered into before the end of the Availability Period but approved during the Availability Period and in respect of which amounts have been drawn for the first time by SMEs within 6 months from the end of the Availability Period.</p>
Agreed Portfolio Volume	The maximum aggregate amount of newly originated eligible SME Transactions to be covered by the Financial Instrument, as agreed in the Guarantee Agreement.
Actual Portfolio Volume	<p>The aggregate amount of the principal committed to be available under newly originated eligible SME Transactions included in the Portfolio from time to time, provided that, for the avoidance of doubt:</p> <p>i) if any eligible SME Transaction is prepaid and/or repaid, then this shall not reduce the Actual Portfolio Volume; and</p> <p>ii) if an SME Transaction is excluded from the Portfolio as a result of the exclusion process described below, then such SME Transaction shall not be taken into account for the calculation of the Actual Portfolio Volume.</p> <p>iii) The Actual Portfolio Volume may in no circumstances exceed the Agreed Portfolio Volume.</p>
Guarantee Rate	The Guarantee Rate shall be 80% of each loss in relation to an eligible SME Transaction covered by the Guarantee.
Guarantee Cap Rate	<p>A percentage of the Actual Portfolio Volume.</p> <p>The Guarantee Cap Rate shall be up to 25%.</p>
Cap Amount	Expressed in Euro amount, set in the Guarantee Agreement, at which the obligation to pay under the Guarantee is capped, which is the maximum liability under the Guarantee and is calculated on the portfolio basis as the product of the i) lower of the Actual Portfolio Volume and the Agreed Portfolio Volume, ii) the Guarantee Rate, iii) the Guarantee Cap Rate, and iv) the Disbursement Ratio.
Disbursement Ratio	At a given time, the ratio, expressed as a percentage, equal to the quotient of: (i) the sum of the disbursed principal amounts relating to all eligible SME Transactions included in the Portfolio at such time and (ii) the Actual

	Portfolio Volume at such time.
Leverage	Defined as the product of (1 divided by the Guarantee Rate) and (1 divided by the Guarantee Cap Rate). The Leverage cannot be lower than 5.
Guarantee Cover	<p>The Guarantee covers Losses incurred by the Financial Intermediary meaning:</p> <p>i) Principal and/or interest amounts (excluding default interest and capitalised interest, fees and other costs and expenses) due, payable and outstanding following occurrence of either eligible SME Transaction Default or eligible SME Transaction acceleration provided that if the relevant eligible SME Transaction has not been accelerated after 90 days following the relevant eligible SME Transaction Default any interest accruing after that time would not be covered; and</p> <p>ii) Any reduction in principal and/or interest amounts (but excluding other amounts) payable as a result of the restructuring of eligible SME Transaction.</p> <p>The EIF will rank pari passu with Financial Intermediaries with respect to loss recoveries, as further described in "Servicing and Loss Recoveries" below.</p>
Default definition (applicable to Eligible Transactions)	Default definition in line with the Capital Requirements Directive.
Guarantee Payment	Following the occurrence of a Loss on eligible SME Transactions and subject to receiving valid payment demands, EIF shall make guarantee payments under the Guarantee within 60 calendar days of the relevant Report Date.
Events of Default under the Guarantee	Standard events of default (typically: failure to pay, breach of agreement, repudiation, illegality and bankruptcy). The occurrence of an event of default, if it has not been remedied within the relevant grace period (if any) may result in the termination of the Guarantee Agreement (such event, an " Early Termination "). Upon Early Termination all amounts due by the EIF and/or Financial Intermediary would be calculated in accordance with the terms of the Guarantee Agreement as if the Report Date were the Early Termination Date.

Guarantee Fee

Guarantee Fee Amount and Percentage	No Guarantee Fee will be payable by the Financial Intermediary to EIF.
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Eligible SMEs and Eligibility Criteria

Eligible SMEs	Micro, small or medium-sized enterprises as defined in the Commission Recommendation 2003/361/EC (OJ L124, 20.05.2003, p. 36), ("SME").
Eligibility Criteria	SME Transactions shall comply, inter alia, with the following criteria. All the

Eligibility Criteria shall be met at all times except the SME Criteria i)-iii) which shall only be met at the date of the document evidencing the relevant SME Transaction.

SME Criteria

- i) Eligible SME: the SME shall be an Eligible SME;
- ii) Firm in Difficulty: the SME shall not be a “firm in difficulty” as these are defined in the Article 2.1 of the Community guidelines on State aid for rescuing and restructuring firms in difficulty (OJ C 244, 1.10.2004, p. 2.), as amended, restated, supplemented and/or substituted from time to time;
- iii) Restricted Sectors: the SME shall not have a substantial focus on one or more Restricted Sectors (which determination shall be made by the Intermediary in its discretion based, without limitation, on the proportionate importance of such sector on revenues, turnover or client base of the relevant SME);
- iv) The SME shall be established and operating in Bulgaria.

SME Transaction Criteria

- i) Origination period: newly originated SME Transaction either (i) entered into by the Financial Intermediary during the Availability Period or (ii) approved during the Availability Period and in respect of which amounts have been drawdown for the first time by SMEs within 6 months from the end of the Availability Period; re-financing of an existing SME Transaction is not allowed, unless at its maturity;
- ii) Purpose of financing which could form eligible SME Transactions: purchase of tangible assets, including raw materials and stocks; investments in intangible assets. Working capital SME Transactions shall be ancillary (and linked) to investment projects towards which a Financial Intermediary grants an investment SME Transaction. Any increase in the demand for working capital should be evident from the business plan;
- iii) Excluded undertakings: the SME Transaction shall provide funding only for activities which do not relate to one or more Excluded Undertakings;
- iv) Utilisation: utilised within Bulgaria;
- v) Fixed repayment schedule (i.e. credit lines are not eligible);
- vi) Repayment schedule: amortising and bullet;
- vii) Maturity: minimum 12 months and maximum of 72 months including the relevant grace period (if any) but not longer than 6 months before the termination date of the Guarantee;
- viii) SME Transactions shall (X) not receive any assistance under any operational programme (as defined in the Council Regulation) other than the Operational Programme; (Y) be the only

	<p>assistance received from a financial instrument financed by the Union (other than the Funds), and (Z) not be financed by public funds provided by the national authorities or national guarantee funds;</p> <p>ix) Currency: EUR and BGN;</p> <p>SME Portfolio Criteria</p> <p>i) the sum of initial principal amounts of all eligible SME Transactions entered into with a single Eligible SME shall not account in the Portfolio for more than 2% of the Agreed Portfolio Volume but in no case greater than “de minimis” amount (i.e. EUR 1.5 million per undertaking or EUR 750 000 per undertaking active in the road transport sector divided by the Guarantee Rate);</p> <p>ii) the sum of initial principal amounts of all Eligible Transactions forming part of a single industry sector (expressed by NACE code – Rev.2. Division) shall not account for more than 20% of the Agreed Portfolio Volume;</p> <p>Each industry sector by NACE Rev.2 shall not represent more than 20% of the Agreed Portfolio Volume.</p> <p>Eligible SMEs could potentially benefit more than once from a guarantee cover, provided that the criteria related to the maximum obligor concentration above are met.</p> <p>In accordance with Art. 2(5) of the Commission Regulation (EC) No 1998/2006 de minimis aid shall not be cumulated with State aid in respect of the same eligible costs if such cumulation would result in an aid intensity exceeding that fixed in the specific circumstances of each case by a block exemption Regulation or Decision adopted by the Commission.</p>
<p>Restricted Sectors</p>	<p>i) Illegal Economic Activities</p> <p>Any production, trade or other activity, which is illegal under the laws or regulations of the home jurisdiction for such production, trade or activity.</p> <p>Human cloning; for reproduction purposes is considered an Illegal Economic Activity in the context of these Guidelines.</p> <p>ii) Tobacco and Distilled Alcoholic Beverages</p> <p>The production of and trade in tobacco and distilled alcoholic beverages and related products.</p> <p>iii) Production of and Trade in Weapons and Ammunition</p> <p>The financing of the production of and trade in weapons and ammunition of any kind. This restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies.</p> <p>iv) Casinos</p> <p>Casinos and equivalent enterprises.</p>

	<p>v) IT Sector Restrictions</p> <p>Research, development or technical applications relating to electronic data programs or solutions, which</p> <p>(a.) aim specifically at:</p> <p>(i) supporting any activity included in the EIF Restricted Sectors referred to under 2. i to iv above;</p> <p>(ii) internet gambling and online casinos; or</p> <p>(iii) pornography,</p> <p>or which</p> <p>(b.) are intended to enable to illegally</p> <p>(a) enter into electronic data networks; or</p> <p>(b) download electronic data.</p> <p>vi) Life Science Sector Restrictions</p> <p>When providing support to the financing of the research, development or technical applications relating to (i) human cloning for research or therapeutic purposes; or (ii) Genetically Modified Organisms (“GMOs”), EIF will require from the EIF counterpart appropriate specific assurance on the control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.</p>
Excluded Undertakings	<p>Subject to State Aid Regulations or Structural Funds Provisions, the following sectors, without limitation, are excluded:</p> <p>a. Undertakings active in the fishery and aquaculture sectors, as covered by Council Regulation (EC) No 104/2000 of 17 December 1999 on the common organisation of the markets in fishery and aquaculture products;</p> <p>b. Undertakings active in the primary production of agricultural products, as listed in Annex I to the Treaty on the functioning of the European Community;</p> <p>c. Additional excluded sectors presented in Article 1 (c-g) of the Commission Regulation (EC) No 1998/2006 (De Minimis Regulation).</p>
Irregularity	<p>“Irregularity” means the infringement of a provision of European Union law resulting from an act or omission by the Financial Intermediary and/or a SME which is the borrower of an SME Transaction which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.</p>
Exclusion Process	<p>At any time EIF shall have the right (but not the obligation) to verify whether a SME Transaction complies with the Eligibility Criteria.</p> <p>If EIF considers that an SME Transaction does not comply with such Eligibility Criteria or any undertakings, requirements or requests, or if it becomes unlawful for the Guarantee to cover an SME Transaction, EIF may</p>

	exclude such SME Transaction from the Portfolio. As a result, such excluded SME Transaction shall not be taken into account for the purposes of calculating the Actual Portfolio Volume.
Right of Clawback by EIF	EIF will be entitled to be repaid by the Financial Intermediary certain amounts in specified circumstances, including any amounts paid by EIF in excess of the Guarantee Cap Amount, any excess amount paid by EIF as a result of an exclusion of a transaction of the Portfolio or any amount payable by the Financial Intermediary as a result of fraud or illegality.
Adjustment of the Actual Portfolio Volume	<p>In respect of each eligible SME Transaction included in the Portfolio, if on the date which is (such date, the “Adjustment Date”):</p> <ol style="list-style-type: none"> 1. the end of a disbursement period when amounts are available for utilisation by an Eligible SME, 2. the date <p>on which commitment made available for utilisation under Eligible Transaction is cancelled,</p> <p>but in no case no later than 31 December 2015, the committed amount of principal has not been fully drawn by an Eligible SME, the Actual Portfolio Volume shall be adjusted to reflect the actual amount of principal drawn by the relevant SME. The Financial Intermediary shall reflect any such adjustment in the Report immediately following such Adjustment Date.</p> <p>If the Actual Portfolio Volume is adjusted as described above, the Financial Intermediary may include further eligible SME Transactions in the Portfolio up to and to extent that the Actual Portfolio Volume does not exceed the Agreed Portfolio Volume and if such inclusions are made, at the latest, in the Report due by 31 January 2016.</p> <p>If amounts are drawn under an eligible SME Transaction after the Adjustment Date and the Financial Intermediary suffers a loss after such date, the amount of such loss covered by the Guarantee shall be covered pro-rata to the principal disbursed before 31 December 2015.</p>
Guarantee Final Termination Date	The Guarantee will terminate on the earlier of: (i) six months following the Latest SME Transaction Maturity Date; (ii) the date on which an Early Termination (if any) has occurred and (iii) the date (if any) on which the EIF is no longer liable to effect further payments to the Financial Intermediary and has no further claims under the Guarantee.

SME Transactions conditions

Latest SME Transaction Maturity Date	Means the latest day on which eligible SME Transaction(s) included in the Portfolio are scheduled to be repaid by the relevant SME in accordance with the scheduled repayment provisions of the documentation governing such SME Transactions agreements.
Pricing and collateral requirements for	Eligible SME Transactions shall be extended to the Eligible SMEs on the basis of the pricing and collateral policy submitted by the selected

<p>Eligible Transactions</p>	<p>Financial Intermediary under the Expression of Interest.</p> <p>Note for collateral policy: The collateral policy submitted by the Financial Intermediaries under the Expression of Interest shall take into consideration the risk coverage provided by the Guarantee.</p> <p>Note for pricing policy: When submitting their proposed pricing policy, the Financial Intermediaries should take into consideration that the Guarantee will cover 80% of the risk exposure of each eligible SME Transaction (up to the Cap Rate).</p>
<p>Servicing and Loss Recoveries</p>	<p>The Financial Intermediary shall perform the servicing of the Portfolio, including monitoring and recovery actions.</p> <p>The Financial Intermediary shall enforce any security in relation to each defaulted eligible SME Transaction in accordance with its internal guidelines and procedures.</p> <p>Loss Recoveries, net of recovery costs (if any), recovered or received by the Financial Intermediary in respect of the Loss shall be shared pro-rata between EIF and the Financial Intermediary according to the Guarantee Rate.</p> <p>EIF shall be entitled to its portion of the Loss Recovery up to the date on which the Financial Intermediary, acting in good faith and in commercially reasonable manner determines in accordance with its internal guidelines and recovery procedures that the recovery period for the relevant defaulted eligible SME Transactions shall be terminated.</p>

Miscellaneous

<p>Reporting</p>	<p>Financial Intermediaries shall provide EIF, typically within 30 calendar days after the end of each calendar quarter (the “Report Date”) with quarterly information in a standardised form, including among others, information on the SMEs covered by the Guarantee, new eligible SME Transactions provided, eligible SME Transaction amounts outstanding (the “Report”).</p> <p>An indicative reporting template may be submitted by EIF on request.</p> <p>Regular controls and verifications will be performed by EIF in order to ensure compliance with the specifications and provisions of this Guarantee.</p>
<p>State Aid requirements</p>	<p>Financial Intermediaries shall be responsible for ensuring that eligible SME Transactions originated respect the provisions of the Commission Regulation (EC) No 1998/2006 (De Minimis Regulation), implemented in Bulgaria after prior positive opinion for the compliance with state aid rules of the Minister of Finance. In this context, they shall be responsible, inter alia, for the calculation of the Gross Grant Equivalent (“GGE”) and also for following the appropriate monitoring procedure as this is stipulated in the Commission Regulation (EC) No 1998/2006 (De Minimis Regulation), article 3.</p>
<p>Monitoring and Audit</p>	<p>Financial Intermediaries and the relevant SMEs covered by the Guarantee shall agree to allow and to provide access to documents and premises</p>

	<p>related to the relevant Guarantee for the representatives of the Government of Bulgaria, the European Commission (including the European Anti-Fraud Office (OLAF)), the European Court of Auditors, EIF and any other authorised bodies duly empowered by applicable law to carry out audit and/or control activities. To that effect, the Financial Intermediaries shall also include appropriate provisions in each agreement with the SMEs.</p>
<p>Publicity</p>	<p>Financial Intermediaries, in line with applicable law and Structural Funds publicity provisions, and Reg. 1828/2006, shall carry out adequate marketing and publicity campaigns - as specified in the Guarantee Agreement - aimed at making the JEREMIE initiative known to the SMEs in Bulgaria.</p> <p>In particular, the selected Financial Intermediary 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 First Loss Portfolio Guarantee"); • Promote JEREMIE and the Guarantee through its website; • Make available promotional leaflets in all branches promoting this Guarantee; • All documents concerning this Guarantee, including amongst others, loan applications, SME loan or lease agreements, promotional material to the SMEs, etc, will contain a statement mentioning that the SME Transaction was made possible with the support of the European Regional Development Fund (ERDF) and also national resources. Appropriate text and logos is envisaged to be provided to the selected Financial Intermediary during the phase of contractual negotiations; • Financial benefit: The financial benefit made possible due to JEREMIE's participation should be identified at the time of signature of the SME Transaction contract and formally communicated to the SME. The financial benefit offered should also be used as a marketing tool from the Financial Intermediary.
<p>Additional Structural Fund requirements</p>	<p>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 been presented in this document. It should be noted, however, that more detailed information on actions necessary to ensure compliance of operations linked to this Financial Instrument with all structural funds requirements (e.g. retention of documents, environmental protection, equality and non discrimination) will be provided to, and discussed with, the selected Financial Intermediary during the contractual negotiations process.</p> <p>This Financial Instrument is further subject to additional national structural funds requirements. National structural funds requirements may apply, inter alia, to any amendment of the Guarantee Agreements which may in particular be necessary if the purpose, objective, eligibility conditions, timeframe of, or the budget for, the Financial Instrument changes. Save as otherwise provided under relevant law, such changes in the Financial</p>

	Instrument would only apply as of the date of implementation of the additional requirements.
Transfer	Neither EIF nor the Financial Intermediary shall be entitled to transfer any or all of its rights and obligations under the Guarantee without the consent of the other party, provided that EIF shall in the event that the Funding Agreement is terminated (for any reason whatsoever) be entitled at any time to transfer all or part of its rights and obligations under the Guarantee to any person. Appropriate arrangements will be put in place for these purposes.

Part II: Selection Criteria for the First Loss Portfolio Guarantee Financial Instrument

1. ELIGIBILITY CRITERIA		System of appraisal
		Yes/ No
1.1.	<p>Credit institution authorised to carry out business in Bulgaria under the applicable regulatory framework.</p> <p>To be noted that joint ventures and also consortiums can express their interest as long as they indicate/nominate one coordinating entity as a contractual counterpart for the EIF for the entire term of the Guarantee Agreement (in case of selection). Such Applicants are required to submit one, joint Expression of Interest.</p>	
1.2.	Ability to deliver nationwide geographical coverage in Bulgaria.	
1.3.	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).	
1.4.	The Expression of Interest is duly signed.	
1.5.	The Expression of Interest is completed and submitted in English.	
1.6.	The Expression of Interest is submitted both by registered mail and e-mail.	
1.7.	The Expression of Interest is submitted within the Deadline.	
1.8.	The Expression of Interest addresses all the items of the Financial Instrument, including any special conditions set out in the relevant parts of the Financial Instrument description (Part I of this Annex).	

2.	QUALITY ASSESSMENT CRITERIA	Max. score
2.1.	<p>Project Relevance, Quality and Coherence</p> <p>2.1.1. General implementation strategy (promotion of the Financial Instrument regionally and nationwide, lending volume, number of SMEs to be assisted).</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.</p> <ul style="list-style-type: none"> o of which offer related to the proposed collateral, interest rate and risk margin (maximum risk margins will be compared) – table 2 presented in Appendix 2; o of which offer related to the proposed fees – table 3 presented in Appendix 2. <p>2.1.3. General quality of the project proposal submitted under the Expression of Interest.</p>	<p>45, of which:</p> <p>10</p> <p>30</p> <p>5</p>
2.2.	<p>Project Maturity</p> <p>In case of externally rated Financial Intermediaries, actual external rating by at least one of the recognized rating agencies.</p> <p>In case of all Financial Intermediaries, a preliminary assessment of the financial standing and credit worthiness of the Financial Intermediaries will be performed on the basis of key financial ratios calculated from the audited financial statements submitted, including but not limited to capital adequacy, provisions and liquidity.</p>	<p>10</p>
2.3.	<p>Project Sustainability</p> <p>Financial Intermediary’s organisational structure and corporate governance.</p> <p>Administrative capacity of the Financial Intermediary: quality of IT systems, reporting mechanisms, monitoring procedures and controls.</p> <p>Financial Intermediary’s portfolio servicing capabilities and overall ability to comply with the Financial Instrument’s reporting and monitoring requirements.</p>	<p>20</p>
2.4.	<p>Institutional Capacity</p> <p>Capability to build up the Portfolio of eligible SME Transactions.</p> <p>Financial Intermediary’s credit policy (internal procedures and guidelines), origination, risk assessment (rating/scoring), loan and/or financial lease approval procedures, collateral requirement, recovery procedures etc.</p> <p>Quality of its existing SME portfolio and the rate of non-performing SME Transactions.</p>	<p>25</p>