



ANNEX 2 to the Call for Expression of Interest No JER-005/1

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 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 primarily:

- i) 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 (the "**Financial Intermediary**"). It shall partly cover the credit risk associated to underlying, newly extended loans 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 70%, 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.

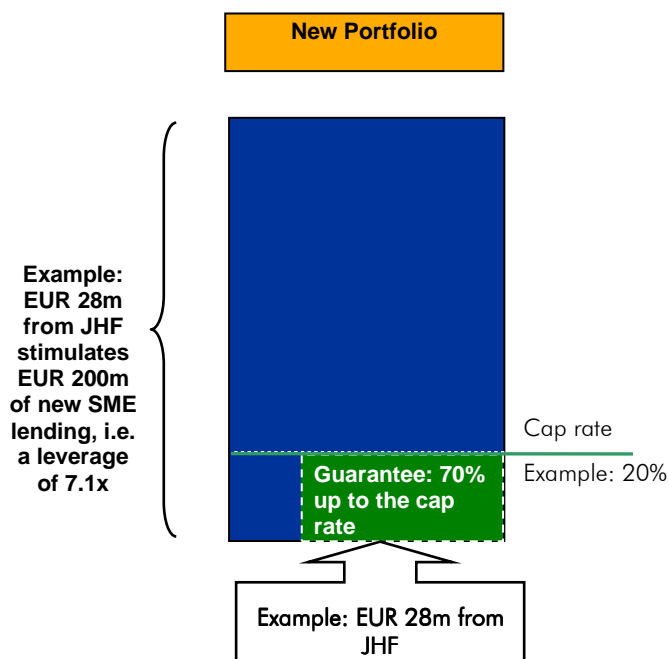
The origination, due diligence, documentation and servicing of the SME Transactions shall be performed by the Financial Intermediary in accordance with its standard origination and servicing procedures.

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

SME Transactions (according to pre-defined eligibility criteria on a loan-by-loan and portfolio basis) will be automatically covered, by way of submitting inclusion notices on a quarterly basis until the end of the relevant inclusion period.

The Guarantee Fee will be set as a one-off upfront fee at 1% of each SME loan commitment times the Guarantee Rate.

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 loan by loan 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 (the “ Guarantee Agreement ”) between EIF and the relevant Financial Intermediary. The credit risk retained by the Financial Intermediary shall be at least 20% of the Portfolio (on a <i>pari passu</i> basis with EIF).
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 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 Volume.

	<p>During the 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 until the end of the relevant inclusion period.</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 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 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 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 Volume.</p> <p>iii) The Actual Volume may in no circumstances exceed the Agreed Volume.</p>
Guarantee Rate	The Guarantee Rate shall be 70% of each loss covered by the Guarantee.
Guarantee Cap Rate	<p>A percentage of the Actual 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 Volume and the Agreed 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 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 4.

Guarantee cover	<p>The Guarantee covers losses incurred by the Financial Intermediary where Losses mean:</p> <p>i) Principal and/or interest amounts (excluding default interest, capitalised interest, fees and other costs and expenses) due, payable and outstanding following occurrence of either an eligible SME Transaction Default or an eligible SME Transaction acceleration provided that if such SME Transaction has not been accelerated after 90 days following the relevant eligible SME Transaction Default any interest that would be payable after that time shall not be covered; and</p> <p>ii) Any reduction in principal and/or interest amounts (excluding default interest, capitalised interest, fees and other costs and expenses) payable as a result of the restructuring of an eligible SME Transaction.</p> <p>The EIF will rank pari passu with Financial Intermediaries with respect to recoveries as further described in "Servicing and Loss Recoveries" below.</p>
SME Transaction Default	SME Transaction Default definition in line with the Capital Requirements Directive.
Payment Demand Period	<p>Payment Demands shall only be valid if they are (with respect to a Loss incurred in relation to a eligible SME Transaction during a calendar quarter) sent on any day during the month following such calendar quarter (or if not sent during such period, during any subsequent period of one month following a calendar quarter).</p> <p>In no case may a payment demand be made after the three months period following the Latest SME Transaction Maturity Date (as defined below).</p>
Guarantee Payment Date	Following the occurrence of a Loss on one or more 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	<p>The Guarantee Fee Amount will be expressed in EUR and payable by the Financial Intermediary, with respect to each SME Transaction included in the Portfolio, on a periodic (typically quarterly) basis as a one-off upfront guarantee fee calculated as the product of: i) the Guarantee Fee Percentage and ii) the sum of the committed principal amounts of all eligible SME Transactions at the time of their initial signing during the calendar quarter and iii) the Guarantee Rate.</p> <p>The Financial Intermediary shall undertake in the Guarantee Agreement to</p>
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	<p>disclose, in the documentation governing each SME Transaction entered into between the Financial Intermediary and the SME, the existence and the modalities of payment of the Guarantee Fee (including the Guarantee Fee Percentage).</p> <p>The Guarantee Fee Percentage is equal to 1%.</p> <p>It has been established in order to facilitate access to finance by the SMEs covered by the Guarantee, and the <i>De Minimis</i> Regulation will apply.</p> <p>The Guarantee Fee is non refundable.</p> <p>However, if the Financial Intermediary becomes aware that one or more SME Transactions are non eligible SME Transactions and, by not later than one month immediately following the date on which such SME Transaction was included in the Portfolio, causes such non eligible SME Transaction(s) to be removed from the Portfolio, then the Guarantor shall repay the portion of the Guarantee Fee which relates to such excluded SME Transaction.</p>
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Eligible SMEs and Eligibility Criteria

Eligible SMEs	Micro, small or medium-sized enterprises ("SMEs") as defined in the Commission Recommendation 2003/361/EC (OJ L124, 20.05.2003, p. 36).
Eligibility Criteria	<p>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) and SME Transaction Criteria vii b) which shall only be met at the date of the document evidencing the relevant SME Transaction.</p> <p>SME Criteria</p> <ul style="list-style-type: none"> 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 Financial 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 Slovakia. <p>SME Transaction Criteria</p> <ul style="list-style-type: none"> i) Origination period: newly originated SME Transactions either (i)

	<p>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;</p> <p>ii) Purpose of financing: (1) investment in tangible and intangible assets and (2) working capital related to development or expansion activities that are ancillary (and linked) to activities referred to in (1) above, and/or (3) working capital related to development or expansion activities;</p> <p>iii) Excluded undertakings: the SME Transaction shall provide funding only for activities which do not relate to one or more Excluded Undertakings (as defined below);</p> <p>iv) Utilisation (based on location of the investment): utilised within the following 7 (NUTS 3 level) regions: Trnava Region, Trenčín Region, Nitra Region, Žilina Region, Banská Bystrica Region, Prešov Region, Košice Region;</p> <p>v) Fixed repayment schedule (which, for the avoidance of doubt, shall exclude any revolving facility);</p> <p>vi) Repayment schedule: amortising and bullet;</p> <p>vii) Maturity of, typically:</p> <ul style="list-style-type: none"> a) minimum of 12 months and b) maximum of 120 months including the relevant grace period if any; <p>viii) SME Transactions shall (X) not receive any assistance under any operational programme (as defined in the Council Regulation) other than the Operational Programme and (Y) be the only assistance received from a financial instrument financed by the Union (other than the Funds);</p> <p>ix) Currency: EUR.</p> <p>SME Portfolio Criteria</p> <p>Concentration limits:</p> <p>ii) 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 Volume but, in case De Minimis Regulation is applied, not greater than “de minimis” amount (i.e. EUR 1,5 million divided by the Guarantee Rate or EUR 750 000 divided by the Guarantee Rate if undertaking is active in the road transport sector);</p> <p>iii) the sum of initial principal amounts of all eligible SME 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 Volume;</p>
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	<p>iv) other concentration limits (e.g. lowest rating concentration), as determined by EIF on a case by case basis.</p>
Restricted Sectors	<p>a. Illegal Economic Activities Any production, trade or other activity, which is illegal under the laws or regulations of the home jurisdiction for such production, trade or activity. Human cloning for reproduction purposes is considered an Illegal Economic Activity in the context of these Guidelines.</p> <p>b. Tobacco and Distilled Alcoholic Beverages The production of and trade in tobacco and distilled alcoholic beverages and related products.</p> <p>c. Production of and Trade in Weapons and Ammunition 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>d. Casinos Casinos and equivalent enterprises.</p> <p>e. IT Sector Restrictions Research, development or technical applications relating to electronic data programs or solutions, which</p> <p>(i) aim specifically at:</p> <p>(a) supporting any activity included in the EIF Restricted Sectors referred to under a to d above;</p> <p>(b) internet gambling and online casinos; or</p> <p>(c) pornography,</p> <p>or which</p> <p>(ii) are intended to enable to illegally</p> <p>(a) enter into electronic data networks; or</p> <p>(b) download electronic data.</p> <p>f. Life Science Sector Restrictions 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, shall also be excluded:</p> <p>a. Undertakings active in the fishery and aquaculture sectors, as covered by Council Regulation (EC) No 104/2000;</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>Additional excluded sectors presented in Article 1 (c-g) of the <i>De Minimis</i> 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</p>

	by charging an unjustified item of expenditure to the general budget.
Exclusion Process	<p>At any time, EIF may (but shall not be obliged to) verify whether an SME Transaction included in the Portfolio is an eligible SME Transaction and whether its inclusion in the Portfolio is in compliance with the terms of the Guarantee.</p> <p>If an Intermediary becomes aware that an SME Transaction is or becomes a non eligible SME Transaction or any other undertakings, requirements or requests of the Guarantee are not complied with or satisfied in connection with such SME Transaction the Financial Intermediary shall include such information in the immediately following Report delivered to the EIF.</p> <p>If an SME Transaction does not comply with Eligibility Criteria it shall be deemed to be excluded from the Portfolio as of the date on which it became a non eligible Transaction.</p> <p>However if an eligible SME Transaction becomes a non eligible SME Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary after a payment demand relating to such SME Transaction was served by the Financial Intermediary to the EIF such transaction shall be deemed to be covered by the Guarantee.</p> <p>Similarly if an eligible SME Transaction becomes a non eligible SME Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary but before a payment demand relating to such SME Transaction was served by the Financial Intermediary to the EIF, then such SME Transaction shall be deemed to be covered by the Guarantee if the Financial Intermediary accelerated payment of all amounts owed to it under such SME Transaction no later than on the Report Date immediately following the date on which it became aware of the same. However if the Financial Intermediary does not proceed to the acceleration of such SME Transaction within the timeframe specified above then this SME Transaction shall be excluded from the Portfolio.</p> <p>The Actual Volume shall be adjusted downwards following an exclusion from the Portfolio by the aggregate committed principal amount of the SME Transactions so excluded.</p>
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 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 on which commitment made available for utilisation under eligible SME Transaction is cancelled, <p>but in no case no later than 31 December 2015, the committed amount of</p>

	<p>principal has not been fully drawn by an Eligible SME the Actual 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 Volume is adjusted pursuant to this section or section Exclusion Process as described above (the amount of reduction of the Actual Volume, the "Adjusted Portion"), the Financial Intermediary may include one or more further eligible SME Transactions in the Portfolio up to the aggregate of Adjusted Portions and to extent that the Actual Volume does not exceed the Agreed 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 31 December 2015 and the Financial Intermediary suffers a loss after that date, the Guarantee will not cover such amounts.</p>
Guarantee Final Termination Date	<p>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 EIF is no longer liable to effect further payments to the Financial Intermediary and has no further claims under the Guarantee.</p>

SME Transaction conditions

Latest SME Transaction Maturity Date	<p>Means the earlier of (X) the latest day on which an SME Transaction included in the Portfolio is scheduled to be repaid by the relevant SME in accordance with the scheduled repayment provisions of the documentation governing such SME Transaction (including as a result of any amendment to the terms of such SME Transaction) and (Y) the date which is the maximum SME Transaction maturity following the last day of the Availability Period.</p>
Pricing and collateral requirements for eligible SME Transactions	<p>Eligible SME Transactions shall be extended to the Eligible SMEs on the basis of the pricing and collateral policy submitted by the selected 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 the Guarantee Rate of the risk exposure of each eligible SME Transaction (up to the Cap Rate).</p> <p>The Guarantee Fee charged by EIF shall be added to the pricing proposal submitted by the selected Financial Intermediary.</p>
Servicing and Loss Recoveries	<p>The Financial Intermediary shall perform the servicing of the Portfolio, including monitoring and recovery actions.</p> <p>The Financial Intermediary shall take recovering actions (including the enforcement of 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</p>

	<p>Financial Intermediary in respect of the Loss shall be shared between EIF and the Financial Intermediary pro rata 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>
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Miscellaneous

Management Fee	None
Reporting	<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 made available by EIF upon 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>
State Aid requirements	<p>Financial Intermediaries shall be responsible for ensuring that eligible SME Transactions originated respect the provisions of the De Minimis Regulation, implemented through the State aid scheme no. DM-1/2011 published in the Commercial Gazette ("Obchodný vestník") no. 154/2011 on 10 August 2011 (https://portal.justice.sk/PortalApp/ObchodnyVestnik/Formular/FormularDetail.aspx?IdFormular=32340), in accordance with the State aid assessment performed by the responsible authorities in Slovakia. 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 De Minimis Regulation, article 3.</p>
Monitoring and Audit	<p>Financial Intermediaries and the relevant SMEs covered by the Guarantee shall agree to allow and to provide access to documents and premises related to the relevant Guarantee for the representatives of the Ministries, 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>
Compliance with Laws	<p>Financial Intermediary shall comply in all respects with all laws (whether national laws or laws of the European Union) to which it may be subject (including, but not limited to, the EU structural funds regulations) the breach of which may (i) adversely impact the performance of the Guarantee Agreement or (ii) adversely prejudice the interests of, inter alia, the Guarantor, the Commission and the National Authorities under the Agreement.</p> <p>The Intermediary shall include in the documentation applicable to each eligible SME Transaction included in the Portfolio, representations, warranties and undertakings from the SME for the purpose of ensuring that each such eligible</p>

	SME Transaction shall comply with the Eligibility Criteria above.
Publicity	<p>Financial Intermediaries, in line with applicable law and Structural Funds publicity provisions, 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 the following 7 (NUTS 3 level) regions: Trnava Region, Trenčín Region, Nitra Region, Žilina Region, Banská Bystrica Region, Prešov Region, Košice Region.</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.
Additional Structural Fund requirements	<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 being 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 Agreement 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 Instrument would only apply as of the date of implementation in the Guarantee Agreement of the additional requirements.</p>
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 Agreements by which EIF was appointed as the entity establishing and operating the JHF are 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.
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Part II: Selection Criteria for the First Loss Portfolio Guarantee Financial Instrument

1. ELIGIBILITY CRITERIA		System of appraisal
		Yes / No
1.1.	Financial institution authorised to carry out business in Slovakia under the applicable regulatory framework. 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 Operational Agreement (in case of selection). Such Applicants are required to submit one, joint Expression of Interest.	
1.2.	Ability to deliver nationwide geographical coverage in Slovakia.	
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.	Project Relevance, Quality and Coherence	45, of which:
	2.1.1. General implementation strategy (promotion of the Financial Instrument regionally and nationwide, lending volume, number of SMEs to be assisted).	10
	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, including: <ul style="list-style-type: none"> o <i>the offer related to the proposed collateral, interest rate and risk margin (maximum risk margins will be compared) – table 2</i> 	25

	<p><i>presented in Appendix 2;</i></p> <ul style="list-style-type: none"> o <i>the offer related to the proposed fees – table 3 presented in Appendix 2.</i> 	5
	2.1.3. General quality of the project proposal submitted under the Expression of Interest.	5
2.2.	<p>Financial Intermediary's Financial Standing</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>	10
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>	20
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 approval procedures, collateral requirement, recovery procedures etc.</p> <p>Quality of its existing SME portfolio and the rate of non-performing SME Transactions.</p>	25