EUROPEAN INVESTMENT FUND

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ROMANIAN GOVERNMENT

Sectoral Operational Programme "Increase of Economic Competitiveness" 2007 – 2013

"Investing in your future"

Clarification to the Call for Expression of Interest No. JER-002/4 to select Financial Intermediaries to implement a Funded Financial Instrument with an embedded Risk Sharing element

Reference number: Call for EoI No. JER-002/4

The aforementioned Call stipulated that: "Requests for clarifications from Applicants shall not receive individual replies. Instead, answers to all requests for clarifications received within the relevant deadline will be published together in a clarification document to be posted on the website www.eif.org, at latest on 6 September 2013".
In accordance with this provision, we hereby present such a clarification document.

Capitalised expressions utilised below shall have the meaning attributed to them in the above mentioned Call for Expression of Interest, unless otherwise defined below or the context requires otherwise. Questions may appear as they have been received without any editing from EIF; they also appear in a random order.

Question 1	The Call stipulates that the Financial Instrument shall be set up either as an independent legal entity governed by the agreements between the co-financing partners or shareholders or as a separate block of finance within the Financial Intermediary. What are the criteria to select one of the two options? What are the main implementation conditions and implications for each alternative?
Answer 1	It is expected that the loans to be originated under this instrument will be clearly designated within the Financial Intermediaries' portfolio, hence constituting a separate block of finance.
Question 2	In the Call it is stated that EUR 20m is the indicative initial capital allocation by JHF and that additional capital may be allocated from time to time to the Financial Instrument until 31/12/2015, at EIF's sole discretion. In the same time it is noted that SOP IEC Monitoring Committee approved an increase of the Jeremie Holding Fund capital by EUR 50m. This means that the additional capital could be up to EUR 50M or a higher amount at EIF's sole discretion? If additional funds will be available, how will be allocated the new amounts? Could be increased the initial allocated capital with the selected Applicants or will imply only new Operational Agreements with the Applicants included in the reserve list?
Answer 2	It is expected that the amount of EUR 50m will be allocated to this product following conclusion of an amended and restated Funding Agreement between the Government of Romania and EIF. The allocation of additional amounts remains at EIF's discretion in consultation with the Romanian Authorities. The allocation of additional amounts to Financial Intermediaries will depend, among others, on the expressions of interest received, the amounts requested therein and the results of the selection process.

Question 3	The Financial Intermediaries should in the EoI indicate an amount to be allocated for the Financial Instrument. Which are the criteria/mechanism that will be used to determine the amounts allocated for each selected Financial Intermediaries (in case will be selected more than one Financial Intermediary)?
Answer 3	The allocations to Financial Intermediaries will be done by EIF based on the expressions of interest received, the amounts requested therein and the results of the evaluation process, including analysis of absorption capacity.
Question 4	Is the Operational Agreement draft available for the Financial Intermediaries selected in the first stage? What is the estimated timing till the signing of the Operational Agreement?
Answer 4	Preselected Financial Intermediaries will receive a copy of the standard terms of the agreement. It is expected that first agreements will be concluded in December 2013/January 2014.
Question 5	Could be discussed and agreed a Confidentiality Agreement for the due diligence process and additional information required under the second stage? Is available a draft of such Confidentiality Agreement?
Answer 5	Yes, it is possible upon individual request.
Question 6	Which will be in general the EIF "agreed conditions" so that the claim under the Operational Agreements shall be reduced in case of a loss occurring under the originated SME portfolio?
Answer 6	This refers to a set of eligibility criteria, outlined in the Call, to be observed by the Financial Intermediaries during the origination of new loan portfolio.
Question 7	The JHF funds are deposited with the Financial Intermediary or are lent to the Financial Intermediary? The financial Intermediary will have the capacity of a Borrower in relation with the JHF within the Operational Agreement?
Answer 7	The Financial Intermediary will be a Borrower vis-à-vis EIF acting on behalf of the JEREMIE Holding Fund.
Question 8	Please clarify if the JHF will be remunerated in case the JHF part of the loan is granted with 0% interest, as: - The "Summary description of JEREMIE funded financial instrument structure" provides: "Once funds are drawn to SMEs, and hence the risk sharing element is activated, the JEREMIE funds shall be remunerated on the basis of the interest amounts actually paid by the SMEs on the SME loans. The interest rate of the SME loan shall be the weighted average of (i) the rate charged by the Financial Intermediary, in accordance to its submitted offer, and (ii) the interest rate required by the JHF, which will be equal to: either (i) 0% or (ii) the same rate as charged by the Financial Intermediary" - In the "Indicative Summary of Transaction Terms", it is provided: "To be noted that the JHF, in principle, will not apply any interest rate on the amounts lent to the Financial Intermediary for as long as these amounts are on-lent to the SMEs (under the same condition, namely, no interest rate when on-lent to the SMEs), thereby reducing the overall interest rate to be charged to the SMEs by the Financial Intermediary by at least 50%."
Answer 8	Financial Intermediaries are expected to indicate an amount of new SME Loans to be originated with 0% interest rate applied on the JHF portion. In this case no remuneration from the underlying loans will be received by the JHF. In addition, Financial Intermediaries may indicate an amount of SME Loans to be originated at market rate. In such case JHF shall receive 50% of the interest rate charged to SMEs. Loans originated at market level are expected to have a unique characteristic to be reported to EIF, e.g. GGE equal to 0. It should be noted that for Financial Intermediaries which would like to offer SME loans at market level, the interest rate applicable to the JHF portion will be determined based on a single interest rate where

	margin will be calibrated based on the expected rating of the underlying loan portfolio.
Question 9	Please provide an indicative list of the Financial Covenants, triggers or thresholds that could be included within the Operational Agreement applicable for the SME loans portfolio or for the Financial Intermediary, including if there will be applicable a threshold for the A), B), C) SME loans quota of the total SME loans included in the portfolio?
Answer 9	Financial covenants might relate to capital adequacy ratio, liquidity ratio, provision levels, etc. They will be determined individually per Financial Intermediary based on the due diligence process.
Question 10	The call stipulates that Applicants who are not considered for contractual negotiations may constitute a reserve list, with a maximum one year validity following the notification and that EIF reserve the right to revert back to the Applicants included in the reserve list and to start contractual negotiations. The terms of the EoI may be amended during this period of one year?
Answer 10	The Financial Intermediary is not expected to materially amend the terms submitted as part of its expression of interest.
Question 11	The Call states that prior or after the Deadline the Applicants may withdraw their EoI. This applies till the signing of the Operational Agreement? The reasons for withdrawal should be communicated?
Answer 11	As stated in the Call for EoI, applicants may withdraw at any time the Expressions of Interest, preferably as early as possible during the selection process so as to avoid any unnecessary allocation of resources.
Question 12	In the Annex 1 Expression of Interest it is not stipulated a validity of the EoI. Please confirm it is not required.
Answer 12	No validity date is expected.
Question 13	The Call stipulates that Financial Instrument apply to newly originated loans. Could be extended also to assets originated prior to the signing of the Operational Agreement (after the launch date of the Call respectively 07.08.2013) if they comply with the eligibility criteria's?
Answer 13	This is not envisaged currently.
Question 14	In the Annex 2 to the Call it is stated that Applicants are expected to present as part of their EoI an indicative amount of SME Loans to be originated at i) 0 % for JHF part of the loan or ii) the same rate as charged by the Financial Intermediary. This request is not included in the EoI and related appendixes. Please confirm that this information is required in the EoI and if this information is part of the Quality Assessment Criteria 2.1.2.
Answer 14	Yes, this information should be included as part of EoI. It is possible that Financial Intermediaries will indicate only one pricing option (e.g. with 0% on JHF part).
Question 15	In the Appendix 2 to the EoI, table 1 it is requested an offer specifying the requested level of collateral and corresponding interest rate. Should the table include also the min and max interest rate depending on the type of the loan (investment loans or working capital)?
Answer 15	Yes, min and max interest rates can be provided per type of loan.
Question 16	In the Appendix 2 to the EoI, at c) point bb) it is stated the JHF objective to provide

	longer loan maturities to eligible SMEs. Could you give more details regarding the expected average maturity by JHF? Is this is part of the Quality Assessment Criteria 2.1.2 ?
Answer 16	There is no expectation as to the average maturity.
Question 17	Please define the periodic basis for disbursements under the Operational Agreement. In case of ex-post disbursement the Financial Intermediary will incur additional cost between the signing date of the loan agreement and the disbursement date by JHF. The pricing offer may take into account the options ex-ante and ex-post?
Answer 17	A standard disbursement process is expected to be in form of ex-ante tranches. Ex-post financing might be provided on exceptional basis to Financial Intermediaries with lower risk profile. Typically the disbursement will be on monthly basis. It is possible to provide two pricing offers (for ex-ante and ex-post scenario).
Question 18	Please give more details regarding the prepayment clauses of the Operational Agreement, such as partial build-up of SME loan portfolio.
Answer 18	Prepayment might be requested, among others, in the case where amounts borrowed by the Financial Intermediary are not on-lent to SMEs.
Question 19	Please give more details regarding the SME portfolio criteria (maximum single industry concentrations, maximum weight of a loan, max concentrations for bullets/ balloons etc).
Answer 19	The limits will be set following due diligence meeting in order to ensure granularity of the underlying portfolio.
Question 20	Annex 2: Eligible forms of SME financing- C- Are loans based on invoices or promissory notes/cheques eligible to be granted?
Answer 20	All loans meeting eligibility criteria can be included in the portfolio. Both investment and working capital loans are eligible. Factoring operations and other forms of invoice discounting are not eligible
Question 21	Annex 2: SME loan and amount- please clarify which is the difference between bullet 2 and bullet 3? We do not take into consideration de minimis aid received during the last three years for all the customers?
Answer 21	The maximum loan amount per SME should not cause the SME to have received aid in excess of the de minimis ceiling in the relevant three-year period. Calculation of GGE will be defined with the issuance of the de minimis aid scheme by the Romanian regulators.
Question 22	Annex 2, Appendix1: please confirm that the information and documents mentioned on the page between appendix 2 and appendix 3 will be presented after the evaluation of the eligibility criteria at your request, not at the time of sending the expression of interest.
Answer 22	Correct, information on page 15 shall only be provided upon EIF’s request following submission of EoI.
Question 23	Project proposal: we must submit the offer specifying the requested level of collateral (collateral offer to be based on asset evaluation; haircuts, in line with internal Credit Risk Policy of the Applicant, to be also submitted) and the corresponding interest rate that will be charged to Eligible SMEs under this Financial Instrument when submit the expression of interest or in the second stage?
Answer 23	This information shall be included in the EoI.
Question 24	Regarding the eligible forms of SME financing, revolving credit lines are qualified?
Answer 24	It is expected that revolving credit lines will be eligible.
Question 25	Which is the maximum value of transaction? Is there any concentration limit on industry / transaction / SME?
Answer 25	The maximum loan amount per SME will depend, among others, on the de minimis aid scheme to be provided additionally.

	Other SME loan portfolio concentration limits will be set following due diligence meeting in order to ensure granularity of the underlying portfolio.
Question 26	The reduced interest rate to be charged to SME is under de minimis rule. How is GGE calculated? The guarantee itself provided for the 50 % of the loan (EIF funding) is anyhow under de minimis rule?
Answer 26	Please refer to Question 21.
Question 27	Loans that do not exceed EUR 1,000,000, have a duration not exceeding five years and are secured by collateral covering at least 50 % of the loan can be considered as having a gross grant equivalent equal to the de minimis ceiling – "at least 50 % collateral" includes EIF guarantee? Please confirm / provide further clarifications.
Answer 27	This hypothesis is based on the current draft of the new de minimis regulation and is subject to the issuance of the final regulation by the EC and the issuance of the de minimis aid scheme by the Romanian regulators. The reference to 50% does not relate to EIF risk sharing (guarantee).
Question 28	By certified copy of banking license or other requisite license should be understood a copy according to its original confirmed by a bank representative under signature?
Answer 28	Yes.
Question 29	Is it envisaged that the Financial Intermediary may continue receiving from clients the usual commercial margin (which is the typical pricing component on top of the break-even spread covering funding, risk and capital costs) also for the 50% loan part co-financed by EIF/JHF?
Answer 29	In case Financial Intermediary opts for 0% interest rate to be applied on JHF portion of the loan, it shall not charge any margin on this portion.
Question 30	Considering the eligible beneficiaries as SMEs established, registered and operating in Romania, is it permitted to be included in this category also the "sole proprietor" as forms of business activity performed by an individual without registering a company? Currently, under the Romanian law, this category includes "authorized persons" and "individual enterprises"?
Answer 30	According to the EU definition, an enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.
Question 31	Please provide more details regarding the "normal credit risk spectrum" from JHF point of view.
Answer 31	It refers to transactions that the Financial Intermediary would finance through own resources.
Question 32	For a proper risk analysis, please tell us whether the Jeremie funded financial instrument structure represents an irrevocable and unconditional guarantee for the bank?
Answer 32	The funded financial instrument provides for a funding element and risk sharing element. The latter does not constitute an irrevocable and unconditional guarantee as under events of default, to be specified in the operational agreement, the facility might be accelerated (upon which the risk sharing will cease).
Question 33	Regarding the "new portfolio of SME loans" is it possible to give us more details regarding the criteria to be fulfilled in order to meet this requirement, e.g.: a) Are the SMEs which have benefited of Jeremie resources and already totally reimbursed the loan considered eligible for being included in the new portfolio? b) In order to fulfil this criterion, is it necessary to have a new contract file or is permitted to grant the loan by addendum? c) Is it permitted for a loan which has to be renewed and needs a supplement to

	include the increase of initial amount under the Jeremie ceiling?
Answer 33	a) Yes, an SME which benefitted from a JEREMIE FLPG covered loans may apply for a JEREMIE loan under this new instrument, within the limitations to be set out by the de minimis scheme. b) A new loan agreement would be required. c) Yes in principle, but details to be discussed during due diligence.
Question 34	Is it possible to obtain waivers from the rule of "SME"? If yes, to whom we must address?
Answer 34	Such exemption is not possible according to the rules set out by the source of funding, the Sectoral Operational Programme Increase of Economic Competitiveness.
Question 35	In case of an SME for which the GGE ceiling was exceeded, the interest rate at market level will be applied by JHF for the amount that exceeds the GGE or for the entire JHF co-financing amounts?
Answer 35	It is not foreseen to have two interest rates under one loan. The Financial Intermediary could extend two loans to one SME, one with 0% and one at market level with one single interest rate established for the all loans to be originated at market level and to be included in the portfolio.
Question 36	Please provide more details regarding the calculation formula for Gross Grant Equivalent (GGE).
Answer 36	Please refer to Answer 21.
Question 37	What happens if during an SME loan provided under this Financial Instrument, the risk profile of SME is deteriorated?
Answer 37	There will be no impact on its inclusion in the portfolio.
Question 38	Details regarding other collateral permitted to be combined with Jeremie collateral, are there any restrictions other than guarantees issued by public funds provided by the national authorities?
Answer 38	No.
Question 39	What will happen with the working capital loans to be renewed and already financed through Jeremie financial instrument? Is it allowed to renew them under the same conditions (included under Jeremie umbrella)?
Answer 39	If a loan financed through Jeremie has expired (with repayment in full by the SME of amounts outstanding under the loan), it will be possible to enter into new loan agreement with the same SME at the same condition within the Inclusion Period, which will be treated as a new JEREMIE loan, subject to fulfilment of all eligibility criteria and de minimis aid rules.
Question 40	What are the conditions imposed for the banks to reimburse the 50% of the loan in case of SME default?
Answer 40	Losses incurred by Financial Intermediaries on the underlying portfolio shall reduce the repayment obligation to EIF. Losses will be covered for Eligible Loans provided that, among others, they are reported to EIF in accordance with the operational agreement and no event of default occurred under the operational agreement.
Question 41	Point 3 – Description of the activities expected from the selected Financial Intermediaries paragraph 1: which are the differences considered between a "legal entity…" and "a separate block of finance…"? Any details regarding your aim in this regard would be helpful.
Answer 41	Please refer to Answer 1.

Question 42	In case of enforcement of your guarantee – which are the conditions that must be fulfilled by the Financial Intermediary and what is the procedure? The enforcement of other collaterals should be in place at that moment? Is there any specific provision in case the final beneficiary is under insolvency or any similar procedure, etc…
Answer 42	Financial Intermediaries are expected to follow their internal recovery process which will be analysed as part of due diligence. In relation to the EIF/JHF risk sharing element, Financial Intermediaries will reduce their repayment obligation to EIF with the amount of defaulted loan.
Question 43	Concerning the risk sharing notion corroborated with the pari passu clause, we would appreciate a description of what you keep in view.
Answer 43	The instrument typically provides for pari passu structure which implies that there will be no subordination between EIF and Financial Intermediaries on the sharing of losses (and recoveries).
Question 44	Is there any limit from your point of view regarding the level of collateralization of a loan co-financed by the Financial Intermediary? Or, the bank may freely apply its own policy in this regard?
Answer 44	The Financial Intermediary is free to apply its own policy. It will be assessed as part of the selection criteria.
Question 45	Regarding the Selection process: For an already selected Financial Institution, in case of JHF future decision of increasing the allocated ceiling, a new call of interest/due diligence mission will be launched or resources will be distributed pro-rata between the eligible applicants? What about the applicants existing on the reserve list?
Answer 45	Please refer to Answer 2.
Question 46	As stipulated in the Call, in the situation of ex-ante financing, the JEREMIE funds are provided to the FI in advance and if they remained undrawn by eligible SMEs, they shall be remunerated on the basis of commercial deposit rate agreed. The commercial deposit rate agreed shall be computed by base rate (EURIBOR) + Margin? Shall margin depend on the bank's rating? In the case of a FI without an external rating, how would the Margin is set up?
Answer 46	The Margin would be determined for an unrated entity. The level of margin will be discussed individually with selected banks. Please note however that it is not expected that JHF funds will remain deposited with a bank for a long period of time before they are on-lent to SMEs.
Question 47	As the JEREMIE funds do not carry an interest rate, could the FI offer to its' clients a financing structure with two components: one component with 50% of the amount without interest and the other component with 50% of the amount with a commercial interest rate (based on the policy of the FI)? In this case we assume that there are separate interest/principal accounts for each component. The same question as the FI decides to charge the JEREMIE financing with an interest rate. This approach would avoid any further misunderstandings regarding the amounts to be transferred to JHF from repayments made by SMEs.
Answer 47	Both options are possible. It is for the Financial Intermediary to determine the set-up of loan accounts.
Question 48	The Commission Regulation (EC) 1998/2006 stipulates that GGE shall not exceed EUR 200,000 per one SME undertaking (EUR 100,000 per undertaking active in the road transport sector). Shall the GGE calculation be based on the discount rate (difference between the commercial interest rate the FI offered for similar product and the 0% interest rate for JEREMIE funds)? Should this GGE be calculated at the date of signing the loan agreements with the SME? As the FI is responsible for the "appropriate

	monitoring", this calculation should be reviewed periodically, as the fluctuation of the interest rate?
Answer 48	Please refer to Answer 21.
Question 49	The FI shall be responsible for ensuring the compliance with the legislation in respect with the minimis requirements. If the SME has benefitted before Jeremie funding from another de minimis aid scheme, it is expected that the FI should make own enquires or an affidavit signed by the SME's legal representatives in respect with the form inserted as Annex in the Minister Order 1338/2010 should cover the matter?
Answer 49	Rules for compliance with de minimis requirements will be further specified with the issuance of the de minimis aid scheme by the Romanian regulators.
Question 50	The availability period of the Operational Agreement is until 31.12.2015. Is there a limitation in time regarding the risk sharing arrangements between EIF and FI? Is it envisaged to establish a cap amount regarding the EIF repayments claim?
Answer 50	There is no time limit for the risk sharing arrangement (other than the longest maturity of the underlying SME loans). It is not envisaged to introduce a cap.
Question 51	As far as the collateral required to the SME is covered by the parri passu principle, in the Table 1 Appendix 2 the requested level of collateral shall be inserted as percentage taking into account the risk sharing arrangements with EIF, before or after parri passu? For example, FI is granting a loan of EUR 10, out of which EUR 5 is with 0% interest rate and EUR 5 is with x% interest rate. If 50% of the risk is covered by EIF and the FI decides to require collateral of EUR 5, the percentage should be computed taking into account the entire amount or just the FI own sources amount?
Answer 51	Collateral should be indicated as % of the total loan (50% in the example provided).
Question 52	Is there specific requirement for collateral to be provided by eligible SMEs or the FI should decide on the issue, in respect with its own risk mitigation policy?
Answer 52	No requirements are set (other than exclusion of other public support).
Question 53	Please specify the FX rate used to determine the loan value, principal repayments or recovered amounts for loans denominated in RON currency.
Answer 53	The facility will be extended either in EUR or RON (it is possible to extend two facilities per Financial Intermediary in different currencies). The underlying loans will have to match the currency of the facility.
Question 54	When calculating the eligibility of SME for de minimis aid (not to cause the SME to receive aid in excess of the de minimis ceiling), the Financial Intermediary shall take into consideration the value of the minimis aid calculated for the entire loan period in addition to the last three consecutive years?
Answer 54	Yes.
Question 55	Does the clause below refer to "a maximum gross grant equivalent equal to the de minimis ceiling", as the calculated GGE can be less than the ceiling for some of the loans included in this category? *"Loans that do not exceed EUR 1 000 000, have a duration not exceeding five years and are secured by collateral at least 50% of the loan can be considered as having a gross grant equivalent equal to the de minimis ceiling".*
Answer 55	Please refer to Answer 21.
Question 56	Will the operational agreement foresee a maximum loan amount?
Answer 56	Yes, depending on various factors including portfolio diversification and the application of the future de minimis scheme.
Question 57	Is the guarantee eligible in accordance with the EU Capital Adequacy Directive, meaning direct, unconditional and irrevocable, payable at first demand?

Answer 57	Please refer to Question 32.
Question 58	How will EIF decide on the ex-ante or ex-post financing?
Answer 58	A standard disbursement process is expected to be in form of ex-ante tranches. Ex-post financing might be provided on exceptional basis to Financial Intermediaries with lower risk profile. It will be determined by EIF following due diligence process.
Question 59	In the situation of ex-ante financing, is there a minimum amount per tranche?
Answer 59	Typically no minimum amount is envisaged. Maximum amount per tranche might be set based on the commercial due diligence process.
Question 60	How will the ex-ante financing mechanism work? Will the financial intermediary have a grace period in which to allocate the funds? If yes, how long will this be?
Answer 60	The Financial Intermediary will be allowed to request ex-ante tranche subject to fulfilment of certain requirements (e.g. minimum level of disbursement of previous tranches to SMEs).
Question 61	How about the ex-post mechanism? With what frequency will the funds be disbursed to the Intermediary? Will there be a minimum amount for each disbursement?
Answer 61	Please refer to Question 17.
Question 62	Which will the frequency for the reporting of the loans included, defaulted customers, payment demands, recoveries etc be?
Answer 62	It is expected that the Financial Intermediary will report to EIF formally on a quarterly basis and provide estimate updates monthly.
Question 63	For the undrawn amounts (by SMEs), what is the EIF remuneration payment frequency (monthly, quarterly, semi-annually)? Can the Intermediary pay the net amount (deposit bonus + repayments from SMEs, subtracting the management fee)?
Answer 63	It is expected that interest on the loan amount paid to the Financial Intermediary, but not disbursed to SMEs, would be calculated and paid on a quarterly basis. Netting off is not foreseen.
Question 64	What kind of triggers will be set for the loan portfolio?
Answer 64	Please refer to Question 9.
Question 65	Will there be an extra charge for the guarantee? Or only the Interest rate will be charged in case the Intermediary chooses to give loans to SMEs at market level interest rates?
Answer 65	Only interest rate will be charged in case of loans at market level.
Question 66	If the guarantee is with no charge, will It be then included into the de minimis threshold?
Answer 66	De minimis aid relates only to preferential interest rate granted to the SME. Please refer to Questions 21 and 25.
Question 67	The financial benefit consisting in interest rate subsidy can be ex-ante quantified, in order to determine the de minimis equivalent. However, in case of the guarantee issued, we understand that the grant is effectively allocated only in case of a loss. In this view, a customer that has fully repaid its loan can have access during the availability period to another loan, even if the GGE is exceeded?
Answer 67	De minimis aid in the form of guarantees is granted to an SME at the time when the SME benefits from it, irrespective of whether a default occurs or not.
Question 68	Customers that exceed the de minimis threshold or who have already benefited of the maximum ceiling can apply for this financial instrument? If yes, de minimis specific regulation/eligibility still applies?
Answer 68	No. The maximum loan amount per SME should not cause the SME to have received aid in excess of the de minimis ceiling. Such customers could only receive a loan at market rate under this instrument.
Question 69	In the EoI document there is a specification that the transaction terms are subject to change. Can the guarantee be increased? If yes, what would be the maximum

	percentage?
Answer 69	No. The risk-sharing rate is fixed at 50%.
Question 70	Similar to the above question, in Appendix 2 of the EoI under point 1)c) (ee) (i) each Intermediary must specify the amount of co-financing offered in addition to the JEREMIE funding. Does this mean that the co-financing rate can different than the 50% limit?
Answer 70	Financial Intermediaries are expected to offer an amount of co-financing based on 50% co-financing rate.
Question 71	The funding from EIF will be only in EURO? Can EIF also provide local currency funding?
Answer 71	Please refer to Question 53.
Question 72	We understand that it is not mandatory to apply an interest rate equal to zero even for cases where the GGE was not exceeded. Please confirm.
Answer 72	Yes.
Question 73	Can we have under one draw-down from EIF, loans granted to SMEs with both zero and normal Interest Rate? In this case how will the Interest rate to be charged by EIF be calculated?
Answer 73	Please refer to Question 8.
Question 74	For loans granted in local currency, if the bank chooses to apply the standard interest rate for the entire loan, what is the interest rate that will be applied by JHF, taking into account that the funds were initially disbursed in euro? Or the SME repayments will be converted in euro? If yes, what will be the exchange rate used?
Answer 74	Please refer to Question 53.
Question 75	In case of IT sector restrictions, in order to confirm the eligibility, the assessment based on the loan application/ credit documentation will be sufficient?
Answer 75	Financial intermediaries are expected to check compliance with all eligibility rules during the loan approval process.
Question 76	It is noted that recoveries with respect to losses on defaulted loans will be shared between EIF and Financial Intermediary according to the risk sharing arrangement. The foreclosure/ recovery costs are also subject to pro-rata sharing?
Answer 76	This will be discussed during due diligence and stipulated in the operational agreement.
Question 77	With respect to the management fee, how is it applied? Why is it on the average outstanding amounts and not on the disbursed ones? Can you please provide an example?
Answer 77	Management fee will be calculated on the average outstanding amounts and will be paid on an annual basis.
Question 78	Please clarify whether revolving rollovers are accepted.
Answer 78	Please refer to Questions 24 and 39.
Question 79	Please clarify whether there are specific requirements regarding maximum collateralization of the (1-guarantee rate) % of the risk that stays with the Financial Intermediary.
Answer 79	Please refer to Question 45.
Question 80	The inclusion of loans will be automatic for all the eligible loans or the Financial Intermediary shall send an inclusion notice for each beneficiary?
Answer 80	Financial Intermediaries are expected to submit an inclusion notice on quarterly basis for all eligible loans originated in the respective calendar quarter.
Question 81	Will there be any maximum threshold set for each category of "eligible forms of SME financing"?
Answer 81	Maximum concentration levels for SME loan types could be determined following the commercial due diligence process.
Question 82	What will the key features for working capital facilities be with respect to min/max tenor, revolving/non-revolving?
Answer 82	It is expected that working capital revolving credit lines will be eligible. Specific maturity limits could be set following the commercial due diligence process.

Question 83	Please clarify the calculation formula for the de minimis rule under the new agreement. Can you please indicate where the final proposal for the new regulation can be found?
Answer 83	Please refer to Question 21.
Question 84	Can an investment loan be refinanced in case the company, in order to comply with the deadlines for project completion, already started the project, within a period of up to 6 months prior to the signing date of the loan (the reasons for early initiation of the project being: prolonged approval process, long period for client negotiation regarding contractual terms)?
Answer 84	Refinancing is not foreseen to be eligible (for avoidance of doubt, irrespective if the initial financing was borne out of own funds or external sources).
Question 85	What is the treatment in case of default with regards to cross-collateralization for SMEs which have several facilities, some being guaranteed by EIF and others not?
Answer 85	Please refer to Question 42.
Question 86	If part of a loan granted to an SME is repaid (non-revolving loan), can the Intermediary re-allocate funds to this SME, with the amount reimbursed by the SME (similar to a top-up)?
Answer 86	There is no reallocation foreseen, however the SME may apply for a new loan within the Inclusion Period, if all eligibility and aid ceiling criteria are met. Please refer to Question 39.
Question 87	For customers which are registered under different NACE codes, some being eligible and others non-eligible activities, will the Intermediary be allowed to finance the SME, if the funding is provided for the eligible activities according to assessment based on loan application/credit documentation?
Answer 87	Loans originated under the Financial Instrument should be provided to eligible SMEs only and for eligible activities only. Such eligibility criteria shall be detailed in the de minimis aid scheme which shall be available to selected Financial Intermediaries upon its issuance by the local authorities.