

THE SILESIA EIF FUND OF FUNDS

OPEN CALL FOR EXPRESSION OF INTEREST TO SELECT FINANCIAL INTERMEDIARIES

PORTFOLIO RISK SHARING LOAN AND/OR FIRST LOSS PORTFOLIO GUARANTEE

(Reference number: Call for EoI – FOF-Si 2017/01)

(Published on 12 05 2017)

The objective of this Open Call for Expression of Interest (the “**Call**”), launched by the European Investment Fund (“**EIF**”), is to select eligible financial institutions to become financial intermediaries under the Portfolio Risk Sharing Loan (“**PRSL**”) and/or First Loss Portfolio Guarantee (“**FLPG**”), as further described below.

All applications for PRSL and/or FLPG under FOF-Si 2017/01 to be submitted to EIF should conform to the Call.

In addition to this explanatory document, the Call contains the following documents:

- Annex I: Expression of Interest to be completed by Applicants, including Appendices 1-3;
- Annex II: Financial Intermediaries’ Selection Criteria;
- Annex III: Indicative terms and conditions of the PRSL;
- Annex IV: Indicative terms and conditions of the FLPG;
- Annex V: Indicative Reporting Template; and
- Annex VI: Terms of Confidentiality.

Capitalised terms and expressions shall have the meaning attributed to them in Section 4 below or as elsewhere defined in this document and its Annexes, unless the context requires otherwise.

1. Introduction

As part of the Regional Operational Programme for the Silesia Voivodship for the programming period 2014-2020¹, approved by the decision C(2014) 10187 of the European Commission (hereinafter, "Silesia ROP"), the Silesia Voivodship ("MA") completed the ex-ante assessment of the financial instruments ("Ex-ante Assessment") which concluded showing a market failure in the provision of finance to viable SMEs in the Silesia region. As a result the Silesia Voivodship, represented by the Board of Silesia Voivodship, has agreed to dedicate resources to the implementation of a fund-of-funds with EIB Group in accordance with Article 38 (4)(b)(i) of the Common Provision Regulation ("CPR").² Under a Funding Agreement entered into on 30 November 2016 between the Silesia Voivodship and the EIB Group ("Funding Agreement") two fund-of-funds, namely a fund-of funds of EUR 87,172m for energy efficiency, renewable energy, revitalisation of urban areas and establishment of new businesses measures managed by EIB (Silesia EIB FoF), and a fund-of-funds of EUR 91m for facilitating access to finance to SMEs managed by EIF (Silesia EIF FoF) have been established³.

Relevant rules for implementing the Financial Instruments (as defined) are primarily stipulated in the CPR, the Delegated Act, the Implementing Regulation and the ERDF Regulation⁴ (respectively as defined below) and applicable Polish law and regulations.

The objectives and main indicative terms of the Operational Agreements to be entered into between EIF and the Financial Intermediaries pursuant to the Facilities are further described in Annex III (for PRSL) and Annex IV (for FLPG) to this Call.

2. Name(s) of financial instrument(s)

Silesia EIF FoF is to be implemented with two financial instruments: Portfolio Risk Sharing Loan and First Loss Portfolio Guarantee (together called "Facilities", or separately "PRSL Facility", "FLPG Facility").

PRSL Facility is a loan facility made available to Financial Intermediaries to (i) co-finance at the defined co-financing rate the origination of a portfolio of Eligible SME Transactions and (ii) share the credit risk related to such portfolio of SME Transactions between the Financial Intermediary and the Silesia EIF FoF. As the PRSL Facility is provided at the preferential rate (0%), the benefit shall be passed on directly to SMEs.

FLPG Facility entails the issuance of Guarantees for the benefit of Financial Intermediaries to partially cover the portfolio credit risk of newly originated Eligible SME Transactions granted to Polish SMEs included in the guaranteed Portfolio during a pre-defined Inclusion Period. The relevant Maximum Portfolio Volume is determined by EIF for each Financial Intermediary on a case by case basis.

¹ More information on the Silesia ROP 2014-2020 can be found at <https://rpo.slaskie.pl/>

² Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.

³ The activities supported under this Call for EoI are financed under the Priority Axis III Measure 3.4 of the Silesia ROP (please see <https://rpo.slaskie.pl/> for more details).

⁴ Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006

On a continuous basis until the Deadline (as described below), EIF will select eligible financial institutions to become Financial Intermediaries under the Facilities. Financial institutions may apply for either one or both of the Facilities.

3. Eligible Financial Intermediaries

The EIF shall select one or more Financial Intermediaries to implement the respective Operational Agreement in accordance with the procedure described below in section 7. The selection of Financial Intermediaries shall be made on a continuous basis taking into account the funding available from time to time, and shall be based on a specific set of selection criteria.

This Call is addressed and restricted to public or private credit or financial institutions or loan (debt) or guarantee funds, in each case, duly authorised to carry out lending, guarantee or leasing activities according to the applicable legislation, and operating in Silesia Voivodship.

Financial Intermediaries shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which they may be subject and shall not be established in any Non-Cooperating Jurisdiction.

Financial Intermediaries shall acknowledge the Anti-Fraud Policy and shall take appropriate measures as may be further specified in the respective Operational Agreement to facilitate the implementation of such policy.

4. Definitions and Interpretation

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

Anti-Fraud Policy	Means the policy of EIF for preventing and deterring corruption, fraud, collusion, coercion, obstruction, money laundering and terrorist financing, as published on EIF's website. http://www.eif.org/news_centre/publications/anti_fraud_policy.htm?lang=-en)
Applicant	Means an entity applying to this Call as a potential Financial Intermediary.
Business Day	Means a day during which EIF Luxembourg office is open, and banks are open for general business in Poland and Luxembourg.
Commission Recommendation	Means the Commission Recommendation 2003/361/EC (OJ L124, 20.05.2003, "concerning the definition of micro, small and medium-sized enterprises" notified under document number C(2003) 1422), as amended, restated, supplemented and/or substituted from time to time.
Common Provision Regulation or CPR	Means the Common Provisions Regulation (EU) No 1303/2013 of 17 December 2013 of the European Parliament and of the Council.
Data Protection Statement	Means the EIF statement on the processing operations of Applicants and Financial Intermediaries' personal data, as published on the EIF's website. http://www.eif.org/attachments/eif_data_protection_statement_financial_intermediaries_due_diligence_en.pdf
Deadline	Means 14 July 2017 or such different date as announced officially in the Facility section of EIF's website.

Delegated Act	Means the Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing the CPR.
EIB Group	Means the European Investment Bank (the “EIB”) and the European Investment Fund (the “EIF”)
Eligible SME Transaction	Means a debt financing (including a loan, in the form of term loan or revolving credit line, or finance lease) provided by a Financial Intermediary to an SME and which complies with all the relevant Eligibility Criteria
Eligibility Criteria	Means jointly the SME Eligibility Criteria and SME Transaction Eligibility Criteria as defined in the Annex III and Annex IV.
ERDF Regulation	Means regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013.
Expression of Interest	Means an application to this Call submitted to EIF by the Deadline, conforming to the provisions of Annex I to this Call.
Financial Intermediary	Means a financial or credit institution or loan (debt) or guarantee fund, in each case, duly authorised to carry out lending or guarantee or leasing activities according to the applicable legislation, operating in Silesia. Such institution shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which it may be subject, shall not be in any Condition of Exclusion and shall not be established in a Non-Cooperating Jurisdiction.
Financial Instruments	Portfolio Risk Sharing Loan as further described in Annex III to this Call, and First Loss Portfolio Guarantee as further described in Annex IV to this Call.
Fund-of-Funds or FoF	Means, as defined by Article 2 (27) of the CPR and established through the Funding Agreement, the EIF Fund-of-Funds and EIB Fund-of Funds, set up with the objective of contributing support from the Silesia OP to several financial instruments.
Implementing Regulation	Means the Commission Implementing Regulation (EU) No 821/2014 of 28 July 2014 laying down rules for the application of the CPR.
Non-Cooperating Jurisdiction	Means a jurisdiction which does not co-operate with the European Union in relation to the application of the internationally agreed tax standard, or their tax practices do not follow the Commission Recommendation of 6.12.2012 regarding measures intended to encourage third countries to apply minimum standards of good governance in tax matters (C(2012)8805).
Operational Agreement	Means an agreement entered into between a Financial Intermediary and the EIF regarding a Financial Instrument on the basis of this Call and the selection process.
Participating Entities	Means, in case a joint application to the Call is submitted covering the Applicant and at least one additional potential future Financial

	Intermediary, each and every additional potential future Financial Intermediary covered by such joint application.
Portfolio	Means a portfolio of Eligible SME Transactions originated by the Financial Intermediary and covered by an Operational Agreement.
SME	Means micro, small or medium-sized enterprises made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million; as defined in the Commission Recommendation. For the avoidance of doubt, self-employed and entrepreneurs are to be considered as SMEs pursuant to this definition. Associations regularly engaged in an economic activity are also to be considered SMEs pursuant to this definition.

5. The Application Procedure

Financial institutions interested in applying under this Call have to submit an Expression of Interest to the EIF within the Deadline, to be considered as a potential Financial Intermediary under the Facility. **Financial Intermediaries may but are not required to express interest for both financial instruments, namely the PRSL Facility and/or the FLPG Facility.**

In accordance with Annex I to this Call, the Expression of Interest shall include the Applicant's identification and shall provide the information requested in Appendix 3 to the Annex I, together with the supporting documents.

The information provided as requested in Appendix 3 to the Annex I should place particular emphasis on:

- Envisaged actions for the successful implementation of the Facility, particularly with regard to its launch (timing, target customers, promotional activities, type of products, changes to the underlying legal documentation, etc.);
- Estimated absorption capacity across Silesia Voivodship, i.e. expected volumes of Eligible SME Transactions to be included in the Portfolio, taking into account any outstanding programme of similar nature implemented or available in parallel;
- Proposed improvements (e.g. pricing reduction, requested level of collateral), if any, to the terms offered to SMEs as compared to standard conditions for SMEs;
- Origination and credit risk management capacity;
- Expected composition and characteristics of the Portfolio (split per rating, industry, borrower size, type of collateral and level of collateralisation etc.).

Applicants may send questions regarding the Call or the nature and features of the Operational Agreement to the email Silesia_fof@eif.org. EIF shall analyse such incoming questions and may publish from time to time the answers in the form of Frequently Asked Questions ("FAQ") document posted in the <Calls for expression of interest for the selection of financial intermediaries> section of the EIF's website (www.eif.org). EIF reserves the right to update the FAQ document from time to time as and when it regards appropriate.

Requests for clarifications from Applicants shall not receive individual replies. Instead, answers to

relevant 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 not later than 16 June 2017.

The Expression of Interest shall be prepared **in English** only.

Note on joint applications

Financial institutions may group together and submit a joint Expression of Interest. In this case, the Expression of Interest has to specify which of the Participating Entities will act as the Applicant. The Applicant shall apply in the name and on behalf of the Participating Entities and shall indicate to the EIF the basis for the joint Expression of Interest. Following selection of such joint Expression of Interest and an agreement on all terms and conditions, one Operational Agreement may be signed with the selected Applicant also on behalf of the other Participating Entities; alternatively, separate Operational Agreements may be signed with the selected Applicant and each of the Participating Entities. The ultimate decision on the form of the agreement(s) shall be made by EIF.

All information required under Appendix 3 to the Annex I must be provided on the Applicant and each and every Participating Entity, covered by the joint Expression of Interest.

6. Submission of Expression of Interest

Expressions of Interest shall be submitted by the Deadline (see below paragraph) both by (i) email and (ii) registered mail or professional courier service. Expressions of Interest sent by registered mail or professional courier service shall consist of a closed single package, and shall contain the Expression of Interest, together with its attachments, in paper form and in removable electronic storage medium (e.g. CD-ROM, USB). Annual reports requested should be provided only on the removable electronic storage medium.

The Deadline for the submission of Expressions of Interest is **14 July 2017**.

Expressions of Interest will be assessed in chronological order of receipt and therefore funds could be allocated to one or more successful applications depending on the budgetary resources available at the time of Selection.

EIF reserves the right to announce that the Deadline could be amended to a different date depending, *inter alia*, on the availability of budgetary resources for the Facility or any agreement reached between the EIF and the Silesia EIF FoF Investment Board. Any change in the Deadline will be announced officially on the EIF's website by the publication of an Information Notice.

The Deadline applies (i) in case of emails, to the date of reception by the EIF and (ii) in case of registered mail or professional courier service, to the date of dispatch proven by the post office stamp or a dispatch receipt.

The Expressions of Interest shall indicate the name of the Applicant and be sent to the following address:

Postal Address:

European Investment Fund
Attention: Regional Mandates Team / Silesia EIF FoF – Expression of Interest
Guarantees and Securitisation
37B, avenue J.F. Kennedy
L-2968 Luxembourg
LUXEMBOURG

The outer envelope (package) shall indicate the following:
"Expression of Interest – **Call for EoI – FoF Silesia 2017/01** – Not to be opened by the reception – To be passed without opening to Guarantees and Securitisation".

Email Address:

The electronic version of the Expression of Interest shall be sent to: Silesia_fof@eif.org stating in the subject of the email: "Silesia EIF FoF – Expression of Interest: [name of the Applicant]".

The Applicants may withdraw their Expression of Interest at any stage of the selection process in the same manner as specified above: by sending (i) an email and (ii) a letter to the above-mentioned addresses.

An acknowledgement of receipt will be sent to the relevant Applicants by the EIF via email, which shall state the following:

- unique application identifier (Expression of Interest number), to be used in all subsequent communications relating to the Expression of Interest;
- confirmation that the Expression of Interest was received before the Deadline.

The acknowledgement of receipt does not constitute a declaration of completeness of the Expression of Interest and the documents submitted therewith, nor any other kind of assessment or acceptance of the same.

7. Selection process

Financial Intermediaries shall be selected on the basis of EIF's policies, rules, procedures and statutes and in conformity with best practices with an open, transparent, proportionate, non-discriminatory and objective selection procedure, avoiding conflicts of interest, taking into account the criteria and principles underpinning the Silesia OP, the criteria laid down in the CPR and the Delegate Act and Article 140 (1), (2) and (4) of Regulation 966/2012, and the experience and financial capacity of the Applicants.

Any personal data provided by the Applicants shall be processed by EIF in compliance with its Data Protection Statement and the Regulation (EC) 45/2001 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data. Following the receipt of the Expression of Interest, EIF shall assess the application(s) pursuant to the selection process outlined herewith. This process comprises:

1. Pre-selection
2. Due diligence
3. Selection

Following the pre-selection based on the Expression of Interest EIF shall perform a due diligence of the pre-selected Applicant, as a result of which EIF will decide whether or not to propose to its competent decision making bodies the approval of an Operational Agreement under the Facility with the selected Applicant. The contractual negotiation process may not be considered concluded prior to the approval of the EIF's competent decision making bodies, and is in any case not concluded until EIF and the Applicants have agreed on all relevant terms and conditions. Each of these three steps is described in more detail below from section 7.1 to 7.3.

In any phase of the selection process before entering into a legally binding agreement with an Applicant, EIF reserves full discretion to consider or not Applicants (and Participating Entities, in case of joint Expressions of Interest), and no Applicant or Participating Entity has any claim or other right or may expect to be ultimately selected as Financial Intermediary. Negotiations of the terms and conditions of any Operational Agreement entail by no means any obligation for EIF to enter into such Operational Agreement with the relevant Financial Intermediaries. EIF shall also have sole discretion to decide on the allocation of available amounts to Financial Intermediaries, including to propose a reduction of the Portfolio amount requested by the Financial Intermediary.

EIF will send a rejection notice to Applicants whose Expression of Interest was rejected during any stage of the selection process. EIF may, but shall not be obliged to, provide reasons of such rejection.

Those Applicants, whose Expression of Interest is rejected, shall have the right to submit a written complaint by email and registered mail or professional courier service, to the same address used for the submission of the Expressions of Interest above, within thirty (30) days of receipt of the rejection notice. Any complaints will be dealt within the framework and in accordance with the EIB Group complaints policy (for further information visit http://www.eif.org/news_centre/publications/2009_Complaints_Mechanism_Policy.htm).

7.1. Pre-selection

Expressions of Interest for the Facilities, which have been deemed complete by EIF, will be assessed by EIF for pre-selection on a “first come, first assessed” basis.

When assessing the Expressions of Interest, EIF will use its professional analysis and judgment.

The pre-selection comprises the following 3 stages (on the basis of the criteria detailed below and summarised in Annex II of this Call):

1. Pre-selection stage 1: Formal assessment of the Expression of Interest;
2. Pre-selection stage 2: Assessment of the Expression of Interest’s quality;
3. Pre-selection stage 3: Assessment of the Applicant’s financial robustness and evaluation of the Portfolio.

Only Expressions of Interest that pass pre-selection stage 1, as further described in the section 7.1.1, will go through to pre-selection stage 2, i.e. the quality assessment process.

During the quality assessment (further described in section 7.1.2), EIF will evaluate the overall quality of the Expression of Interest. All criteria listed under section 7.1.2 are assessed at the discretion of EIF giving a pre-defined weight to each one of these criteria. Based on the quality assessment, EIF shall assign the “quality score” to the Expression of Interest, being A, B or C (A representing the highest score).

In pre-selection stage 3 (further described in section 7.1.3), EIF will do an assessment of the “financial robustness” (financial strength) of the Applicant and the expected Portfolio. Based on this assessment EIF shall assign the “financial robustness / portfolio score” to the Expression of Interest, being 1, 2 or 3 (1 representing the highest score).

Only Expressions of Interest with combined “quality” and “financial robustness / portfolio” scores A1, A2 or B1 are pre-selected. Applications with combined scores A3, B2, B3 are included in a reserve list, which remains valid until 31 December 2022. Expressions of Interest with combined scores C1, C2 or C3 are not pre-selected.

The Expression of Interest classification table below summarizes possible pre-selection outcomes:

A1	B1	C1	
A2	B2	C2	
A3	B3	C3	

Pre-selected

On the Reserve list

Not pre-selected

All Applicants will be sent a notification about the result of the pre-selection process. Pre-selected Applicants are advanced to the Due Diligence phase (see section 7.2).

Reserve List

In addition to the placement of Applicants on a reserve list on the basis of the outcome of the assessment process described above, EIF reserves the right to also place Applicants on a reserve list in case that the aggregate demand expressed from already pre-selected Applicants is equal to or exceeds the funds available under the Call. The reserve list will remain valid until 31 December 2022.

During this period of time and in case EIF does not proceed further with any of the pre-selected Applicant(s) or if additional funding is made available, Applicants on the reserve list may be considered for pre-selection depending upon the availability of the budgetary resources.

EIF may suspend or abandon the pre-selection process at any time and no Applicant may claim any right to be pre-selected or included on the reserve list.

7.1.1 Formal assessment criteria

EIF shall assess whether the Applicant (and each Participating Entity in case of joint Expressions of Interest):

- 1) has the legal capacity and is authorised to carry out its business in Poland under the applicable regulatory framework and in particular is able to execute the necessary tasks;
- 2) presents a viable economic and financial situation in the Expression of Interest;
- 3) has adequate capacity to implement the financial instrument, including organisational structure and governance framework;
- 4) has an adequate internal control system;
- 5) uses an accounting system which provides accurate, complete and reliable information in a timely manner;
- 6) is not established in in a Non-Cooperating Jurisdiction;
- 7) is operating in Silesia Voivodship;
- 8) is not in a situation of exclusion, based on a representation in the form outlined in Appendix 2 of Annex I to the Call;
- 9) does not perform any illegal activities according to the applicable legislation of the country of establishment of the Applicant (or Participating Entity), as validly represented in the Expression of Interest.

EIF shall also assess whether the Expression of Interest for the Facility:

- 1) has been submitted and prepared in accordance with the provisions of this Call:
 - a) is prepared in accordance with Annex 1 to the Call for Expression of Interest;

- b) is duly signed;
 - c) is completed and submitted in English;
 - d) is submitted both by registered mail and e-mail;
 - e) is submitted within the Deadline; and
- 2) all required representations, information and supporting documentation required thereunder have been provided (in the form requested, where specified).

The Expressions of Interest that do not conform to the formal criteria are rejected. In case of joint Expressions of Interest, if the Applicant or any Participating Entity covered by the Expression of Interest does not comply with the formal criteria, the entire Expression of Interest is rejected.

7.1.2 Quality assessment

After the formal check of the received Expressions of Interest and after having obtained any additional information or clarifications from Applicants, if and as needed, EIF will pre-select the Applicants according to the evaluation criteria set out below, according to the weights specified in Annex II to this Call:

- 1) Quality, plausibility and robustness of the Facility implementation proposal, with particular focus on implementation and rollout strategy, marketing and publicity of the Facility, strategy of the branch network (including incentives for sales force), proposed volumes also in relation to similar instruments the Applicant may use at the same time, proposed co-financing level, when applicable, financial products used under the Facility, expected SME Transaction size, etc.;
- 2) Proposed improvements (e.g. interest rate reduction (if any) on the portion of the SME Transaction funded by the Applicant (and each Participating Entities in case of joint Expressions of Interest) and / or reduced collateral requirements on the entire SME Transaction, etc.), if any, to the terms of financing offered to SMEs as compared to standard conditions offered to SMEs;
- 3) Operational capacity of the Applicant (and any Participating Entities in case of joint Expressions of Interest) to assess and manage risk by respecting an alignment of interests and to limit potential conflicts of interest;
- 4) Experience and capacity of the Applicant (and any Participating Entities in case of joint Expressions of Interest) to provide or to support financing to SMEs by building a Portfolio within a predefined timeframe (i.e. absorption capacity of the Facility in Silesia region with regard to an Inclusion Period as defined in Annexes III and IV). This shall be assessed by EIF based inter alia on the track record of financing (or as case may be guaranteeing transactions with) SMEs and the business plan for building a Portfolio;
- 5) Capacity to provide the required data for EIF to properly conduct its analysis and assessment of the Applicant's (and any Participating Entities in case of joint Expressions of Interest) track record and future activity;
- 6) Ability of the Applicant (and any Participating Entities in case of joint Expressions of Interest) to comply with the specific reporting requirements;
- 7) Level of management fees requested by the Applicant (management fee level will be assessed in consideration of the administration fees charged to SMEs).

7.1.3 Quality assessment of the risk profile of the envisaged Portfolio and the Applicant

EIF will also consider, inter alia, the impact of the Expression of Interest in terms of:

- 1) Financial standing of the Applicant (and any Participating Entities in case of joint Expressions of Interest) as evidenced by its external credit rating and/or by EIF financial analysis of the Applicant/Participating Entity; and

- 2) The expected composition of the proposed Portfolio, including its credit risk profile and risk diversification, both in terms of obligor granularity and economic sectors.

7.2. Due diligence

Pre-selected Expressions of Interest will be followed up with the due diligence process, carried out in accordance with EIF's internal rules and procedures, where financial and operational matters relating to the Facility's implementation shall be analysed in more detail. The aim of the due diligence is to assess, *inter alia*, the ability to build up the envisaged Portfolio, the favourable conditions to SMEs suggested by the Applicant (if any), the risk profile of the envisaged Portfolio, the quality of origination, marketing and publicity of the Facility, strategy for the branch network (including incentives to sell for sales force), risk management, collection recovery/workout processes, systems and ability to comply with the reporting requirements. The due diligence process may comprise an on-site visit, which shall be at the discretion of the EIF. The due diligence process does not comprise legal negotiations.

7.3. Selection

Based on the results of the pre-selection and the outcome of the due diligence process EIF will:

1. select the Applicant; or
2. place the Applicant on the reserve list; or
3. reject the Expression of Interest.

If an Applicant is selected, EIF may enter into an Operational Agreement with the said Financial Intermediary subject to: (i) the successful/ conclusive commercial and legal negotiations of the relevant contractual documentation and (ii) the approval of the transaction by the EIF in accordance with its statutes and rules of governance. Notwithstanding the foregoing, EIF has no obligation to enter into an Operational Agreement with a selected Applicant.

Applicants placed on a reserve list may be considered for selection at a later stage.

7.4. Reallocations / Allocations during the implementation of the Facilities

With a view to maximising the efficient use of the resources of the Facilities, EIF shall have sole discretion to allocate any available amounts, including any additional budget being allocated to the Facilities, to Financial Intermediaries.

In addition, Portfolios may be increased and/or reduced and funds re-allocated between Financial Intermediaries in order to target an efficient use of the Facilities during the build-up of the relevant Portfolios.

8. Publishing of information on the Financial Intermediaries and SMEs

EIF and/or the Managing Authority may publish, from time to time, on its website a list of Financial Intermediaries, which may include the name and the registered addresses, types of the contract entered into and the respective PRSL/FLPG amounts. EIF and/or Managing Authority may also publish a list of SMEs benefiting from the Operational Agreement(s), as further detailed in Annexes III and IV to this Call.

The Financial Intermediary may, prior to receiving financial support under the PRSL and/or the FLPG Facility, decide not to agree in writing to the publication requirement if it risks harming its commercial

interests or risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union in line with the EIF Data Protection Statement. In addition such publication shall not be required if it would be illegal under the applicable laws and regulations⁵.

EIF Transparency Policy

Within the framework of the EIF's Transparency Policy⁶ (the "EIF Transparency Policy"), EIF is committed to the guiding principle of promoting transparency with respect to its operational and institutional activities.

Pursuant to this guiding principle, and in accordance with the EIB Group approach and undertakings to promote transparency and good administrative practice, EIF has adopted the practice of publishing the minutes of the Board of Directors ("Board minutes") on its website, following their approval and signature.

The published Board minutes only indicate those operations presented for decision which have been approved and, as a general rule, contain a summary indicating the project name, the nature of the operation, the geographical focus and the relevant EIF-managed resources.

The EIF Transparency Policy also recognises the need for EIF to balance transparency with confidentiality undertakings and the protection of commercially sensitive or personal data, with a view to EIF satisfying its legal obligations to, and maintaining the confidence and trust of, its business partners, investors and third parties.

Consequently, should an Application receive the relevant EIF internal authorisation for submission to EIF's Board of Directors and be approved by the Board thereafter, and should an Applicant deem that the publication of such a summary would expose sensitive or confidential information, for which there would be a compelling reason not to disclose, the Applicant shall make a declaration to that effect in the submission of the Expression of Interest resulting in the information in question will being edited out of the published Board minutes and, subject to any applicable confidentiality undertakings, only being made public in connection with the signature of the operation in question.

If EIF has not received such declaration confirming that an Applicant does not agree to the publication of the aforementioned operational overview in the Board minutes, EIF will consider that it is acceptable to the Applicant and each Participating Entity, if applicable, and will proceed with publication on EIF's website as indicated above.

⁵ As substantiated by a Financial Intermediary with a legal opinion.

⁶ http://www.eif.org/news_centre/publications/EIF_Transparency_policy.htm?lang=-en