

Conference best practice for today's meeting



- Please **mute yourself** at all time when not speaking

To ask questions:



- Please use the **chat box** to ask questions to «**all panellists**».
- Please **raise your virtual hand** to pose questions **during the Q&A**. Once your hand is raised, the moderator will call you up to unmute yourself and ask the question.
- Don't forget to **lower your hand** after your turn.

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Pan European Guarantee Fund
An EIB Group COVID-19 response measure

Overview

Pan-European Guarantee Fund

An EIB Group COVID-19 response measure

Funding

EU member states contribute pro rata to their shareholding in the EIB and/or other institutions.

Vehicle

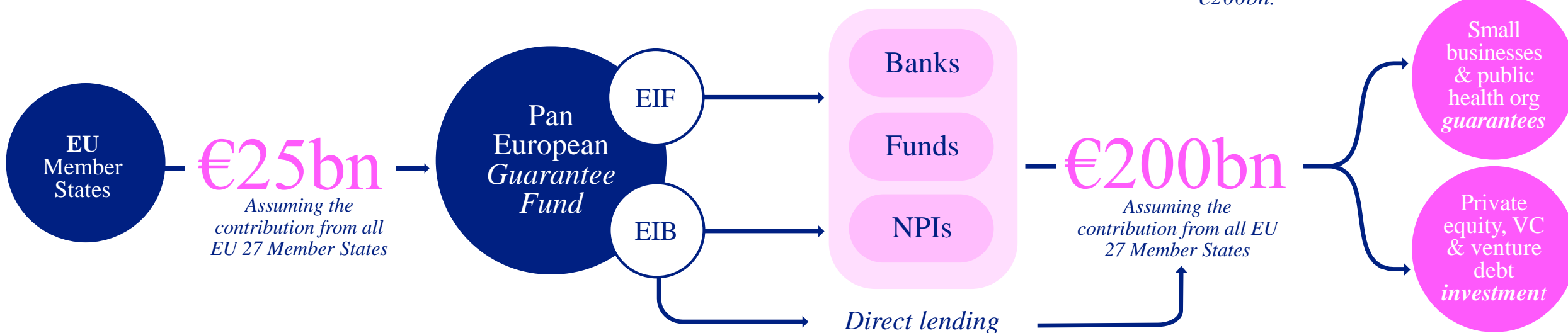
An EIB Partnership Platform for Funds, providing guarantees to the EIB and the EIF to reimburse any possible losses.

Intermediaries

Using standard products to share risk with our intermediaries. EIB will also engage in direct lending for some beneficiaries.

Beneficiaries

Mitigating liquidity risk for SMEs and mid-caps and lending to public health organisations. By sharing risk with our intermediaries €25bn is scaled up to €200bn.



Pan-European Guarantee Fund

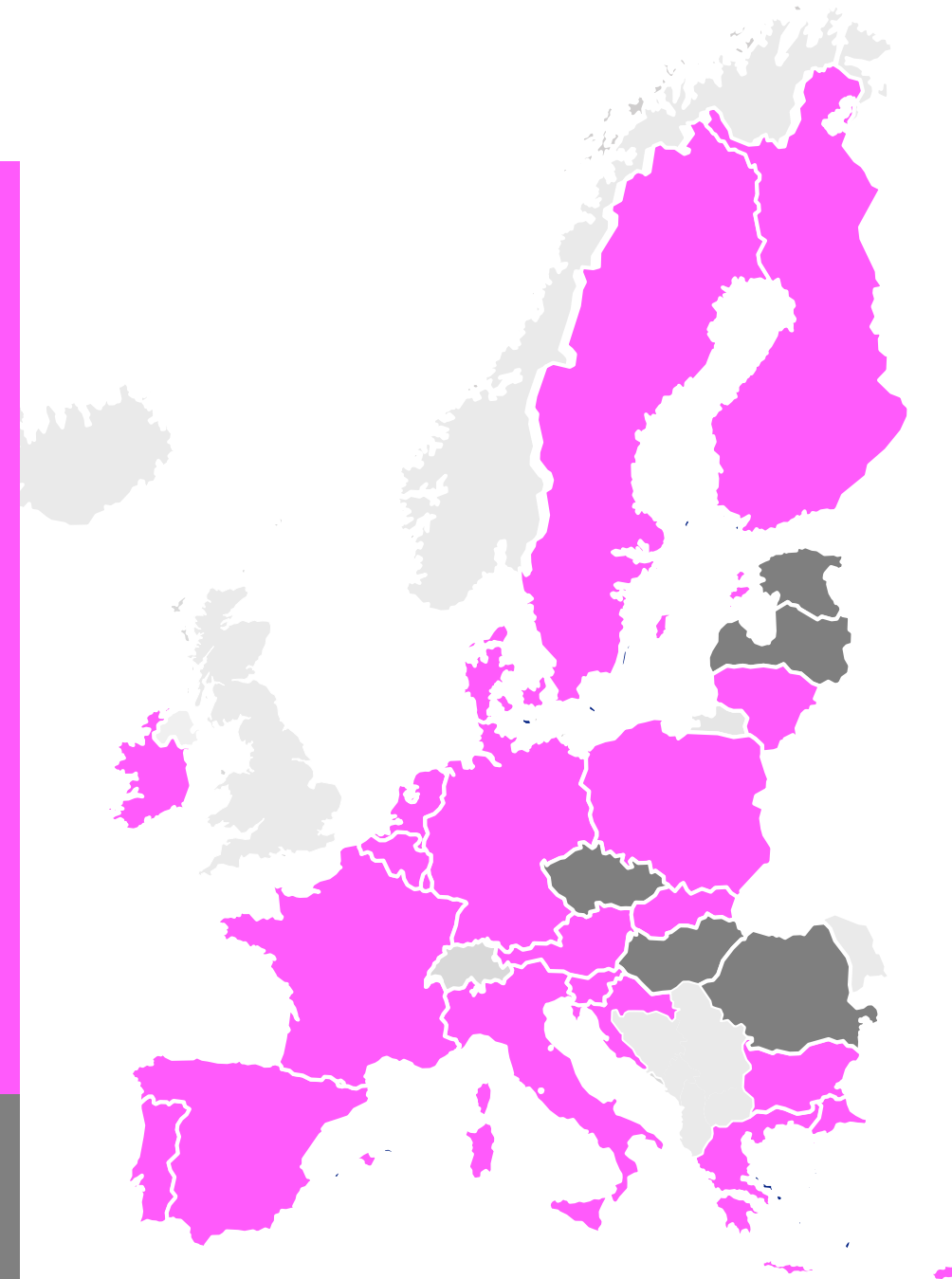
Contributing Member states

€25bn target

97.4% Contributions finalised

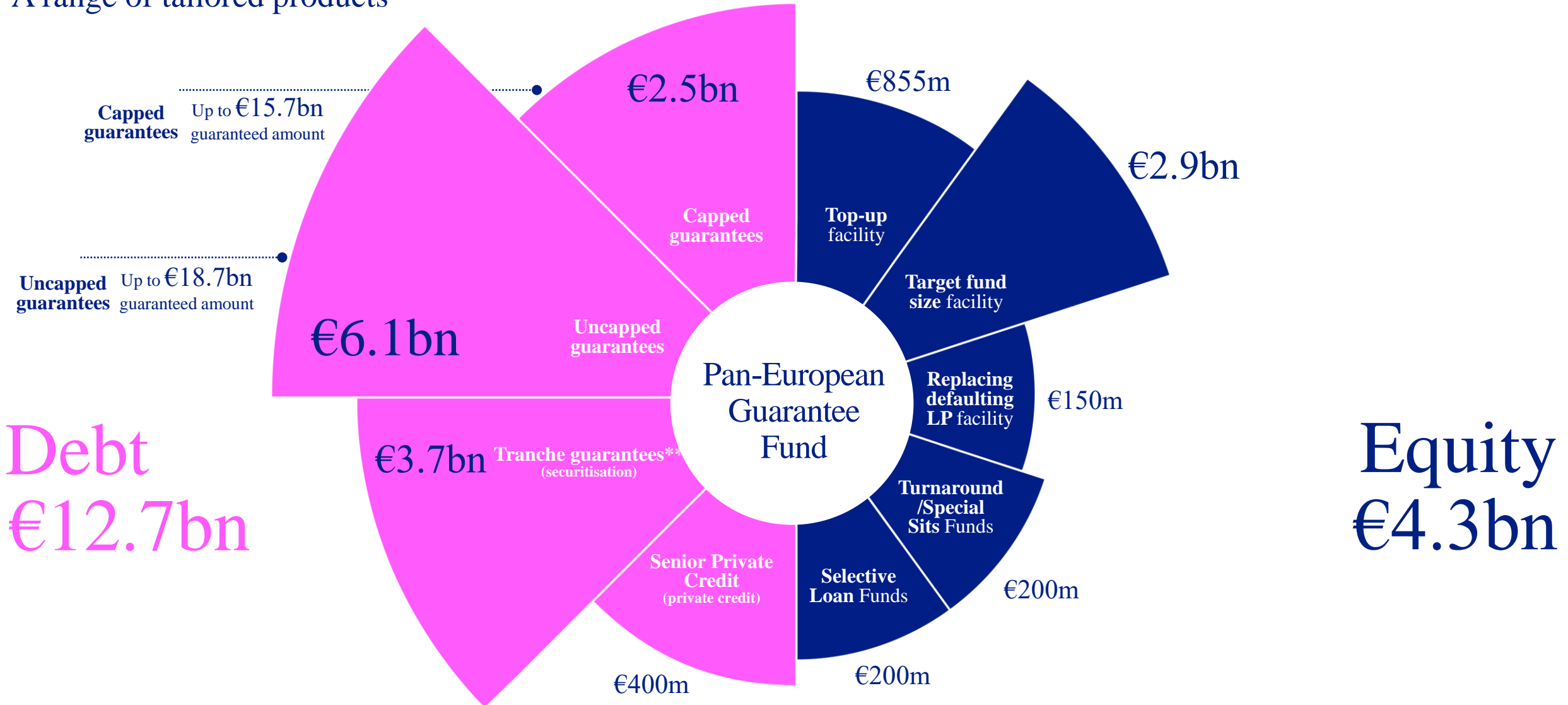
2.6% Will not contribute

Status	Country
<i>Finalized contribution agreement</i>	<i>Austria</i>
	<i>Belgium</i>
	<i>Bulgaria</i>
	<i>Croatia</i>
	<i>Cyprus</i>
	<i>Denmark</i>
	<i>Finland</i>
	<i>France</i>
	<i>Germany</i>
	<i>Greece</i>
	<i>Ireland</i>
	<i>Italy</i>
	<i>Lithuania</i>
	<i>Luxembourg</i>
	<i>Malta</i>
	<i>Netherlands</i>
	<i>Poland</i>
	<i>Portugal</i>
	<i>Slovakia</i>
	<i>Slovenia</i>
<i>Spain</i>	
<i>Sweden</i>	
<i>Will not contribute</i>	<i>Czech Republic</i>
	<i>Estonia</i>
	<i>Hungary</i>
	<i>Latvia</i>
	<i>Romania</i>



Debt and Equity solutions* EGF budget allocated

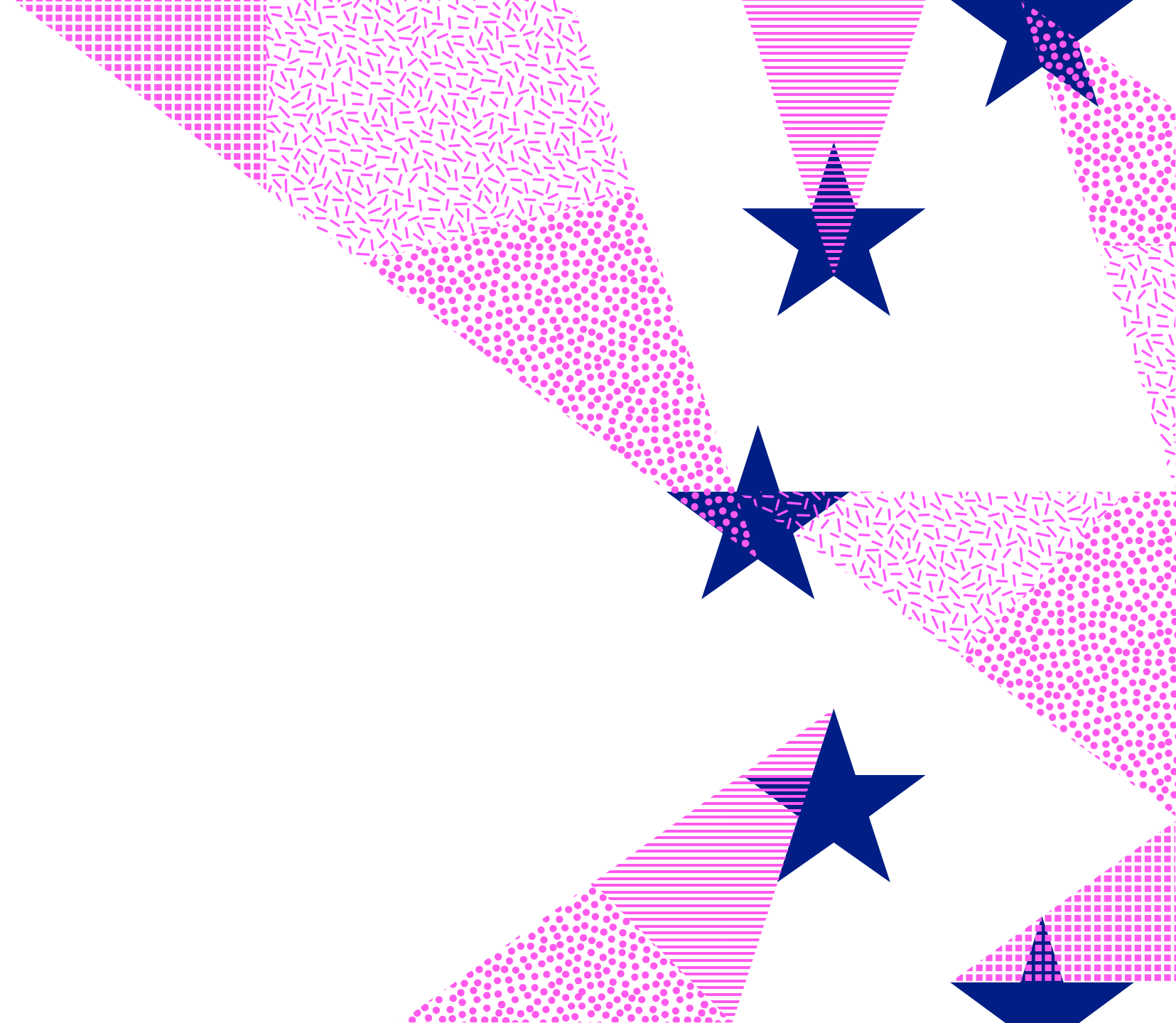
A range of tailored products



*Figures assume EUR 25bn being committed

** The securitization instrument will be part of EIB product offering, but be fronted by EIF. The product will be rolled out at a later stage subject to relevant state aid approvals.

EGF – State of play
Portfolio guarantees



EGF —

*Portfolio
Guarantees*

-
- *Implementation*

EGF Portfolio Guarantees

Mandate targets

Capped guarantees

Risk sharing mechanism

AAA guarantee providing *limited* capital relief and loss protection max

EGF Resources allocated

€2.5bn

Target portfolio amount

up to €15.7bn

Target mobilised resources for Final Recipients

up to €36bn

Uncapped guarantees

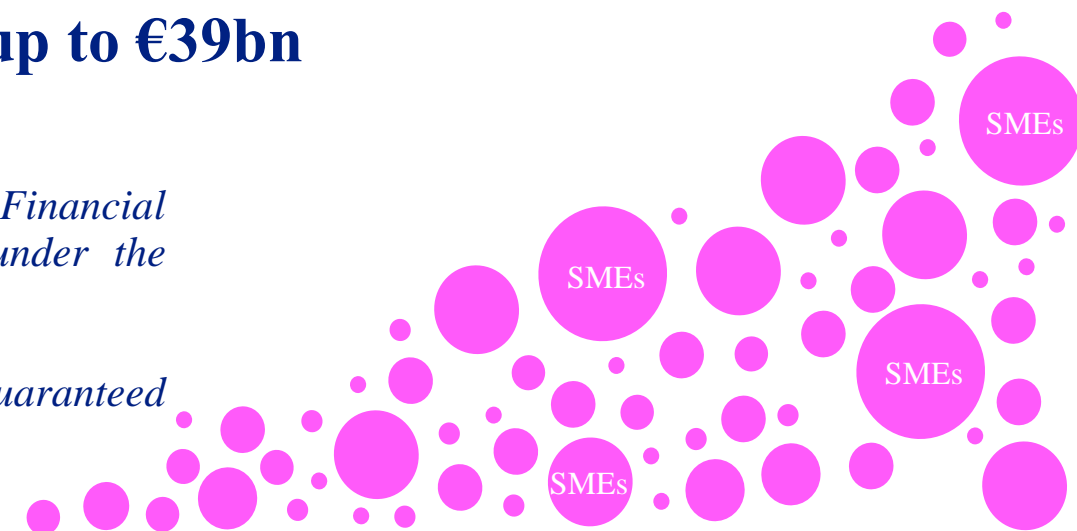
AAA guarantee providing capital relief and loss protection max

€6.1bn

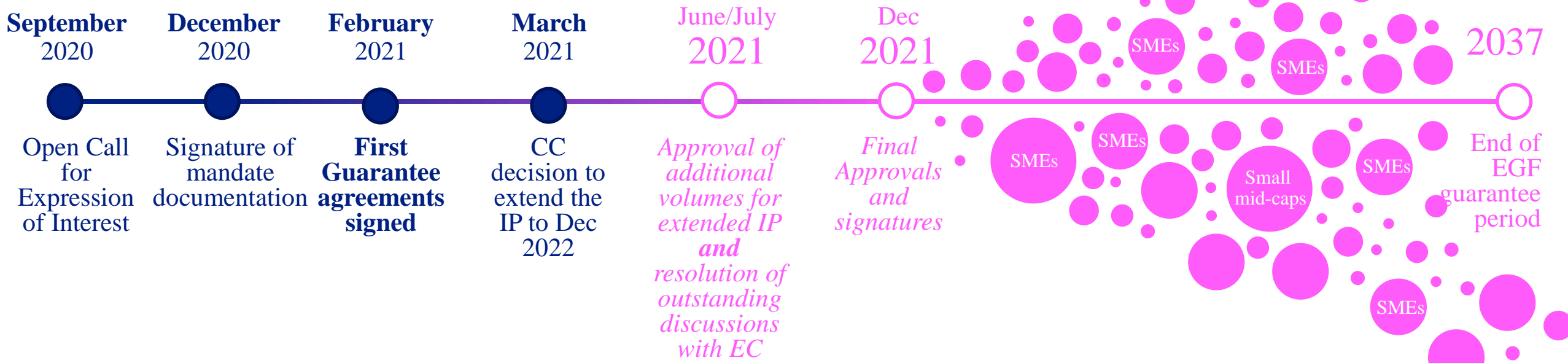
up to €18.7bn

up to €39bn

- *Guarantee products designed to comply with State Aid requirements. Financial Intermediaries shall include underlying financing in line with provisions under the Temporary Framework (De minimis Regulation in 2022 – pending confirmation)*
- *Applicable State Aid regime determines features of the financing (i.e. maturity, guaranteed amount, ranking)*



Implementation timeline



Open topics:

- *Definition of Permitted amendments post 2021;*
- *Potential extension of EGF Temporary Framework in 2022*

● Steps taken ○ Future steps / implementation

EGF —

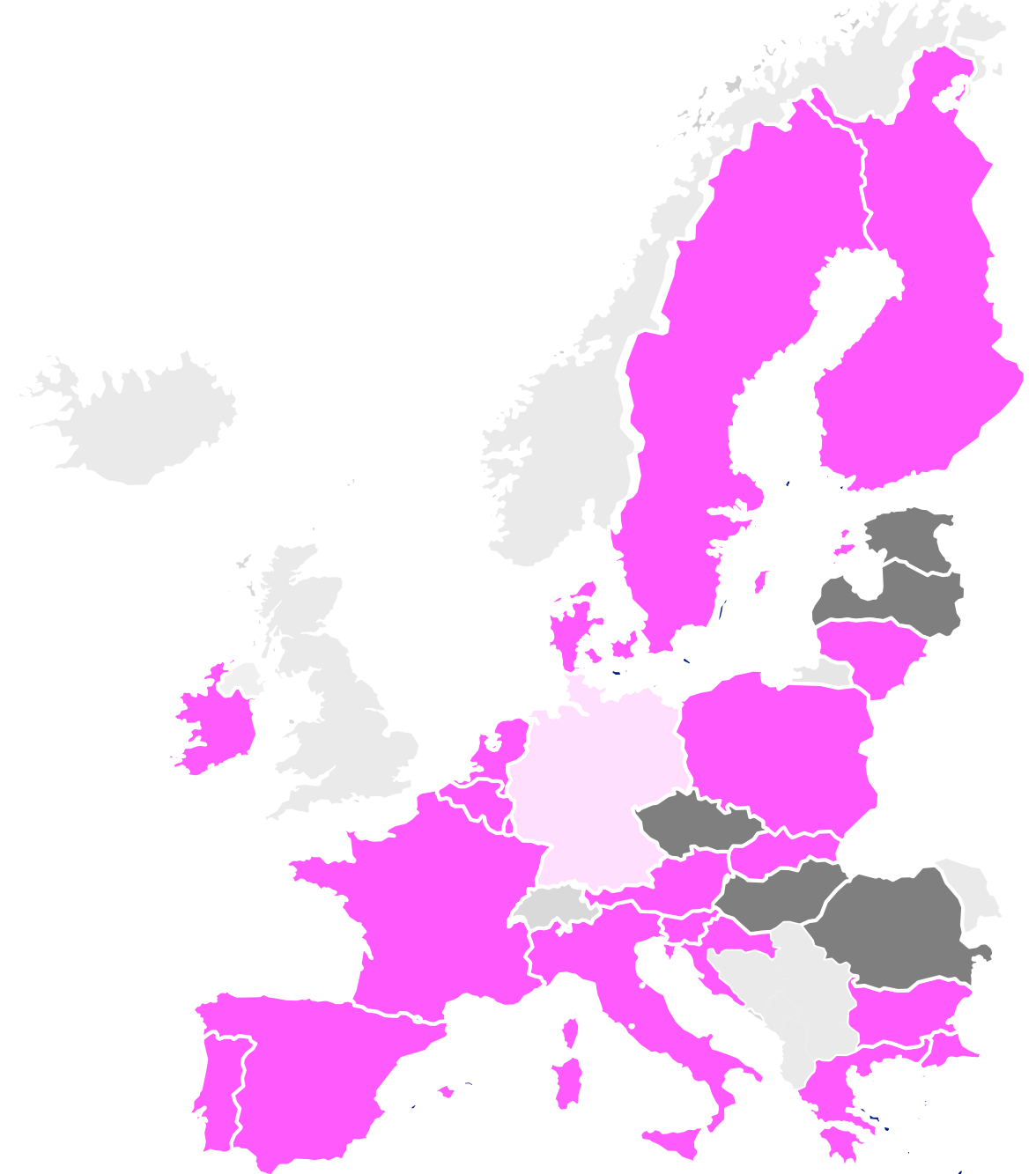
*Portfolio
Guarantees*

-
- *Implementation status*

EGF Portfolio Guarantees

Implementation status as of 3rd June 2021

Country	# of applications
<i>Multi country*</i>	37
<i>Spain</i>	27
<i>Italy</i>	23
<i>France</i>	22
<i>Greece</i>	13
<i>Poland</i>	13
<i>Bulgaria</i>	10
<i>Portugal</i>	8
<i>Lithuania</i>	7
<i>Sweden</i>	7
<i>Croatia</i>	6
<i>Belgium</i>	5
<i>Finland</i>	4
<i>Netherlands</i>	4
<i>Slovakia</i>	4
<i>Cyprus</i>	3
<i>Denmark</i>	3
<i>Ireland</i>	2
<i>Slovenia</i>	2
<i>Austria</i>	1
<i>Luxembourg</i>	1
<i>Germany</i>	-
<i>Malta</i>	-
Total	202



*Applications covering more than one country where concentration to one country is less than 80%

EGF Portfolio Guarantees

Implementation status as of 3rd June 2021

Capped guarantees

Uncapped guarantees

Total

Applications received

69 applications

133 applications

202 applications

Signed Agreements

14 Agreements for **€346m** of cap amount

40 Agreements for **€5.4bn** of guarantee amount

54 Agreements for **€5.7bn**

Mobilised resources for Final Recipients

€5.0bn

€11.3bn

€16.3bn

Additional Approved to be signed transactions

36 transactions for **€737m** of cap amount

72 transactions for **€10.2bn** of guarantee amount

108 transactions for **€10.9bn**



The EGF – EIF Portfolio Guarantees Webinar for Financial Intermediaries

3 June 2021 | 9am – 11am / 2pm – 4pm (CET)

EIF Portfolio Guarantees

Agenda

Morning Panel:

Eligibility and State Aid Framework

Afternoon Panel:

Operational Implementation: Reporting, Fee Calculation and Payment Requests

The event is recorded and the presentations will be available soon after the webinar.

EGF: Eligibility & State Aid Framework

3 June 2021 | 9am – 11am (CET)

*Gianluca PALERMO, Elisabetta
BAVIERA, Yiannis ZAGORITIS*



Agenda

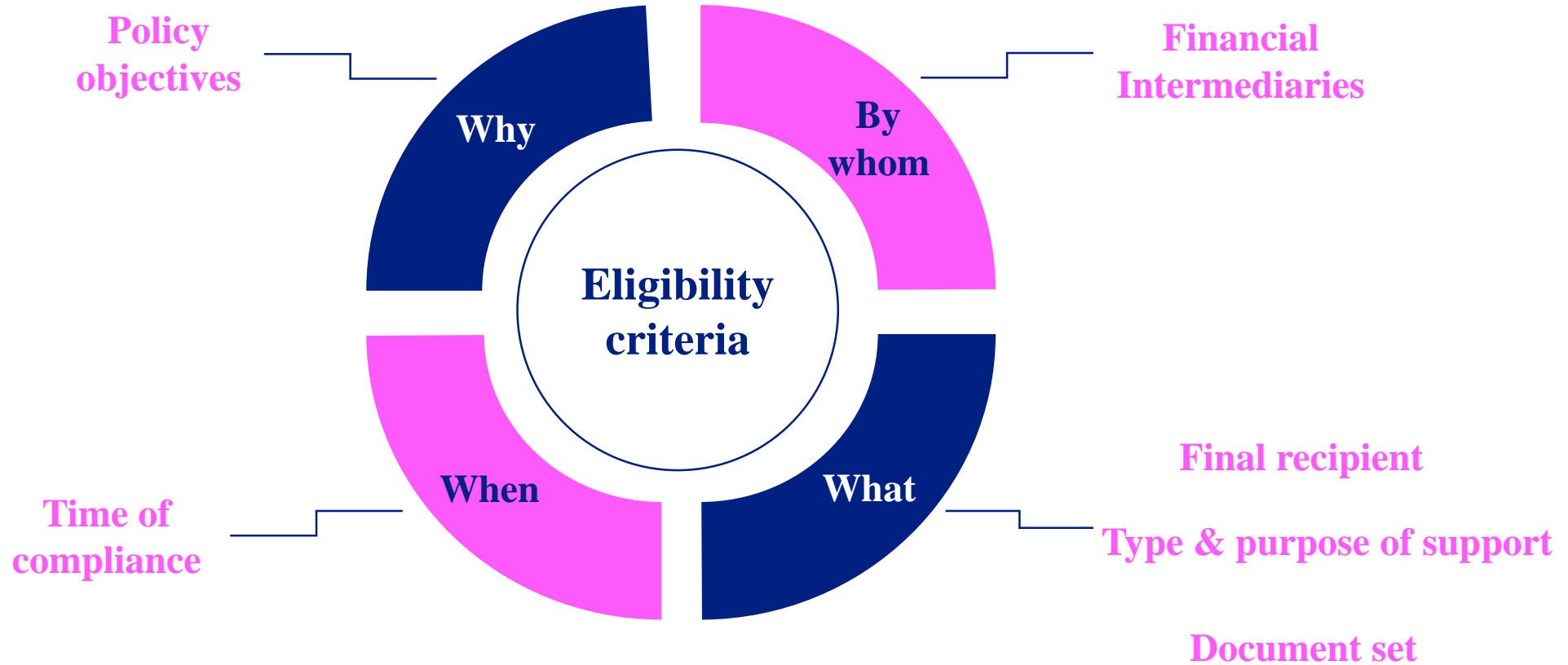
- 1 Eligibility Criteria: why, by whom, what & when
- 2 Eligibility Criteria: important principles and tips
- 3 Eligibility Criteria: insights on some key eligibility criteria, State Aid and contractual undertakings

Eligibility criteria

Why, by whom, what & when

Eligibility

Main concepts



Eligibility

Why & by whom

- **Definition of:**
 - **target final beneficiaries** (Final Recipients) and
 - **type and purpose** of the EGF support
- EIF does not approve any final recipient transactions reported by the Intermediary (full delegation to the Intermediary)

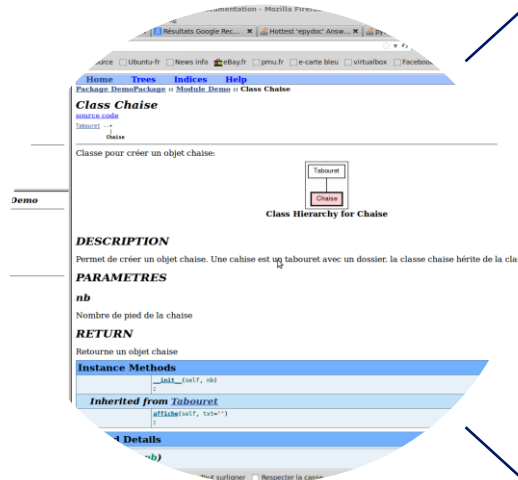


- ensuring compliance with eligibility criteria is one of the **main obligations of the Intermediary**
- **maintaining an appropriate audit trail** by the Intermediary is crucial (i.e. recording the eligibility checks made, at what stage and by whom etc.)

During the life of the Operational Agreement, EIF and/or any authority and/or external auditors may conduct monitoring and audits on the portfolio of final recipient transactions included by the Intermediary in the EGF portfolio.

Eligibility

What



Final Recipient Eligibility Criteria

- Targeting the **entity receiving the support from the Intermediary**
- Standard criteria for the EGF program (**schedule 3**), plus any additional (**schedule 1**). Example:
 - ✓ Final Recipient's location (, Participating Country, NCJ)
 - ✓ Sector of activity (Excluded Sectors),
 - ✓ etc

Final Recipient Transaction Eligibility Criteria

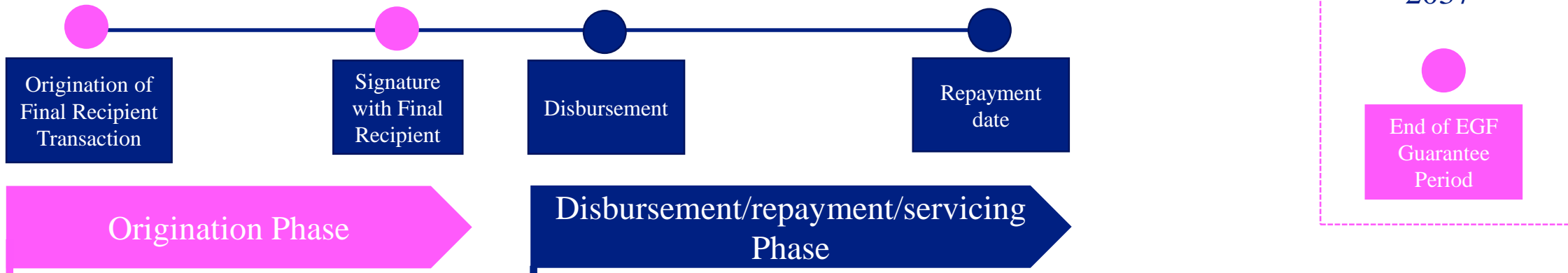
- The features of the **underlying transaction** have to comply with these criteria
- Standard criteria for the EGF program (**schedule 3**), plus any additional (**schedule 1**). Example:
 - ✓ Transfer of Benefit (as declined in each Intermediary specific terms*)
 - ✓ State Aid (**schedule 4**)
 - ✓ etc

Portfolio level Eligibility Criteria

- Concentration criteria at portfolio level to ensure that the **composition of the portfolio** is in line with the Operational Agreement
- To reflect the risk appetite of the mandators
- Tailor-made for the Intermediary (**schedule 1**)

Eligibility

When



During final recipient transaction origination phase the Intermediary shall ensure that all the Eligibility Criteria have been

- ✓ **assessed; and**
- ✓ **documented**

by reference to the **date of signature** of the transaction with the Final Recipient

When relevant, compliance with the Eligibility Criteria assessed at the time of origination and signature, shall also be ensured by the Intermediary **on a continuous basis (i.e. also post transaction origination and disbursement).**

Example

4.	The Final Recipient Transaction shall be granted for one or more of the following permitted purposes: (1) investment in tangible and/or intangible assets and/or (2) working	Continuing
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Example

No.	Final Recipient Eligibility Criteria	Time of Compliance
1.	The Final Recipient is (i) an SME, or (ii) unless otherwise provided in section 14 (Clause 4 (Eligibility Criteria)) of the Specific Terms, a Small Mid-cap.	Signing Date

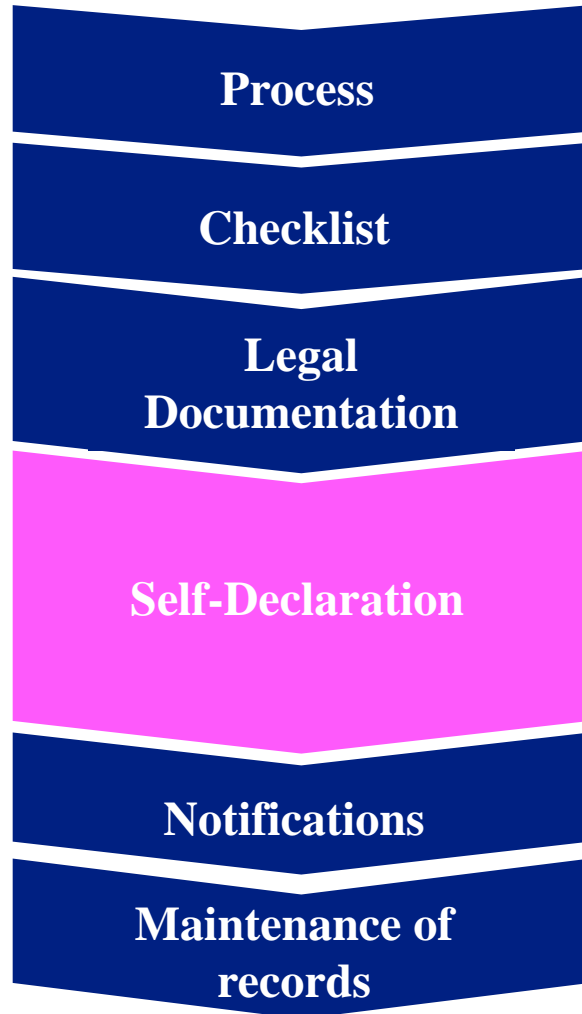
All eligibility criteria need to be complied with at signature date and some of them on a continuous basis

Eligibility criteria

Important principles and tips

Eligibility

Important principles



Ensuring compliance with eligibility criteria entails for the Intermediary to:

- Establish a **process with specific check points** within its internal procedures;
- **Record the eligibility checks** made (by whom and when) ;
- **Supplement the standard contractual documentation** to reflect some **specific undertakings** also at the level of the Final Recipient;
- **the agreement provides that certain elements can be assessed based on self-declarations collected from the perspective final recipients during the application phase (examples in the next slide) ;**
- **for other elements, the assessment of the compliance with eligibility criteria cannot be made based on self-declarations only ;**
- Issue specific **written notifications** to the Final Recipients (e.g. the State Aid regime and the State Aid component (Aid Amount) of the relevant final recipient transaction);
- **Maintain all appropriate records concerning the final recipient transactions** and be able to provide in case of monitoring/audit.

Eligibility

Use of self-declarations: when?

- When the operational agreement signed with EIF provides so

Examples

- **Schedule 4 – section 3(b) – criteria 1** : if the Intermediary selects to provide the funding based on item (c) of the state aid regime 3.2, to assess the maximum principal amount that may be committed

(c) - Based on a self-declaration by the Final Recipient (but in any case in line with the Intermediary's applicable credit policies and procedures), up to the Final Recipient's foreseen financing needs for a period of 18 months for SMEs.¶

- **Schedule 4 - section 4 – item (d)** : in all cases, to assess the relevant state aid provisions received by the final recipient

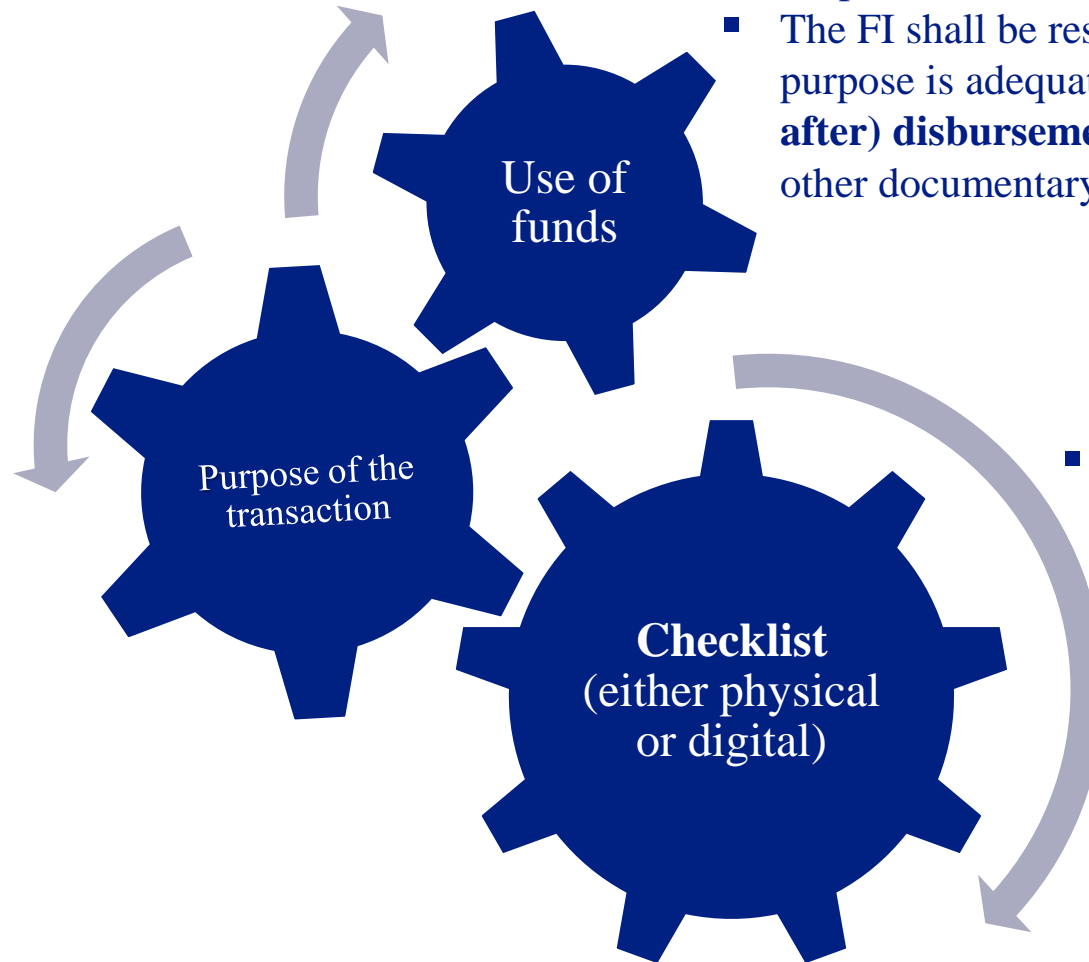
(d) - The Intermediary shall:¶

(i) - prior to the signing of a Final Recipient Transaction, in order to verify the relevant Eligibility Criteria and compliance with the Relevant State Aid Regime, obtain a self-declaration signed by the Final Recipient containing at least the following information:¶

Eligibility

Tips

- **Purpose** of the transaction to be well documented:
 - to be in line with the allowed purposes of finance (i.e. investments in tangible assets, intangible assets, liquidity financing);
 - not to finance restricted or illegal activities



- Purpose is a “Continuing” criteria
- The FI shall be responsible for ensuring that compliance with purpose is adequately documented **also at the time of (and after) disbursement** (including, for example, via invoices or other documentary evidence, such as salary slips, etc.).

- **Use of checklist** to document:
 - the occurrence and time of the eligibility assessment made and
 - the internal service responsible

An external authority shall be able to assess whether eligibility was verified and documented accordingly and that the support was used for the purpose for which it was requested by the Final Recipient

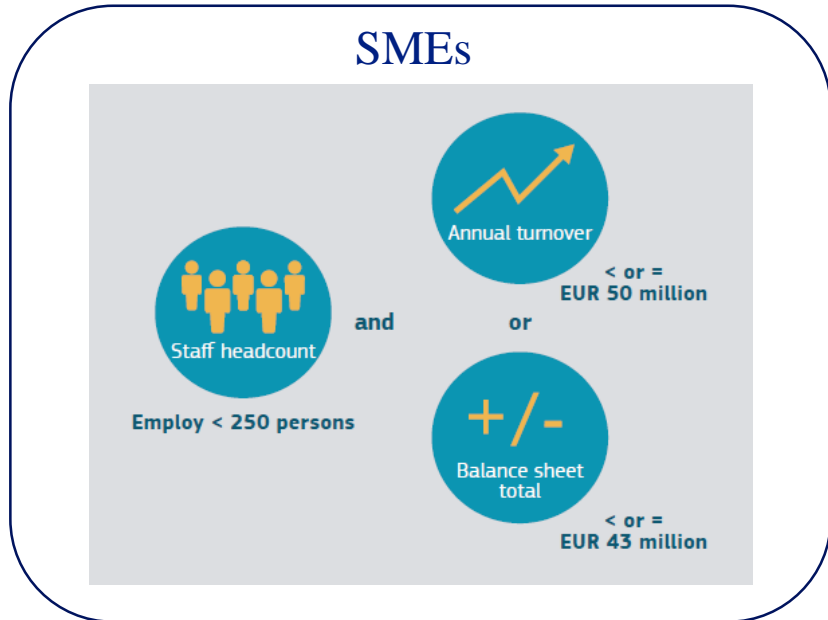
Eligibility criteria

*Insights on some key eligibility
criteria, State Aid and
contractual undertakings*

Eligibility

Checking final recipient's size 1/2

- Depending on the EGF State Aid regime chosen for the relevant final recipient transaction (ref. next slides), the Final Recipient shall qualify as **SME** or **Small Mid-Caps**
- Assessing final recipient status as well as documenting these checks is essential
- The rules to be applied for assessing the size of the final recipient are in **EC Recommendation (2003/361/EC)** concerning the definition of *micro, small and medium-sized enterprises*, which outlines the following specificities:



- In both cases, checking only the entity receiving the transaction is **not sufficient, unless** the entity qualifies as an **autonomous** enterprise
- If the final recipient has any
 - **partner** enterprise(s); or
 - **linked** enterprise(s)

then a *proportion* of the relevant data (for the partner entities) or *all* the relevant data (for the linked entities) **shall be considered**

Eligibility

Checking final recipient's size 2/2

Some points of attention:

- Use of last approved annual accounts
- final recipient cannot be SME if it was not an SME twice in a period of three years*(see art. 4.2 of **EC Recommendation (2003/361/EC)**)
- group of individuals acting jointly
- family links
- presence of entities (linked or partners) *outside* the jurisdiction of the Intermediary

Useful links:

- EC Recommendation: [EUR-Lex - 32003H0361 - EN - EUR-Lex \(europa.eu\)](#)
- SME Guide: https://ec.europa.eu/growth/content/revised-user-guide-sme-definition-0_en
- EC SME self-assessment questionnaire: [SME Questionnaire \(europa.eu\)](#)

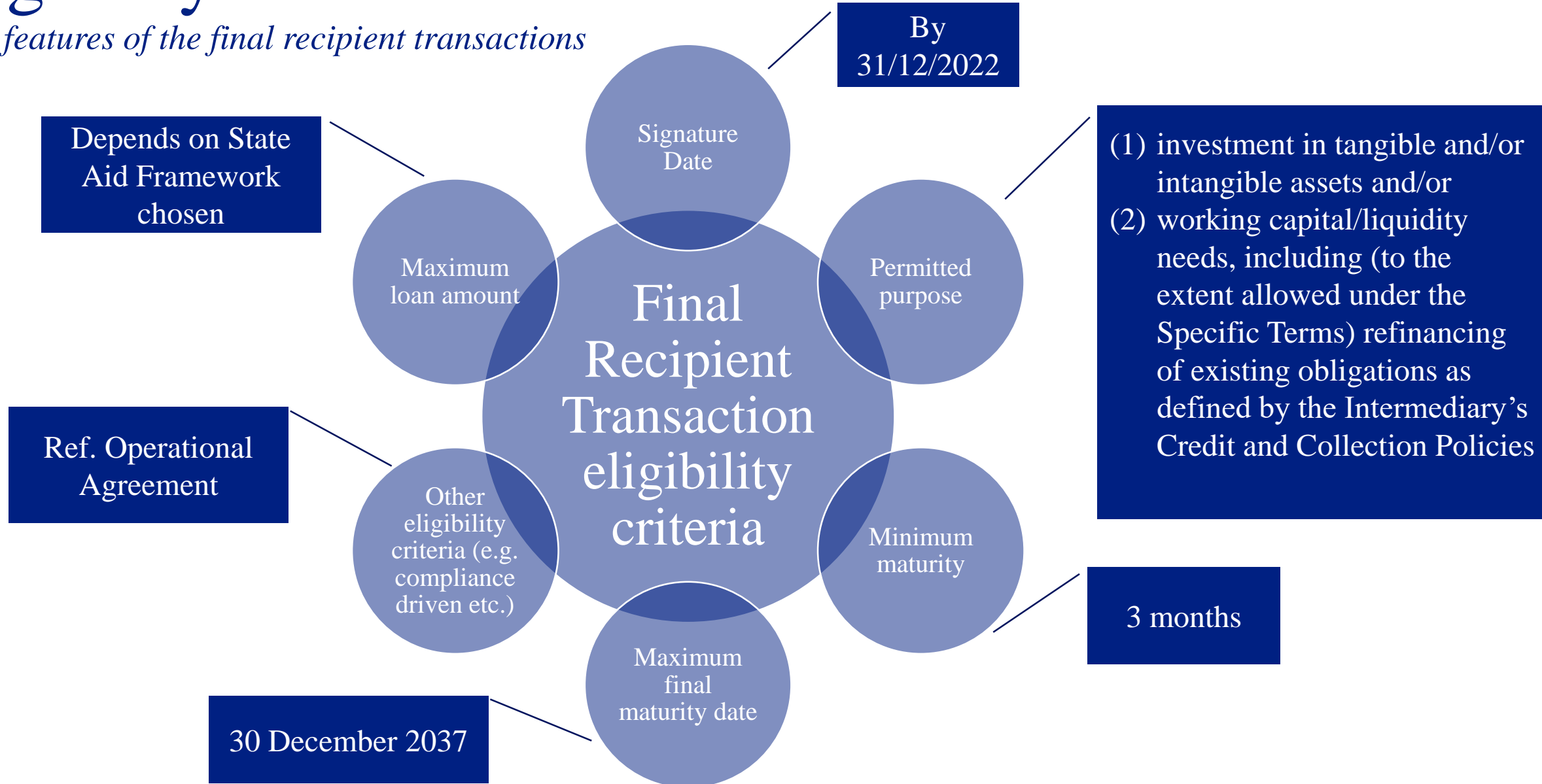
Case No	N (reference year) ⁽⁵⁾	N-1	N-2	Status of SME
1	SME	Not SME	Not SME	Not SME
2	SME	SME	Not SME	SME
3	SME	SME	SME	SME
4	SME	Not SME	SME	SME
5	Not SME	SME	SME	SME
6	Not SME	Not SME	SME	Not SME
7	Not SME	SME	Not SME	Not SME
8	Not SME	Not SME	Not SME	Not SME

Source: <https://op.europa.eu/en/publication-detail/-/publication/756d9260-ee54-11ea-991b-01aa75ed71a1/language-en>

*From the latest approved accounting period

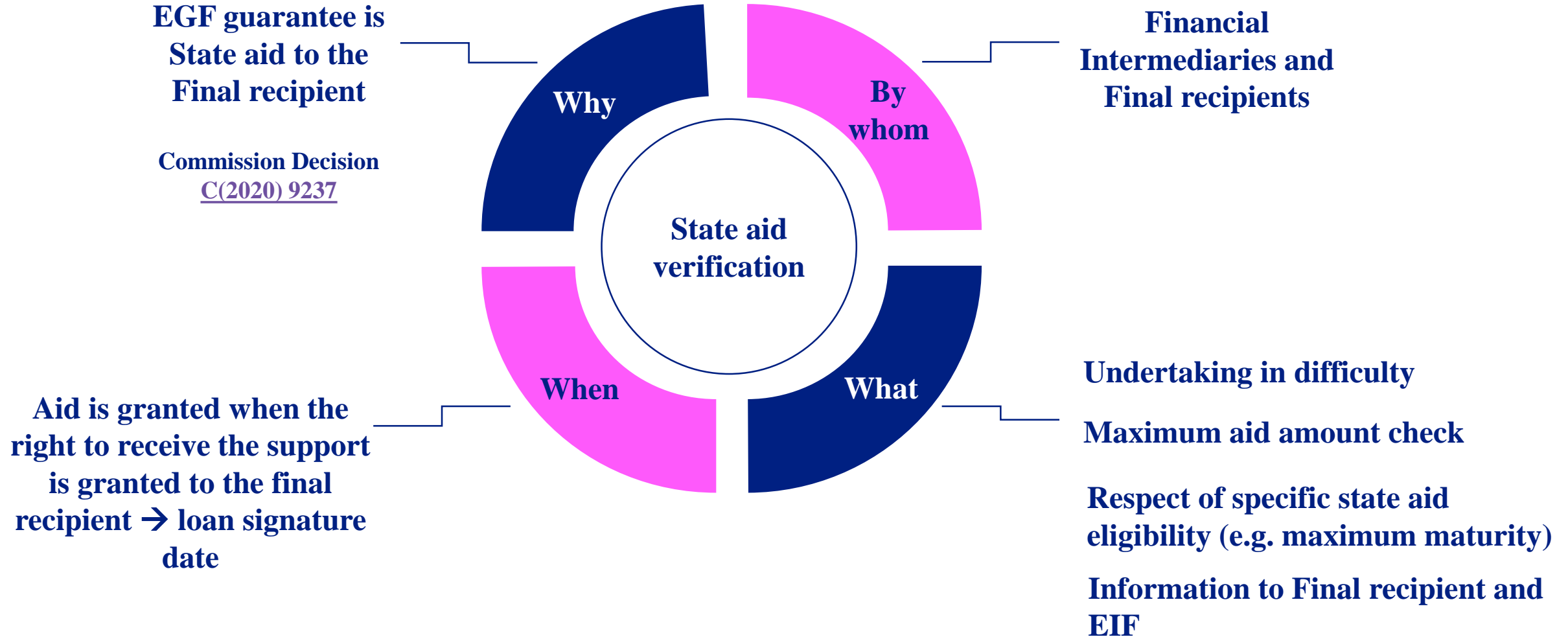
Eligibility

Main features of the final recipient transactions



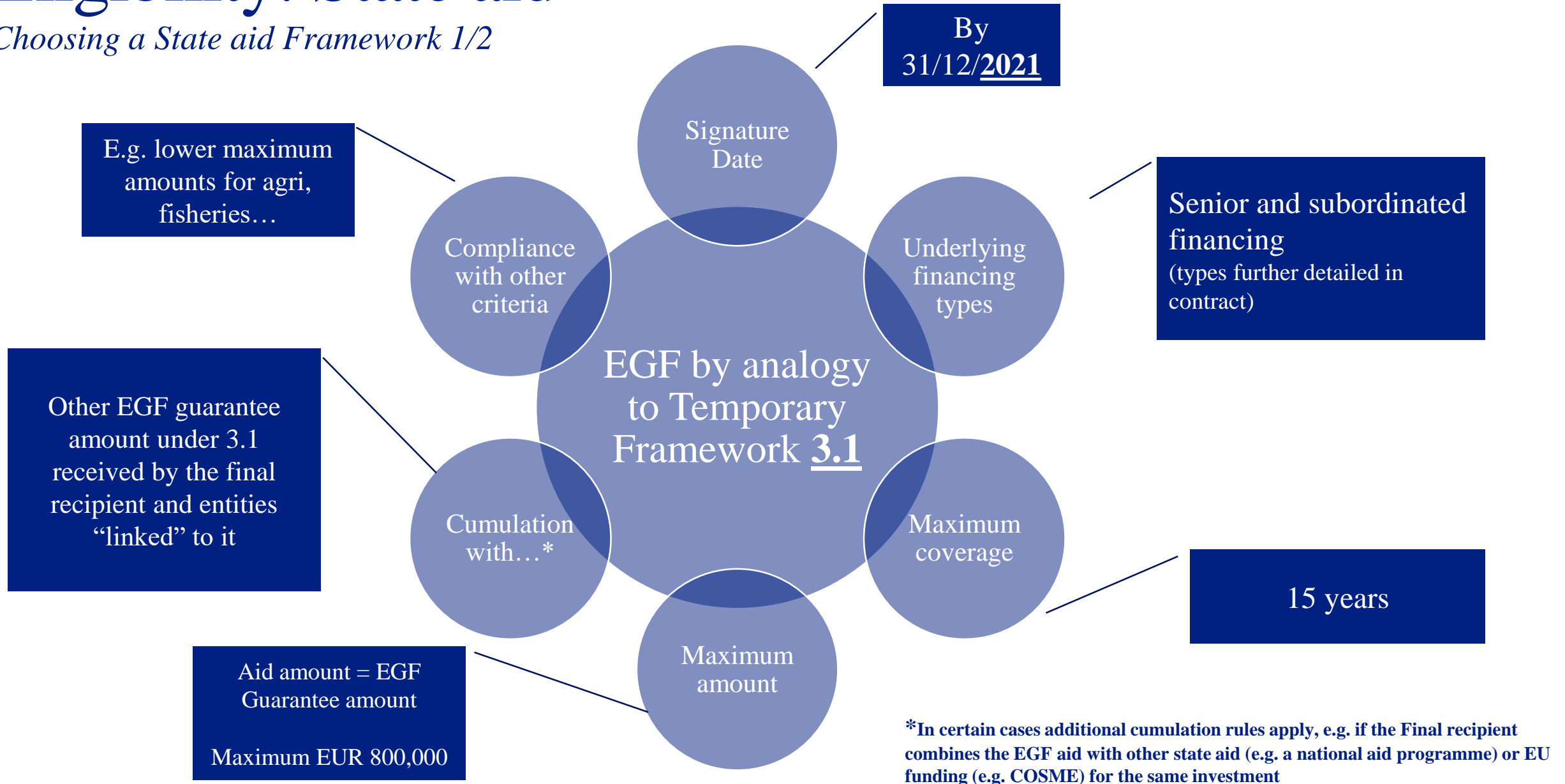
Eligibility: State aid

State aid verification: main elements



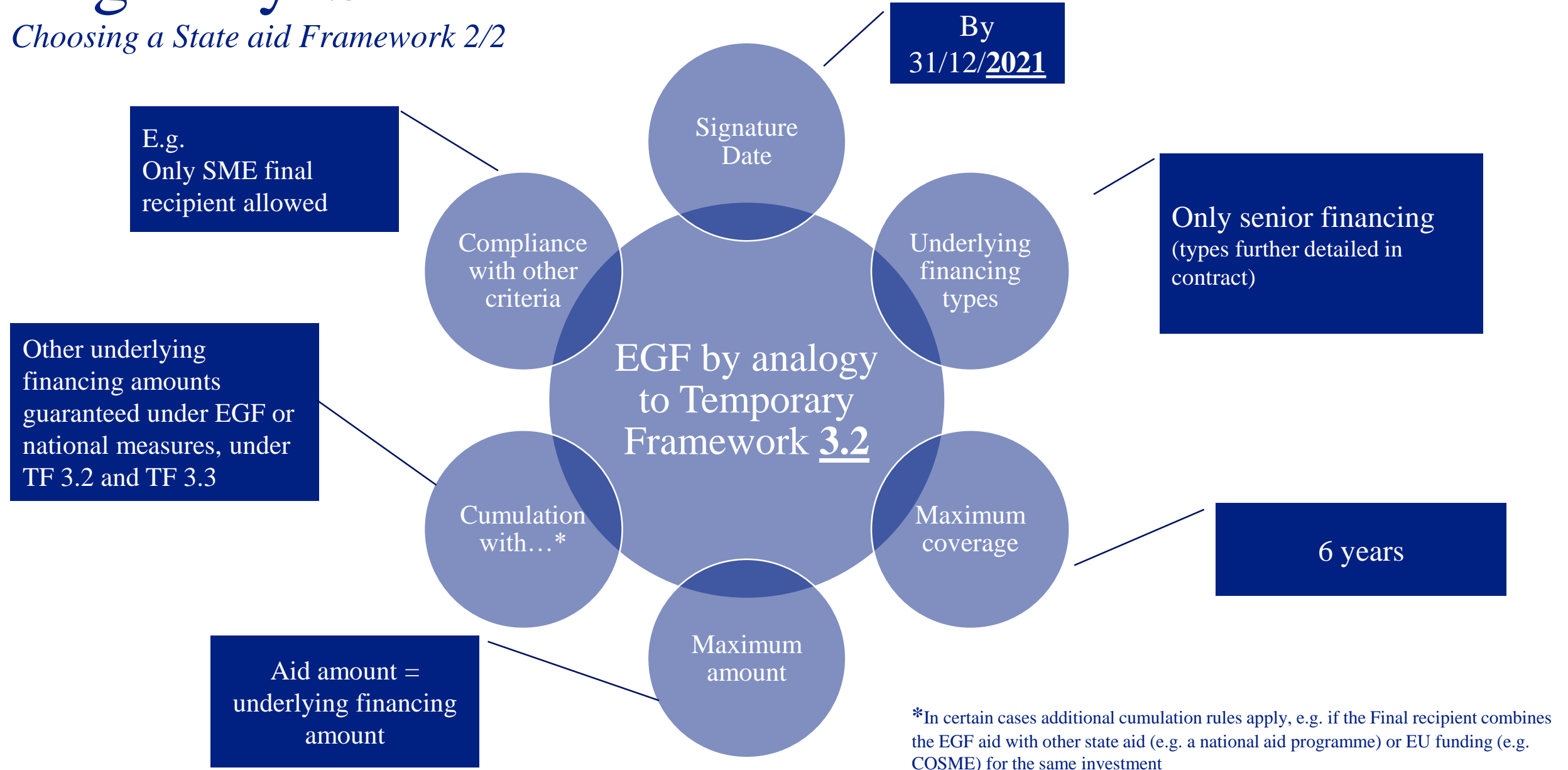
Eligibility: State aid

Choosing a State aid Framework 1/2



Eligibility: State aid

Choosing a State aid Framework 2/2



Eligibility: State aid

Maximum amount under TF by analogy to 3.2

What is the maximum amount under 3.2?

Thresholds refer to the principal loan amount (and not the EGF %)

As always, subject to the FI credit analysis and approval; and process of check of this maximum threshold is to be documented.

- (a) Double the annual wage bill of the Final Recipient (including social charges as well as the cost of personnel working on the undertaking's site but formally in the payroll of subcontractors) for 2019, or for the last year available. In the case of undertakings created on or after 1 January 2019, the 3.2 Maximum Aid Threshold must not exceed the estimated annual wage bill for the first two years in operation; or
- (b) 25% of the Final Recipient's total turnover in 2019 or for the last year available; or
- (c) up to the Final Recipient's foreseen financing needs for a period of 18 months for SMEs, based on a self-declaration by the Final Recipient (but in any case to be finally determined in line with the Sub-Intermediary's or the Intermediary's (as applicable) applicable Credit and Collection Policies).

Eligibility: State aid

Process: Undertaking in difficulty (UiD) as defined in the Temporary Framework

“undertaking”

- Identify (as part of the SME definition check) any “linked” enterprises to the final recipient
- To be included in the check

General Block Exemption Regulation definition applies as per TF + EC Q&A on “undertaking”

“micro” or “small”?

- If the final recipient (+ linked) is “small” (or “micro”), it is deemed eligible by default under the Temporary Framework, regarding the undertaking in difficulty rule

< 7 years, SME

- Are the final recipient and any linked enterprises all within 7 years from their first commercial sale?
- If yes, paras. a) and b) of the definition are complied with by default (applies to SMEs only)

Tests for UiD

- a) Or b): loss of more than 50% of capital (for SMEs)
- c) Subject to collective insolvency proceedings
- d) Received “rescue aid” or a “restructuring plan” under State aid rules, and not reimbursed/completed
- e) (for non-SMEs): for 2 years, debt/equity % > 7.5 and EBITDA interest coverage <1.0

Some checks can be included in the self declaration process, e.g. d)

Eligibility: State aid

Process: Binding Self declaration to be obtained from final recipient

“Deg-gendorf”

- The Final Recipient has not benefitted of State Aid which has been declared illegal or noncompliant by the Commission which has not yet been returned.

Other support

- “Relevant Aid Amount” depends on 3.1 or 3.2
- In addition: other aid or Union financing for the same investment and/or the same loan? → these amounts are also relevant!

Max amount

- Subtraction of the relevant aid amounts from the maximum amount set in the EGF contract (for 3.1 or 3.2 respectively)
- Ensuring that the EGF granted by the FI does not exceed the remaining threshold

Info

- Written information to the final recipient on type and amount of aid received
- Aid under Commission Decision C (2020) 9237 (EGF), under 3.1 OR 3.2
- Amount: EGF guarantee amount for 3.1, financing amount for 3.2

Eligibility: State aid

Example cumulation check: EGF under 3.1

Finance requested

- EUR 0.75m (equivalent to EUR 0.53m EGF Guarantee)

Other support

- EUR 1.0m Loan A guaranteed at 50% under national guarantee scheme under 3.1 (EUR 0.5m guarantee)
- EUR 0.5m Loan B guaranteed at 70% under EGF 3.1 (EUR 0.35m guarantee)
- EUR 1.8m Loan C under national guarantee programme under 3.2

Max amount

- EUR 0.8m of Guarantee amount
- Minus the aid of Loan B, but not Loans A or C.
- The effective maximum threshold to ensure is **EUR 0.45m**
- EGF guarantee can be granted but for a lower amount

Info to SME

- Aid under Commission Decision C (2020) 9237 (EGF), under 3.1
- Amount: EUR 0.45m

Eligibility: State aid

Example cumulation check: EGF under 3.2

Finance requested

- EUR 1.0m – 6 years – senior loan – SME (turnover EUR 30m)

Other support

- EUR 1.5m Loan A guaranteed under national guarantee scheme under 3.2
- EUR 1.0m Loan B subsidized under national 3.3 programme
- EUR 0.8m Loan C under national aid programme under 3.1

Max amount

- 25% of EUR 30m = EUR 7.5m
- Minus the aid of Loan A, Loan B, but not Loan C.
- The effective maximum threshold to ensure is **EUR 5.0m**
- The full amount requested can be granted (if the FI approves it)

Info to SME

- Aid under Commission Decision C (2020) 9237 (EGF), under 3.2
- Amount: EUR 1.0m

Eligibility

Insight on excluded and restricted activities

EIB Group Excluded Sectors

- the Final Recipients **shall not have a substantial focus** on one or more EIB Group Excluded Sectors
- the assessment of the **substantial focus** to be made by the Intermediary in its discretion (using its credit policies)
 - Typical modality is to assess the proportionate importance of such sector on *revenues, turnover or client base* of the perspective Final Recipient based on the documentation available to it (financial statements, business plan or other)

Paris Alignment” restricted sectors and activities

- For applications assessed by EIF from 1/1/2021

Certain other activities restricted for State Aid reasons

- Ref. Operational Agreement

Example

In the case of tobacco, the final recipient is excluded if more than 5%-10% of the balance sheet or the financed volume or sales revenues of the final recipient is linked to tobacco

Eligibility

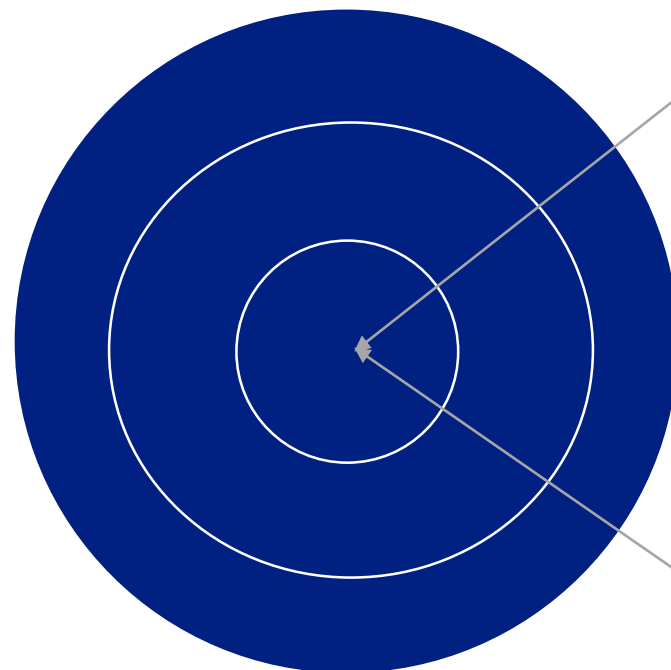
Insight on the modifications/changes to final recipient transactions

- The Intermediary is entitled, in accordance with its internal procedures and policies, to amend or supplement, grant any waiver or make any other declaration of intent in relation to a final recipient transaction signed with final recipient provided that:
 - all the relevant Eligibility Criteria are still complied with based on the specific Time of Compliance provision;
 - ensuring the respect of the eligibility criteria for which Time of Compliance is “continuing”; and
 - if any such change may result in maturity extensions and commitment increases, before 31 December 2021.

Eligibility

Insight on Transfer of Benefit

- Transfer of Benefit provisions are crucial for the correct deployment of all EIF facilities as they **ensure that the benefit of the guarantee offered to the Intermediary is passed on to the largest extent possible to the Final Recipients**
- **The specific modalities** to apply the Transfer of Benefit are included in **the specific terms** agreed by EIF with each of the Intermediaries
 - *Example:* if the Transfer of Benefit is to be passed via interest rate reduction through a reduced customary risk spread, it is necessary to **retain evidence - as of the signature date of each transaction - what the customary risk spread applicable to the specific Final Recipient would have been in the absence of the EGF guarantee**



Evidence of the application of the transfer of benefit - **as of the signature date of each transaction** - shall be kept for **each** of the final recipient transactions originated by the Intermediary, including proof of the compliance with the above contractual provision

In the **contractual documentation** with the Final Recipient the Transfer of Benefit shall be made **visible**

“in no case shall the overall interest rate of the Final Recipient Transaction covered by the Guarantee after taking into account the Guarantee Fee be higher than the overall interest rate of such Final Recipient Transaction if it was not covered by the Guarantee”

(Guarantee Agreement)

Eligibility

Maintenance of records

Indicative of documentation to be kept and maintained in relation to each final recipient transaction

Documentation created by the FI during the application and Final recipient Transaction evaluation process

- Application, including any business plan
 - Any self-declarations
 - Signed FRT contract (including the amortization schedule)
 - Proof of disbursement;
 - Internal credit risk approval documentation, including documents evidencing transfer of benefit
 - Checklists (if any) or any other document used for the verification of the eligibility criteria
- Extract from company register (to validate NACE code / incorporation / location etc.)
 - Financial statements of the FR and for any linked/partner entities (at least two years prior to the signature)
 - Any other documents collected from the Final Recipient to eligibility criteria
 - Evidence of use of funds (e.g. for investment loans, documentation such as invoices, purchase agreements, etc.)

Eligibility

How to determine the location of the final recipient transaction

- Depending on the *purpose* of the final recipient transaction, the location is to be identified (and reported) as follows



registered
office of the
relevant
Final
Recipient

location of
the
investment

purpose

- working capital/liquidity needs or
- refinancing of existing obligations or
- investment where no clear geographical allocation of such investment is possible

- investment where a clear geographical allocation of such investment is possible

Only Final Recipient Transactions made available in a Participating Member State are eligible

Eligibility

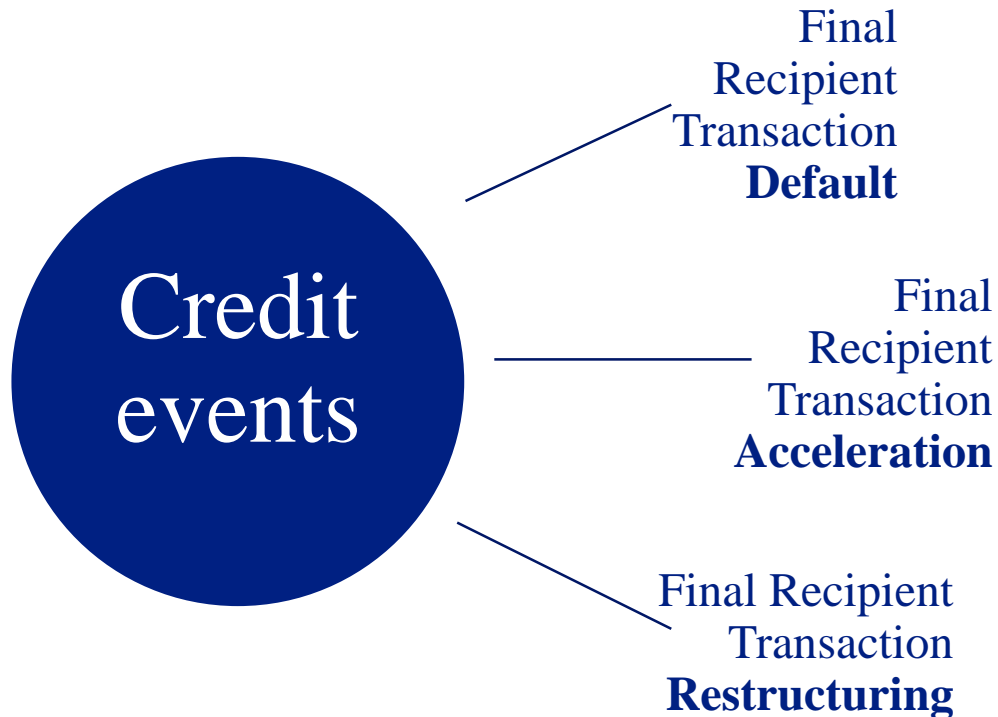
Final recipient creditworthiness

- At the time of signature, **no** Final Recipients shall be
 - delinquent (for more than 20 days) or
 - in default

in respect of any transaction granted by the Intermediary or by another financial institution.
- In the case of refinancing, the above refers also to the transaction that is being refinanced.
- The above is to be checked by the Intermediary **pursuant to its internal guidelines and Credit and Collection Policies and documented accordingly.**
- In addition to the above, the Specific Terms of each Operational Agreement may include additional eligibility criteria related to the creditworthiness profile of the final recipients, including :
 - the rating assigned by the Intermediary in accordance with its credit policies;
 - and any other requirements agreed with EIF in terms of portfolio composition.

Credit events

Main principles and maintenance of records related to the Credit Events



Intermediaries should keep record of the following related the Credit events

- Type and date of the credit event
- evidence of the occurrence of the Credit Event (e.g. cancellation letter sent to the FRs, evidence of legal proceedings, etc.)
- evidence from the books of the Intermediary that there is an unpaid amount on the FRT
- in case of (counter-)guarantees, evidence that the underlying guarantee was activated
- type of interest (regular interest, Late payment or default interest, capitalised interest, fees and any other costs and expenses)
- days of regular interest
- evidence that the accrued interest claimed is correctly calculated (number of days and type of interest)
- copy of a document evidencing the related recovery net amounts, if any

Other contractual undertakings

Representations and undertakings

- The Operational Agreement includes other provisions and undertakings which usually form part of the checks performed by audit or other monitoring authorities
- This includes, a number of representations and undertakings that the Intermediary shall include in the legal documentation signed with the Final Recipient in order to make them **binding on the Final Recipients**

Specific language to be included in the legal documentation: "[Final Recipient Transaction] benefits from support by the EGF Guarantee Instrument, implemented by the European Investment Fund with the financial backing of the Member States contributing to the EGF"

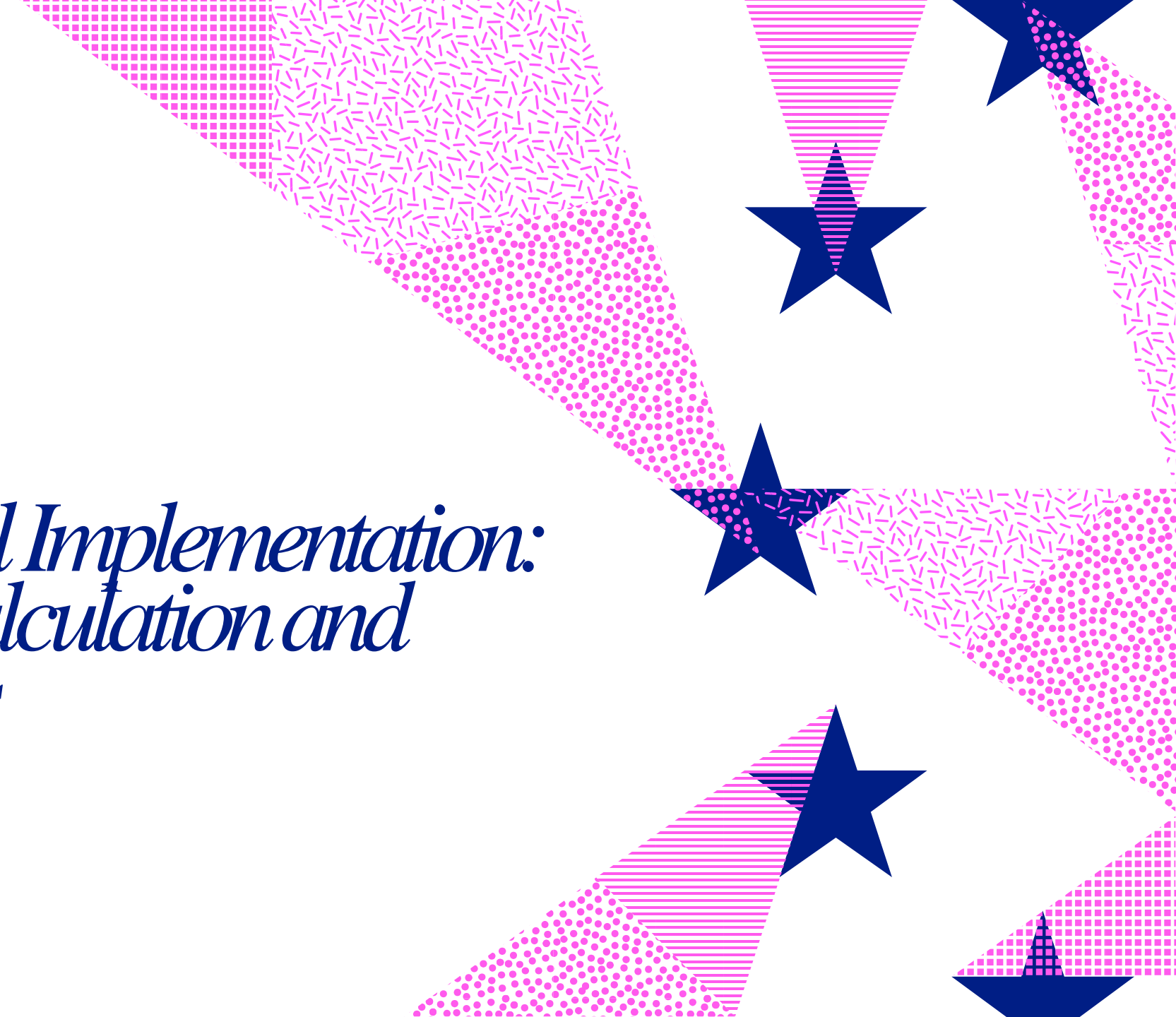
Examples

Maintenance by the Intermediary of an economic exposure of at least 10% of the outstanding principal amount of each Final Recipient Transaction included in the Portfolio

EGF: Operational Implementation: Reporting, Fee Calculation and Payment Requests

3 June 2021 | 2pm - 4pm (CET)

*Renata LOKIN-BEADER,
Alexandra EFTIMIE*



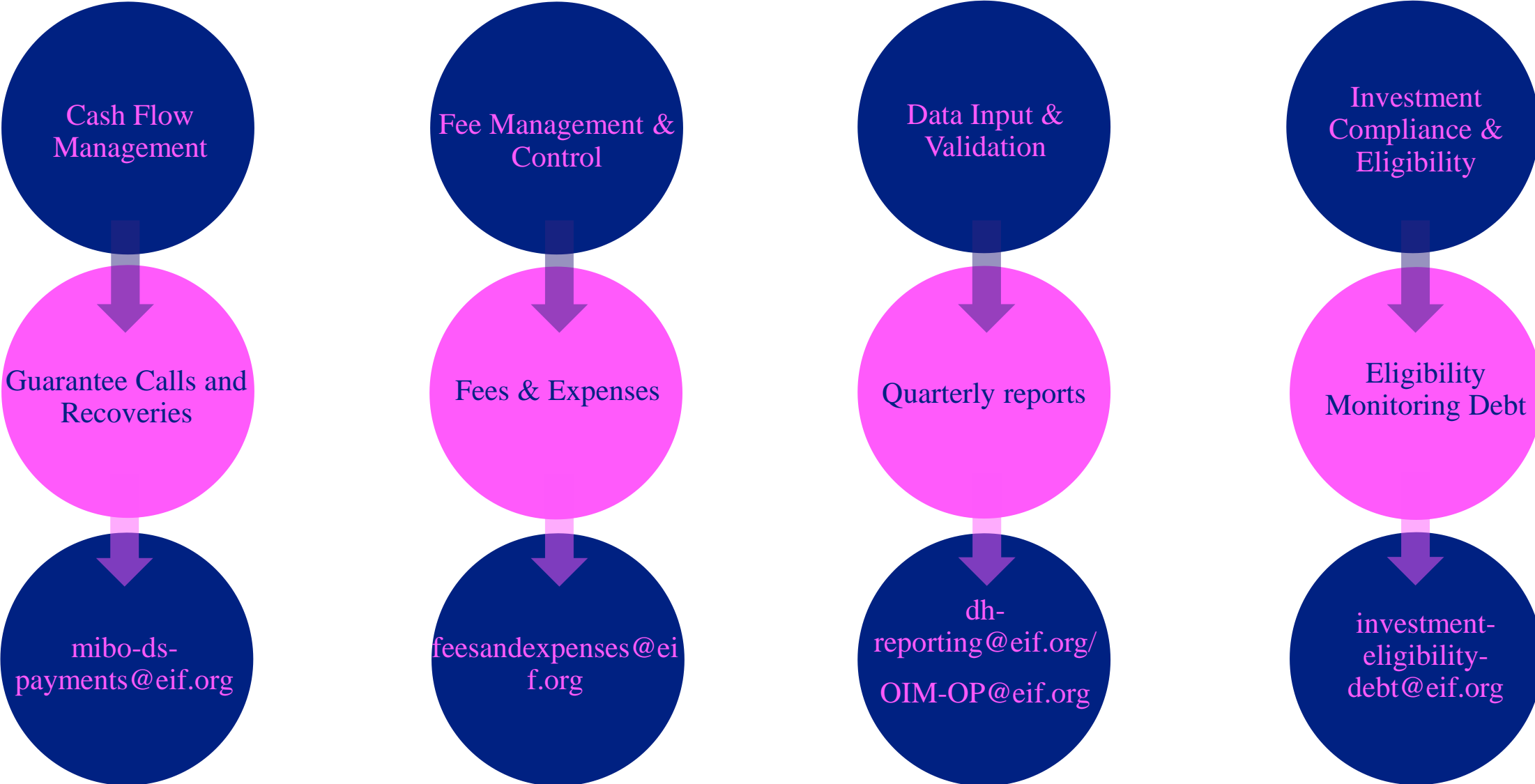
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Agenda

- 1 EIF's middle office (OIM) structure
- 2 Inclusion and exclusion processes
- 3 Inclusion report
- 4 Inclusion notice
- 5 Important metrics and rules
- 6 Payment demands and recoveries
- 7 Guarantee fees

EIF's middle office (OIM)



Inclusion and Exclusion Processes

When to report transactions for inclusion in the portfolio?

Contractual reporting deadlines

What transactions to report for inclusion in the portfolio?

Eligibility criteria and inclusion period

How to report transactions for inclusion in the portfolio?

Reporting template and delivery e-mail address

When to report?

“As per the Guarantee Agreement, the **Inclusion Notices** and **Reports** need to be sent no later than on each Report Date, provided that the last Inclusion Notice shall not be sent later than on the Report Date immediately following the period ending six (6) Months after the Inclusion Period End Date.”

“**Report Date**” means the date falling thirty (30) calendar days after the last day of a calendar quarter and provided that, if the Report Date falls on a calendar day that is not a Business Day, the Report Date shall be on the next calendar day which is a Business Day.”

30th of April
for Q1

30th of July
for Q2

30th of
October
for Q3

30th of
January
for Q4

What to report?

As per the Guarantee Agreement, in order for a Final Recipient Transaction to be included in the portfolio, it needs to:

- (i) comply with the **Eligibility Criteria** and all other provisions of this Agreement; and
- (ii) **be signed (be entered into, as stipulated in the Agreement)** with the Final Recipients during the **Inclusion Period**.

“The Inclusion Notices and Reports may include Final Recipient Transactions entered into at any time during the **two (2) calendar quarters** preceding the date of the relevant Inclusion Notice. ”

Applicable for first Inclusion Report: “In case no Final Recipient Transactions are entered into during the two (2) calendar quarters preceding the date of the relevant Inclusion Notice, an email stating that no Final Recipient Transactions are to be included shall be sent by the Intermediary to the Guarantor no later than on the relevant Report Date.”

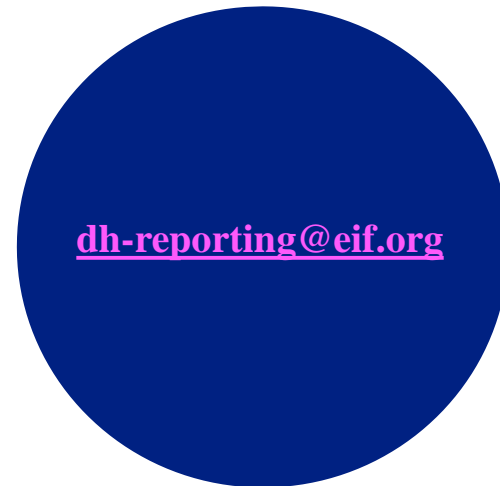
Transactions to report

Quarter	Report Deadline	Transactions to be included (based on the relevant signature date)	
		From	To
1 st	30/04/Y	01/10/Y-1	31/03/Y
2 nd	30/07/Y	01/01/Y	30/06/Y
3 rd	30/10/Y	01/04/Y	30/09/Y
4 th	30/01/Y+1	01/07/Y	31/12/Y

How to report?

“The Inclusion Reports will be sent in the form set out in [Schedule 7A](#) of the Guarantee Agreement (Form of Report) and always accompanied by Inclusion Notices - [Schedule 7](#) to the Guarantee Agreement (Form of Inclusion Notice).”

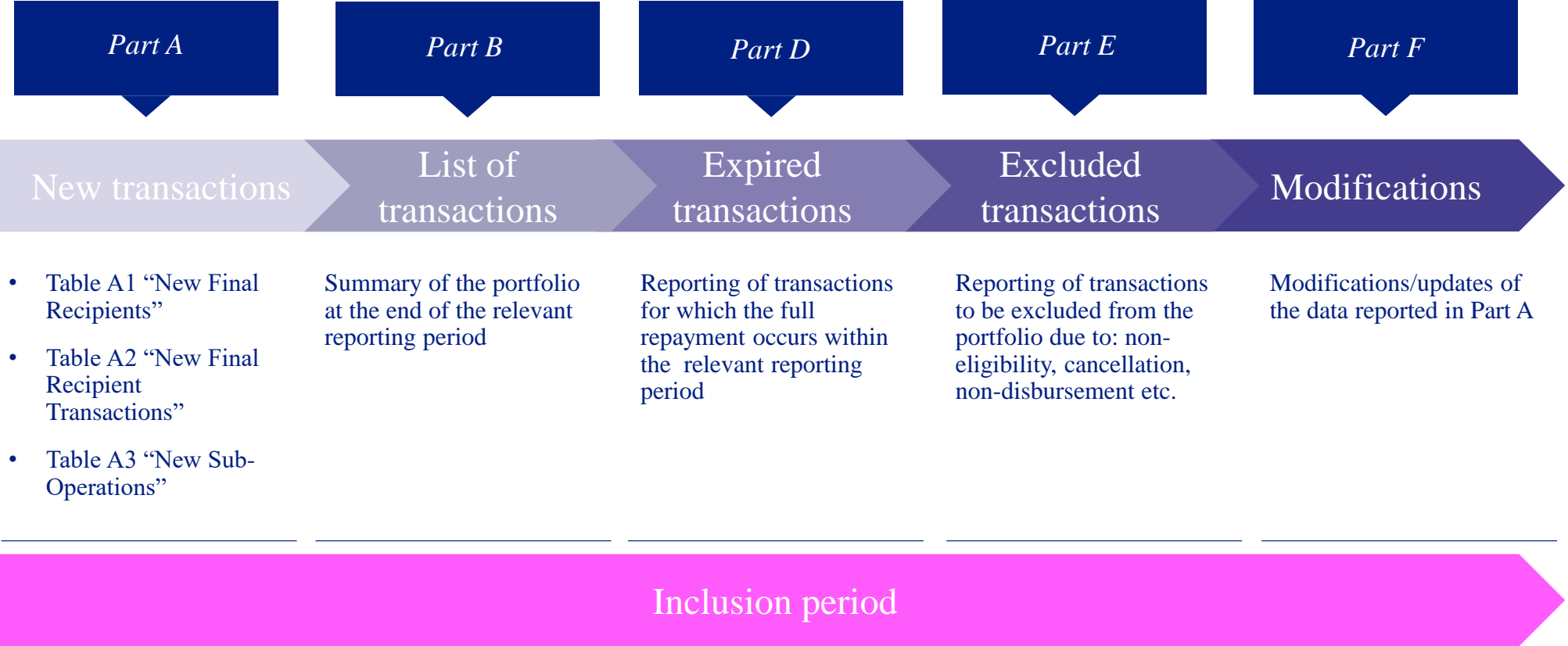
As indicated in the Guarantee Agreement, the Quarterly Report should be sent to:



Note: In case the data provided in the report is not in line with the contractual requirements, EIF’s Middle Office will revert for further clarifications.

Inclusion Report structure

The reports are in Excel format and they are structured in 5 distinct parts. **Reporting Manual** is also provided.



After the End of the Inclusion Period, the Intermediary shall send a Report, including information on the covered transactions and relevant amounts outstanding on each Report date. Thus, parts B, D, E and F – if any, should be reported until the expiry or termination of the Guarantee Agreement.

Part A (New Transactions)

Table A1
“New Final Recipients”

Information on the companies that
have signed
transactions during the relevant
reporting period
(one entry per company)

Table A2
*“New Final Recipient
Transactions”*

Information about transactions signed
during the relevant reporting period
(one entry per underlying transaction)

Table A3
“New Sub-Operations”

*Applicable only for Counter-
Guarantees: information about
guarantees signed.*
(one entry per guarantee)

Inclusion Notice content

The Inclusion Notice needs to be filled in with the following figures relevant at each Report Date:

*Transactions
amount committed*

Sum of principal amounts of all transaction reported in Table A2 (expressed in the Base Currency), in a specific Inclusion Report

Number of transactions

Total number of transactions included within the Portfolio - reported in Part B of a specific Inclusion Report

Actual Portfolio Volume (APV)

The aggregate amount of principal (expressed in the Base Currency) committed to be made available under covered transactions

Each **Inclusion Notice** includes a confirmation that the reported transactions comply with all the Eligibility Criteria.

APV calculation and adjustment

Calculation: The APV is calculated by aggregating for each FRT one of the following amounts:

If the disbursement period
of the transaction is on-
going:

Principal amount
committed (DG)
or guaranteed (CG)


If the disbursement
period of the transaction
has ended:

Total amount
disbursed*(DG) or
guaranteed part of
disbursement (CG)

* (Once available) For transactions type Documentary Finance, the amount to be taken into consideration if the disbursement period is over will still be the Committed principal amount.

Assimilated rules

In order to check whether data provided in the report is not in line with the contractual requirements, EIF has the following sets of business rules implemented in the database:



Business rules
related to eligibility



Business rules
related to
consistency

Business rules serve to check the consistency of the data however they do not cover the entire spectrum of criteria therefore compliance must be ensured and documented accordingly.

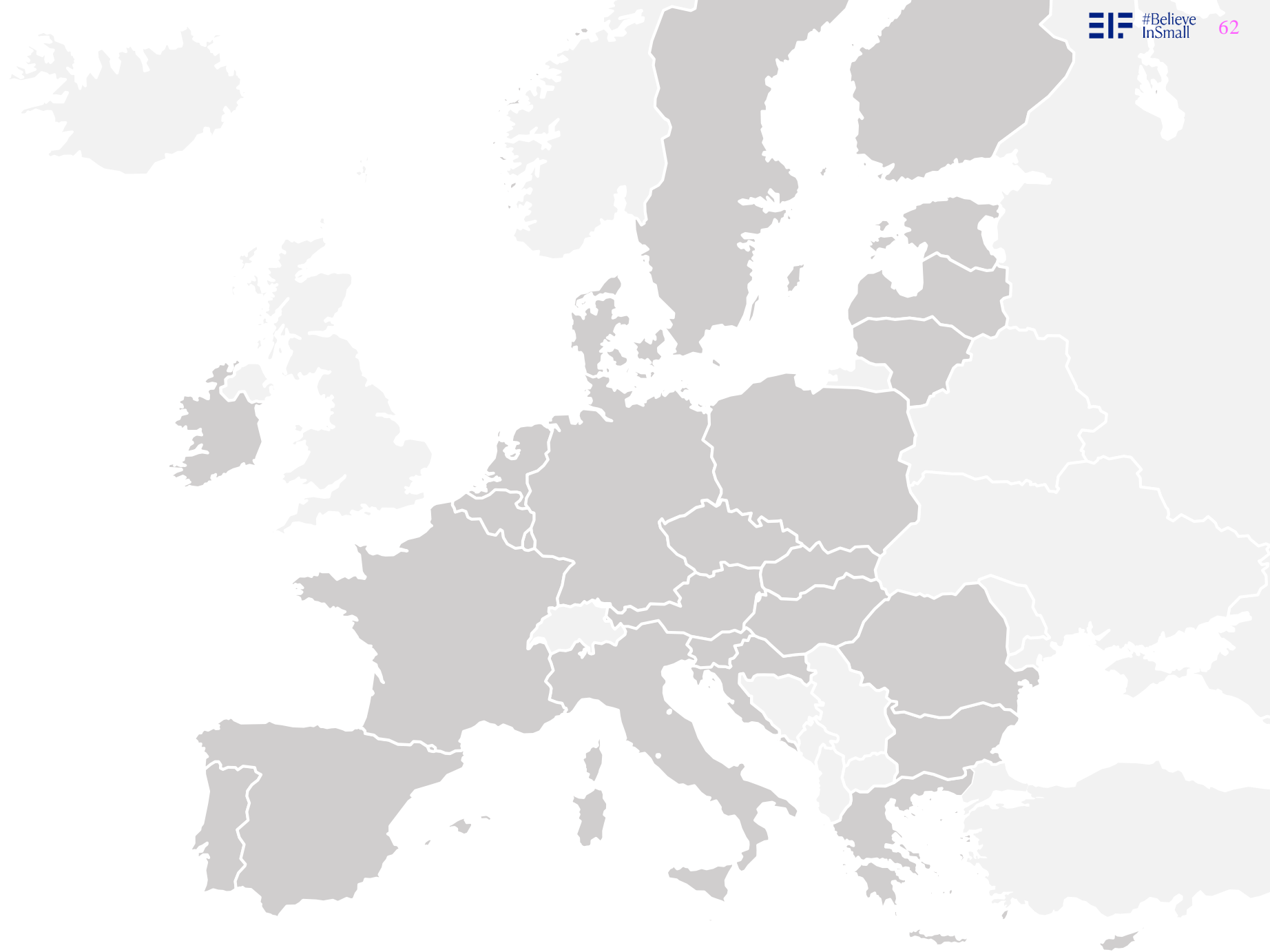
Important metrics are detailed in the Annex

*Schedule 7 “Inclusion Notice”
&
7A “Form of report”*

*Example of a filled in Inclusion
Notice and Inclusion Report
based on the Reporting manual.*

Q&A

on Reporting



Payment Demands

When to report?

Reporting deadlines

“The Payment Demand must be sent during a Payment Demand Period. Not more than one Payment Demand may be made during a Payment Demand Period”

“**“Payment Demand Period”** means the period from (but excluding) the last day of a calendar quarter to (and including) the immediately following Payment Demand Date (**Report Date**).”

What to report?

Reporting requirements

“The Payment Demand must relate to Defaulted Amounts that have been included in the Report sent by not later than the third Report Date following the calendar quarter in which the relevant Credit Event has occurred.”

Ex: Transaction defaulted in 15/09/2020 needs to be reported in B table on field B.10 with “Y” for default latest with Q1 2021 report for EIF to be able to pay an eventual GC.

How to report?

Reporting template and delivery e-mail address

The Payment Demand will be sent in the form of **Schedule 9** (Form of Payment Demand) and always accompanied by **Schedule 9A** (Part C – Payment Demand)

Payment Demand Schedules should be sent to:

mibo-ds-payments@eif.org

Recoveries

When to report?

Reporting deadlines

- Recoveries related to a Defaulted Amount for which a Payment Demand has already been sent: not later than **thirty (30) calendar days** after the end of the quarter in which the Recoveries are received
- Recoveries related to a Defaulted Amount for which no Payment Demand has been sent yet: the Recoveries will be included in the Payment Demand and will be set-off against the payment due for that Payment Demand

What to report?

Reporting requirements

- Amounts received in connection with a Defaulted Amount, up to the limit representing the total sum of amounts paid by the Guarantor under the Guarantee in respect of Defaulted Amount.

How to report?

Reporting template and delivery e-mail address

The Recoveries will be sent either:

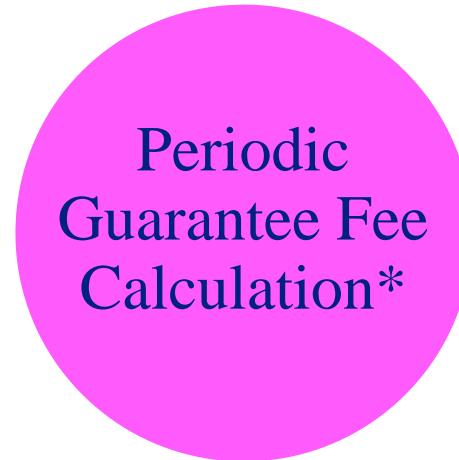
- in the form of **Schedule 10** (Form of Recoveries Notice) and always accompanied by **Schedule 10A** (Part R – Loss Recoveries);
- in the form of **Schedule 9** (Form of Payment Demand) and always accompanied by **Schedule 9A** (Part C – Payment Demand).

Recoveries Schedules should be sent to:

mibo-ds-payments@eif.org

Guarantee Fees

Types of Guarantee Fee Calculations (formulas are included in the Guarantee Agreement):



Payment instructions:

The Intermediary shall pay to the Guarantor on any Guarantee Fee Payment Date (**Report Date**) the Guarantee Fee Amount, calculated for the relevant Guarantee Fee Calculation Period.

The Guarantee Fee Amount will be paid in **EUR**.

Important:

In case a transaction is deemed Non-Eligible and excluded no later than the second Report Date from its inclusion, the related amount of Guarantee Fee will be paid by EIF (including by way of set-off) on the next day on which amounts are due to be paid.

If a Default is cured or a Restructuring is classified as a good debt, then the the calculation of the Guarantee Fee shall include each day since the occurrence of the Default/Restructuring as if the transaction has always been Performing.

*linked to the amount reported in the field B.7. "Sum of daily outstanding principal amount (performing)"

Schedule 9 “Form of Payment Demand” & 9A “Part C – Payment Demand”

Example of a filled in Payment Demand and Recoveries based on the Reporting manual

Schedule 10 “Form of Recoveries Notice” & 10A “Part R – Loss Recoveries”

Periodic Guarantee Fee

Example of Guarantee Fee calculation.

Thank you!

*If we believe in small
big things can happen*



Contacts:

- mibo-ds-payments@eif.org
- feesandexpenses@eif.org
- dh-reporting@eif.org
- investment-eligibility-debt@eif.org

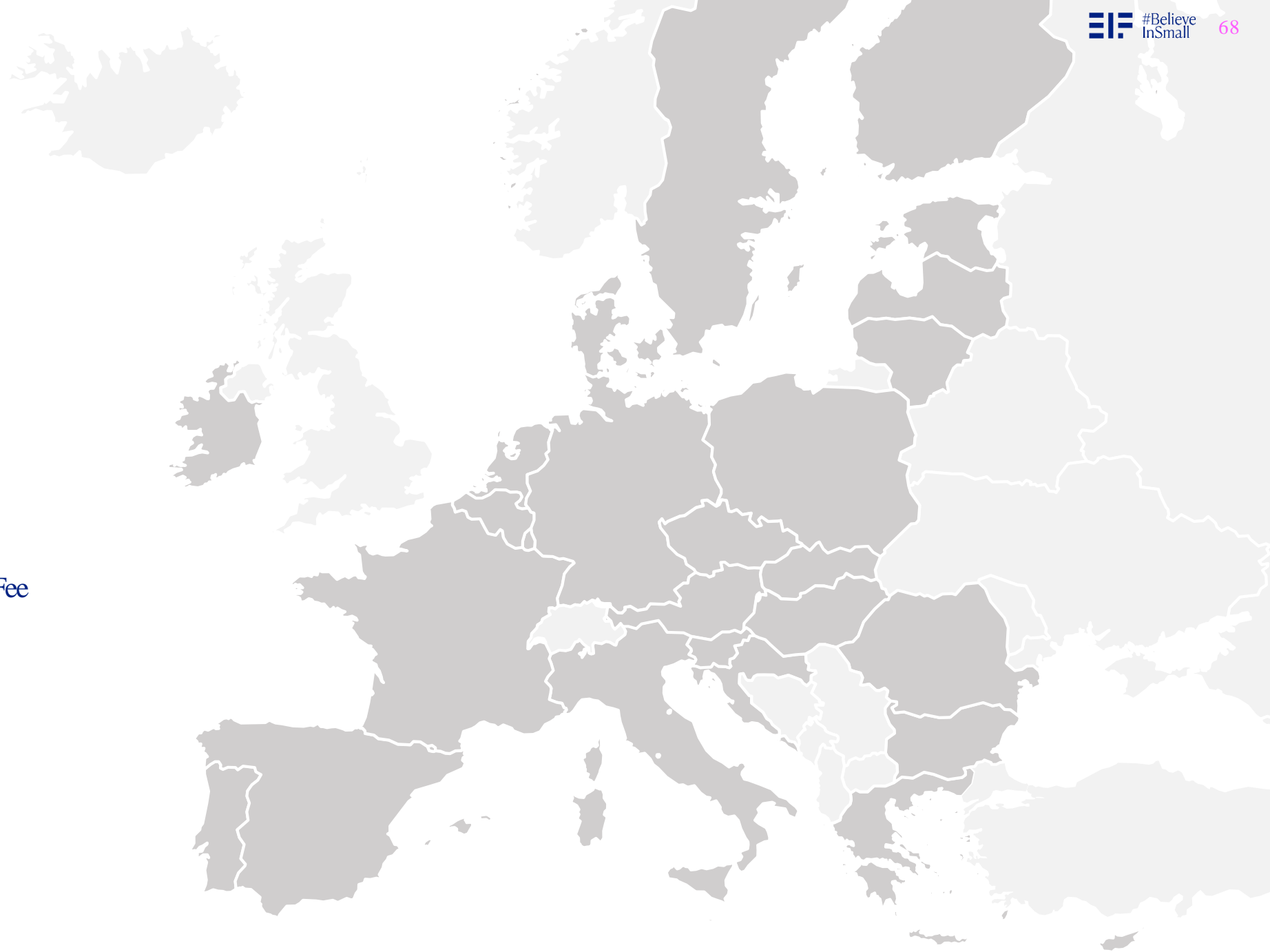
To find out more please visit us
at: www.eif.org

European
Investment Fund
37B avenue J.F. Kennedy

L-2968 Luxembourg
Phone: +352 24851

Q&A

on Payment Demands, Recoveries, Fee
Calculation



Important metrics and assimilated rules (1)

Name of the metric

A.2.5. Transaction principal amount

B.4. Cumulated Disbursed Principal Amount

B.5. Transaction Outstanding Principal amount

B.7. Sum of Daily Outstanding Principal amount (performing)

Definition of the metric

Total committed principal amount of a FRT, whether or not disbursed

Portion of the FRT's principal amount actually disbursed to the Final Recipient

Actual outstanding amount of the FRT

The sum of the **outstanding principal amount on each day** during a specific calendar quarter in which the transaction is a **Performing FRT**.

Business rule applied

Transaction principal amount must always be higher or equal to the Cumulated disbursed amount

Cumulated disbursed amount must always be lower or equal to the Transaction principal amount and higher or equal to the Transaction Outstanding amount

Transaction Outstanding amount must always be lower or equal to the Cumulated disbursed amount

Starting from the day in which the FRT is flagged as "Defaulted", the amount taken into consideration towards the daily Outstanding will be 0.

If the transaction is fully repaid, the amount will also be 0.

Important metrics and assimilated rules (2)

Name of the metric

B.8 Delinquent Final Recipient Transaction (Y/N)

B.10. Defaulted Final Recipient Transaction

A.1.1 Fiscal number

B.1. “Final Recipient rating / scoring”

Definition of the metric

Whether the Final Recipient has failed to meet any payment obligation under the relevant FRT as of the end of the relevant reporting quarter

Whether the relevant FRT is defaulted as of the end of the relevant reporting quarter

Unique identifier code assigned to a Final Recipient

The rating/scoring assigned by the Intermediary to a Final Recipient, set on the date of the FRT is to be included in the portfolio

Business rule applied

Field to be populated with “Y” if the DPD is between 1 and 90, and number of days to be reported in B.9. Fields B.8 and B.10 cannot be “Y” at the same time.

Field to be populated with “Y” if the DPD is over 90 days, and Date of Default to be reported in B.11. Fields B.8 and B.10 cannot be “Y” at the same time.

The provided code needs to be one from the list mentioned in field A.1.3” Final Recipient National ID Type”, preferably the same for all the included Final Recipients.

Needs to be in line with the rating scale priory agreed with EIF and always accompanied by the rating assignation date (field B.3), at the moment on inclusion.

Important metrics and assimilated rules (3)

Name of the metric

A.3.1. Sub-operation guarantee amount

A.2.6. Transaction maturity (months)

A.3.3. Sub-operation signature date

Transactions to be excluded

Definition of the metric

Maximum risk amount covered by the FI if the Final Recipient Transaction defaults

Period starting from the signature date of a Final Recipient Transaction and ending on the scheduled final payment date

Initial date of the guarantee/counter-guarantee issued by the FI

The transactions to be excluded are going to be reported through Sheet E in the reporting template

Business rule applied

It is calculated as a product between:

- A.2.5 “Transaction principal amount”
- A.3.2 “Sub-operation Guarantee rate”

It is reported in months and it includes the grace period, if any.

Is usually in the same day or after the signature of the FRT

In case of an Exclusion of a FRT for which a PD has already been paid, first a claw-back needs to be performed and afterwards can the transaction be excluded

Important metrics and assimilated rules (4)

Name of the metric

A.1.6 Country of the Final Recipient

A.2.11. Investment location

A.1.8. Sector (NACE code)

A.2.15. State aid Framework

Definition of the metric

Country where the Final Recipient is located, based on ISO 3166 Alpha-2 code.

Country based on ISO 3166 Alpha-2 code, reported for the relevant FRT within one of the participating Member States

Main economic sector of the Final Recipient according to NACE Revision 2

Note: Final Recipient NACE relevant also for Business Rule linked to State Aid

If reported A.2.15 is 3.1 then transaction principal amount * guarantee rate, with any other 3.1 Relevant Aid Amounts \leq Maximum Aid Threshold
Note: 3.1 Maximum Aid Threshold varies depending on NACE of the Final Recipient

Business rule applied

Final Recipient country of establishment and operation needs to be within one of the participating Member States

Needs to be the location of the (i) the investment or (ii) if a clear geographical allocation of such investment is not possible (e.g. working capital/liquidity needs), registered office of the Final Recipient

Final recipient main economic activity not to fall under the EIB Group Restricted sectors and other policy restrictions set forth in the contract.

For 3.1, EGF Guaranteed Amount (with any other 3.1 Relevant Aid Amounts) not to exceed the Maximum Aid Threshold