



InnovFin

MidCap Guarantee

THE GUARANTEE FACILITY UNDER HORIZON 2020 FRAMEWORK PROGRAMME WITH
RESPECT TO RESEARCH & INNOVATION DRIVEN MID-CAPS

OPEN CALL FOR EXPRESSION OF INTEREST

TO SELECT FINANCIAL INTERMEDIARIES

(Published on 28 May 2015, amended on 26 June 2015¹)

The objective of this Open Call for Expression of Interest, launched by the European Investment Bank (the “EIB”), is to select eligible financial institutions to become Financial Intermediaries under the InnovFin Mid-cap Guarantee facility (the “Facility” or “MCG”), window of the single Union debt financial instrument, as further described below.

All applications for guarantees under the Facility to be submitted to the EIB should conform to this Open Call for Expression of Interest.

1. InnovFin Mid-cap Guarantee facility

The European Commission Decision C (2014) 3758 of 10 June 2014 established the Facility, which is the debt facility established under Horizon 2020 Debt Financial Instrument targeting Research & Innovation driven Mid-Caps.

Pursuant to the Delegation Agreement between the European Union (the “EU”), the EIB and the European Investment Fund (the “EIF”) in respect of the Financial Instruments under Horizon 2020 dated 12 June 2014 (the “Horizon 2020 Agreement”), the EIB has been entrusted by EU to implement the Facility.

Under this Facility, the EIB shall provide guarantees to selected Financial Intermediaries, using a combination of the EU’s Horizon 2020 Framework Programme for Research and Innovation (2014-2020) contribution (“Horizon 2020”) and EIB’s own risk capacity.

¹ For a detailed list of amendments, please refer to the Corrigendum to the Open Call for Expression of Interest to Select Financial Intermediaries, as published on EIB website.

Guarantees to be entered into under the Facility (the “Guarantee”) are further described in Annex II to this Open Call for Expression of Interest.

The Facility will be rolled-out during the course of the 2014-2020 implementation period following the publication of this Open Call for Expression of Interest.

2. Eligible Financial Intermediaries

This Open Call for Expression of Interest is addressed and restricted to public or private credit or financial institutions or loan (debt) funds, in each case, duly authorised to carry out lending or leasing activities according to the applicable legislation, in each case established and operating in one of the participating countries, EU Member States and Associated Countries² (the “Participating Countries”).

Financial Intermediaries shall represent that they do not perform activities which are: (i) illegal according to the applicable legislation in their country of incorporation and (ii) R&I activities referred to in Article 19 of Horizon 2020 (the "R&I Excluded Activities").

Financial Intermediaries shall represent that they are not in any of the situations of exclusion, as further described in appendix 2 of Annex I to this Open Call for Expression of Interest.

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 and shall not maintain business relations with entities incorporated in any Non-Cooperating Jurisdiction for Cross-border Mid-Cap Transactions.

In order to comply with the EU Guidelines on the eligibility of Israeli entities for financial instruments funded by the EU from 2014, which stipulate that only Israeli entities having their place of establishment within Israel’s pre-1967 borders and not operating in the Golan Heights, the Gaza Strip and the West Bank, including East Jerusalem, Applicants shall comply with the Commission Notice 2013/C 205/05 (OJEU C205 of 19.07.2013) and in particular with the eligibility conditions set out in the Sections C and D.

3. 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.

Applicant	Means an entity applying to this Call for Expression of Interest as a potential, future Financial Intermediary.
Agreed Portfolio Volume	The maximum aggregate amount of principal of newly originated Eligible Transactions to be included in the Portfolio, as further described in Annex II (Indicative Guarantee Term sheet).
Cross-border	Means a Mid Cap Transaction where the relevant support is not reserved for

² As of the publishing date of this Open Call for Expression of Interest, the following countries are Associated Countries: Norway, Albania, Bosnia and Herzegovina, Former Yugoslav Republic of Macedonia, Iceland, Israel, Moldova, Montenegro, Serbia and Turkey. The following country is expected to be associated during 2014: Faroe Islands (for up-dates please consult Horizon 2020 Participation Portal: http://ec.europa.eu/research/participants/docs/h2020-funding-guide/cross-cutting-issues/international-cooperation_en.htm). Other countries may become associated during the course of Horizon 2020.

Mid-cap Transaction	operations, projects or activities implemented in the same jurisdiction where the Financial Intermediary is incorporated.
Mid-cap Transaction	Means a debt financing (including a loan or finance lease) provided directly by a Financial Intermediary to a Mid-cap.
Guarantee Agreement	Means a guarantee agreement, as applicable, entered into between the Applicant or Participating Entity, as the case may be, and the EIB in connection with the Facility.
Deadline	Means 31 December 2020 or such earlier date as announced officially in the Facility section of EIB's website.
Eligible Transaction	Means a Transaction that complies with all the Eligibility Criteria.
Eligibility Criteria	Means jointly the MCG Eligibility Criteria, Mid-cap Eligibility Criteria and Mid-cap Transaction Eligibility Criteria as defined in Annex II (Indicative Guarantee Term Sheet).
Expression of Interest	Means an application to the Open Call for Expression of Interest submitted to EIB within the Deadline, conforming to the provisions of Annex I to this Open Call for Expression of Interest.
Non-Cooperating Jurisdiction	<p>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.</p> <p>Furthermore, in the case of cross-border Financial Instruments where the relevant support is not reserved for operations, projects or activities implemented in the same jurisdiction where the concerned Financial Intermediary is incorporated, Financial Intermediaries (and sub-intermediaries) shall not be incorporated in territories whose jurisdictions do not co-operate with the Union in relation to the application of the internationally agreed tax standard (of the Organisation for Economic Cooperation and Development (OECD) and its Global Forum on Transparency and Exchange for Tax Purposes).</p> <p>Each applying Financial Intermediary may inquire about the status of a particular jurisdiction with EIB.</p>
Participating Entities	Means, in case a joint application to the Open Call for Expression of Interest 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 the portfolio of Eligible Transactions originated directly by the Financial Intermediary and covered by a Guarantee Agreement.
Transaction	Means any Mid-cap Transaction
R&I Excluded Activities	<p>Means the following fields of research:</p> <p>(a) research activity aiming at human cloning for reproductive purposes;</p> <p>(b) research activity intended to modify the genetic heritage of human beings which could make such changes heritable (excluding research relating to cancer treatment of the gonads);</p> <p>(c) research activity intended to create human embryos solely for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer;</p> <p>(d) research activities that are prohibited in all the Member States;</p> <p>(e) where a research activity is forbidden in a Member State, such activity in that Member State.</p>

4. The application procedure

Financial institutions interested in applying to this Call for Expression of Interest shall submit an application to EIB before the Deadline to be considered as a possible Financial Intermediary under the Facility.

It is to be noted that financial institutions may group together for the Facility through submitting a joint Expression of Interest. In the Expression of Interest one coordinating entity shall act as the Applicant. The Applicant shall apply in the name and on behalf of the Participating Entities and shall indicate to the EIB the basis for the joint application. Following the total or partial selection of such joint application, a Guarantee Agreement may be signed with the Applicant and Participating Entities or, alternatively, separate Guarantee Agreements may be signed with the Applicant and each Participating Entity. The ultimate decision on the form of the agreement(s) shall be made at the discretion of the EIB.

The aggregate guaranteed portion of the Agreed Portfolio Volume under any Guarantee Agreement entered into with a single Financial Intermediary in a single Participating Country shall not exceed an aggregate amount equivalent to EUR 250 (two-hundred and fifty) million. Without prejudice to the preceding sentence, in the case of i) Financial Intermediaries belonging to the same group or ii) Financial Intermediaries implementing Transactions in more than one Participating Country via its branches, the aggregate guaranteed portion of the Agreed Portfolio Volumes under the Guarantee Agreements entered into with such Financial Intermediaries shall not exceed an aggregate amount equivalent to EUR 500 (five-hundred) million.

In accordance with Annex I to this Open Call for Expression of Interest, the application should include the Applicant's identification and the Information Requirements with supporting documents.

Information Requirements (as further specified in Appendix 3 to Annex I) should place particular emphasis on:

- a) Experience and ability of the Applicant to enter into Mid-cap Transactions
- b) Financial capacity of the Applicant
- c) Quality and plausibility of the MCG implementation proposal

In case of joint Expressions of Interest, all information required under Appendix 3 to Annex I must be provided for the Applicant and each and every Participating Entity covered by the joint application.

Applicants may send questions to the EIB regarding this Open Call for Expression of Interest or the nature and features of the Guarantee Agreements. The EIB shall analyse such incoming questions and may publish from time to time the resulting answers in the form of FAQ (Frequently Asked Questions) document posted in the Facility section of the EIB's website (www.eib.org). EIB reserves the right to update the FAQ document from time to time as and when it regards appropriate.

5. Language and governing laws

The Expression of Interest shall be prepared in English.

The terms of the Guarantee Agreement shall be in English. The Guarantee Agreement shall be governed by the laws of England.

6. Submission of Expression of Interest

The Expression of Interest shall be submitted before the Deadline both by (i) email and (ii) registered mail or professional courier service. The 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).

The Deadline is set on the **31 December 2020**, provided that the EIB may, at its sole discretion determine that the Deadline will end on an earlier date depending, inter alia, on the availability of the budgetary resources for the Facility or any amendment to the Horizon 2020 Agreement. Any change in the Deadline will be announced officially in the Facility section of EIB's website.

The Deadline applies (i) in case of e-mails to the reception by EIB 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:

European Investment Bank
InnovFin Mid-cap Guarantee – Expression of Interest
New Products and Special Transaction Department (NPST)
98-100 Boulevard Konrad Adenauer
L-2950 Luxembourg
Grand Duchy of Luxembourg

An electronic version of the Expression of Interest shall be sent to: InnovFin-MCG_Application@eib.org, stating in the subject of the email, as appropriate: "InnovFin Mid-cap Guarantee – Expression of Interest: [name of the Applicant]".

An acknowledgement of receipt will be sent to the relevant Applicants by EIB via e-mail, which shall state the following:

- unique application identifier (Expression of Interest number);
- if the Expression of Interest was received before the Deadline.

The acknowledgement of receipt shall not be construed as a declaration of completeness of the Expression of Interest and the documents submitted therewith, nor any kind of assessment or acceptance of the same.

The Applicants may withdraw their Expression of Interest at any stage of the Selection process.

7. Selection procedure

Financial Intermediaries will be selected in due consideration of the general principles of transparency, equal treatment and non-discrimination, in compliance with EIB's policies, rules, procedures and statutes and in conformity with best business and market practices.

The Expressions of Interest for the Guarantee under the Facility shall be subject to the uniform selection process. The budgetary allocation between countries, regions or sectors is not set ex ante but shall be demand-driven.

Following the receipt of the Expression of Interest, the EIB shall assess the applications pursuant to the selection process outlined in this section 7 of this Open Call for Expression of Interest. This process comprises:

1. Selection
2. Due diligence
3. Approval by EIB decision making bodies
4. Negotiations of Guarantee Agreement

Following the selection based on the Expression of Interest, the EIB shall perform a due diligence of the Applicant, as a result of which the EIB will decide whether or not to propose the transaction to its decision making bodies for approval to enter into a Guarantee Agreement under the Facility. However, the decision to perform a due diligence visit shall be at the discretion of the EIB.

Until a Guarantee Agreement is entered into with an Applicant, the EIB reserves itself full discretion to consider or not Applicants (and Participating Entities as the case may be), and no Applicant or Participating Entity has any claim or other right or may expect to be ultimately selected as Financial Intermediary. Any negotiation of terms and conditions of Guarantee Agreements by no means entails any obligation for EIB to enter into such Guarantee Agreement with the relevant Financial Intermediary.

The EIB shall send a rejection notice to Applicants whose Expression of Interest was rejected during any stage of the selection process. The EIB 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 e-mail 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 with within the framework of and in accordance with the EIB Group complaints policy (for further information visit <http://www.eib.org/about/publications/complaints-mechanism-policy.htm>).

7.1. Selection

Applications for the Guarantee will be assessed by the EIB for selection on the basis of the Expressions of Interest, on a “first come, first assessed” basis. When assessing the application, the EIB will use its professional analysis and judgment.

Questions related to the Facility raised during the pre-selection process will be collected and published in the context of the FAQ as referred to above.

The selection comprises:

1. Formal assessment of the application;
2. Evaluation of the application quality;
3. Assessment of the contribution of the application to the overall Facility.

Only applications that meet the formal criteria, as further described in section 7.1.1, may continue to go through the quality assessment process.

In the quality assessment, as further described in section 7.1.2, the EIB will evaluate the overall quality of the application. All criteria listed under section 7.1.2 are assessed at the discretion of the EIB with specific weightings assigned to each of these criteria. Based on the quality assessment, the EIB shall assign the “quality score” to the application, being A, B or C.

The EIB will also assess the likely impact of the expected portfolio on the aggregate Facility (with regard to the geographical distribution and the risk profile), according to section 7.1.3. Based on this assessment the EIB shall assign the “portfolio score” to the application, being 1, 2 or 3.

Only applications with combined “quality” and “portfolio” scores A1, A2 or B1 are pre-selected. Applications with combined scores C1, C2 or C3 are not pre-selected. Applications with combined scores A3, B2, B3 are included in a reserve list, which remains valid until the Deadline.

The application 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 selection process. Selected Applicants are advanced to the Due diligence phase of the selection process as referred to in section 7.2.

Applicants listed on the reserve lists may be considered for selection upon availability of the budgetary resources.

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

7.1.1 Formal assessment

The EIB shall assess on whether the application for the Facility has been prepared in accordance with the provisions of this Open Call for Expression of Interest according to the formal criteria:

1. The Applicant (and any Participating Entity as the case may be):
 - a. is established and operating in one of the Participating Countries;
 - b. is authorised to carry out its business under the applicable regulatory framework;
 - c. is not established in a Non-Cooperating Jurisdiction for Cross-border Mid Cap Transactions;
 - d. is not in the situation of exclusion, as validly represented in the form outlined in appendix 2 of Annex I to this Open Call for Expression of Interest;
 - e. is not performing any R&I Excluded Activities, as validly represented in the Expression of Interest;
 - f. 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;

2. The Expression of Interest has been submitted and prepared in accordance with this Open Call for Expression of Interest and all required representations, information and supporting documentation required thereunder are provided (in the form requested, where specified).

The applications that do not conform to the formal criteria are rejected. If the Applicant or any Participating Entity covered by the application does not comply with the formal criteria, the entire application 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, the EIB will select the Applicants (and any Participating Entities as case may be) according to the criteria set out below and considering their respective weightings:

MCG Criterion	Points
(a) Experience and ability to lend to innovative Large Mid-caps in priority, and SMEs and Small Mid-caps	40%
(b) Financial capacity of the financial intermediary	30%

(c) Quality and plausibility of the MCG implementation proposal	30%
<i>Minimum passing score</i>	<i>75% of the maximum score</i>

7.1.3. Portfolio contribution assessment

The EIB, when making its pre-selection decisions will consider, inter alia, the impact of the application on the geographical distribution and the risk profile of the Facility. The EIB will aim at the appropriate composition of the Facility aggregate portfolio: adequate credit risk profile, granularity and diversification of the overall Facility.

7.2. Due diligence

Selected applications will be followed up with the due diligence process, carried out in accordance with the EIB'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 the content of the application based on, inter alia, the ability to build up the envisaged Portfolio, the risk nature of the envisaged Portfolio, the quality of origination, risk management, collection recovery/workout processes, systems and ability to comply with the reporting requirements. The due diligence will comprise an on-site visit. The selected Financial Intermediary shall be required to prepare a due diligence presentation substantially in the form of the template in Annex III. The EIB must at least receive the information requested in Annex III in order to proceed with the application. The due diligence process does not comprise legal negotiations.

7.3. Submission for approval

Subject to the satisfactory outcome of a due diligence, the EIB may request its governing bodies' approval for a Guarantee Agreement to be entered into with the selected Applicant under the Facility. The EIB has no obligation to enter into a Guarantee Agreement with a selected Applicant. The participation of any financial institution will depend, inter alia, on the budget available for the Facility and other considerations made by the EIB such as, without limitation: outcome of the due diligence, impact of the envisaged Portfolio on the Facility (as assessed at EIB's discretion), result of negotiations with the Applicant, credit risk and compliance considerations. Contractual negotiations will only start following the approval by the EIB governing bodies.

8. Publishing of information on the Financial Intermediaries

The EIB may publish, from time to time, on its website a list of Financial Intermediaries, which may include the name and the registered addresses of the Financial Intermediaries and the respective Guarantee amounts.

The Financial Intermediary may, prior to receiving financial support under the 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 addition such publication shall not be required if it would be illegal under the applicable laws and regulations.

9. Disclaimer

This document has been produced with the financial assistance of the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the European Union.

Annex I: Expression of Interest

Annex II: Indicative Guarantee Term Sheet

Annex III: Indicative Due Diligence Agenda



InnovFin MidCap Guarantee

To:

European Investment Bank (“EIB”)

Re: InnovFin Mid-cap Guarantee facility

Attention: New Products and Special Transaction Department (NPST)
98-100 Boulevard Konrad Adenauer
L-2950 Luxembourg
Grand Duchy of Luxembourg

EXPRESSION OF INTEREST

For the InnovFin Mid-cap Guarantee facility

Applicant submitting the Expression of Interest: _____, _____

(company name, registration number)

Dear Sir or Madam,

Herewith we are submitting our Expression of Interest on behalf of [Applicant] and [Participating Entities] in response to the Open Call for Expression of Interest in the framework of the Facility implemented by the EIB. Capitalised expressions utilised herein shall have the meaning attributed to them in the above mentioned Open Call for Expression of Interest.

The undersigned duly authorised to represent the [Applicant] and [Participating Entities], by signing this form certifies/certify and declare(s) that the information contained in this Expression of Interest and its Appendices is complete and correct in all its elements.

The undersigned duly authorised to represent the [Applicant] and [Participating Entity], by signing this form certifies and declares to have read the EIB Anti-Fraud Policy and declares not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the Guarantee Agreement and not to have granted nor to grant, not to have sought nor to seek, not to have attempted nor to attempt to obtain, and not to have accepted nor to accept, any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal practice or involving corruption, either directly or indirectly, as an incentive or reward relating to signing of the Guarantee Agreement.

The undersigned, duly authorized to represent the [Applicant] and [Participating Entities], by signing this form certifies and declares that each of the [Applicant] and [Participating Entities] does not perform (i) illegal activities according to the applicable legislation in the countries of its establishment or (ii) activities referred to in Article 19 of Regulation (EU) No 1291/2013 of the European Parliament and the Council establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC dated 11 December 2013.

Yours sincerely,

Signature(s):

Stamp of the Applicant (if applicable):

Name and position in capitals:

Applicant's name

Place: Date (day/month/year):

Appendices :

Appendix 1: Applicant/Participating Entity Identification

Appendix 2: Declaration of honour

Appendix 3: Information Requirements

Appendix 1

APPLICANT/PARTICIPATING ENTITY IDENTIFICATION¹

INFORMATION REQUIRED	
APPLYING AS:	APPLICANT PARTICIPATING ENTITY
NAME :	
LEGAL FORM :	
CONTACT DETAILS	Title: Mr/Mrs/other (delete or complete as appropriate) Surname: Forename(s): Function: Address: Telephone: Email:

¹ In case of a joint application, this declaration shall be completed separately by each of the Applicant and the Participating Entities.

Appendix 2

DECLARATION OF HONOUR OF APPLICANT/PARTICIPATING ENTITY²

The undersigned [name of the signatory(ies) of this Declaration], representing the following legal person: [name of the Applicant/Participating Entity] (the “Financial Intermediary”)

full official name:

official legal form:

full official address:

VAT registration number:

declares that the Financial Intermediary is not in one of the following situations of exclusion:

a) the Financial Intermediary is as of the date of this declaration bankrupt or being wound up, is as of the date of this declaration having its affairs administered by the courts, in this context, has during the last five (5) years from the date of this declaration entered into an arrangement with creditors, has as of the date of this declaration suspended business activities, is as of the date of this declaration the subject of proceedings concerning those matters, or is as of the date of this declaration in any analogous situation arising from a similar procedure provided for in national legislation or regulations;

b) during the last five (5) years from the date of this declaration, the Financial Intermediary or persons having powers of representation, decision-making or control over it has been convicted of an offence concerning its professional conduct by a judgment which has the force of res judicata, which would affect its ability to implement the Facility. Alternatively, where such judgments exist the undersigned declares that the Financial Intermediary can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment;

c) during the last five (5) years from the date of this declaration, the Financial Intermediary or persons having powers of representation, decision-making or control over it has been the subject of a judgment which has force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such illegal activity is detrimental to the Union’s financial interests. Alternatively, where such judgments exist the undersigned declares that the Financial Intermediary can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment;

d) as of the date of this declaration, the Financial Intermediary is guilty of misrepresentation in supplying information required for selection as a Financial Intermediary or fails to supply this information; and

² In case of a joint application, this declaration shall be completed separately by each of the Applicant and the Participating Entities.

e) as of the date of this declaration, the Financial Intermediary is, to its knowledge, listed in the central exclusion database, established under Commission Regulation (EC, Euratom) No 1302/2008 of 17 December 2008 on the central exclusion database.

Full name

Date (day/month/year):

Signature(s)

Appendix 3

INFORMATION REQUIREMENTS

The points below list the headings for the minimum information needed for the selection process. More detailed information will be requested in case the application is selected for a Due Diligence as detailed in Annex III. In case of joint applications all the following information shall be provided for the Applicant and each Participating Entity.

1. Experience and ability of the Applicant to lend to innovative Mid-caps

- Local Mid-cap market, market share, main competitors (trends and outlook)
- Overall strategy in relation to Mid-caps (positioning, objectives, strengths and weaknesses, core products);
- Mid-cap lending volumes (outstanding and new annual lending) historically and budgeted for the future;
- Mid-cap portfolio description (e.g. distribution per rating, industry, region, NPL ratio);
- Historical Performance of the Mid-cap sector within the Applicant (historical default rate and loss rates, and credit migration by origination year).

2. Financial capacity of the Applicant

- Annual reports (including full set of financial statements with independent auditors report) for the last three years (to be annexed to the Expression of Interest in electronic version only);
- Approach applied under Basel (standardised, IRB foundation or IRB Advanced) to all credit models relevant for Mid-cap lending activities;
- External long-term credit rating with the three main rating agencies (S&P, Moody's and Fitch).

3. Quality and plausibility of the MCG implementation proposal

- Implementation strategy: targeted client group (including internal segmentation, target rating/scoring levels and comparability with the Applicant's loan book) and products to be covered under MCG (loan purposes, maturities, collateral requirements, etc.);
- Agreed Portfolio volume requested, expected loan volumes and pipeline for the MCG Portfolio (including basis for estimation of volumes and comparison to history), number of loans, average size;
- Description of the expected portfolio composition (per economic sector, country/regional breakdown, rating, transaction characteristics or maturity profile), number of loans, average size, etc.

MCG Guarantee for Mid-Caps

Indicative Guarantee Term Sheet

Important Disclaimer

This summary term sheet is for information purposes only. This document is an outline of the principal terms and conditions for the product described herein, which are subject to change and non-exhaustive.

This document is intended to provide a basis for discussions and does not constitute a recommendation, a solicitation, an offer or a binding commitment – either implicit or explicit – on the part of European Investment Bank (“EIB”) and/or or any other person to enter into one or more transaction(s). Any finance commitment by any entity of the EIB can only be made, inter alia, after appropriate approval, conclusion of legal due diligence and finalisation of satisfactory legal documentation. The EIB does not act as adviser to you or owe you any fiduciary duty. The EIB does not make any representations or warranties (whether explicitly or implicitly) with respect to the information contained in this document.

This document and any information contained herein may not be circulated and/or reproduced in part or in full without the prior written consent of EIB.

Presentation of the Guarantee

The guarantee (the “**Guarantee**”) shall be issued by the EIB (the “**Guarantor**” or “**EIB**”) for the benefit of a bank (the “**Financial Intermediary**”). The Guarantee shall partly cover the credit risk associated with underlying, newly extended loans to companies which comply with the eligibility criteria set out below (the “**Eligible Mid-cap Transaction(s)**”) included in the guaranteed portfolio (the “**Portfolio**”).

The Guarantee shall constitute a direct financial guarantee and shall cover at the Guarantee Rate of 50% losses (relating to unpaid principal and interest) incurred by the Financial Intermediary in respect of each defaulted Eligible Mid-cap Transaction. At any time the maximum liability in respect of losses on the Portfolio shall be the Guarantee Amount.

The origination, due diligence, documentation and servicing of the Mid-cap Transactions shall be performed by the Financial Intermediary in accordance with its standard origination and servicing procedures¹. An EIB Pre-approval will however be necessary if the Total Eligible Costs financed by the Mid-cap Transaction exceeds EUR 25 million. The EIB Pre-approval will only be to determine whether the costs financed by the Mid-cap

¹ The Financial Intermediary shall comply at all times with its own credit risk policies and guidelines and shall inter alia (i) originate and monitor any Eligible Mid-cap Transaction and (ii) consent to amendments and waivers, in each case in accordance with such policies. The Financial Intermediary shall not make any amendments to its credit risk policies and guidelines that may materially adversely affect the operation, performance or monitoring of the Guarantee Agreement, without prior written consent of the Guarantor.

Transaction are Eligible Costs. This will be realised through a streamlined pre-approval process, based on a set of agreed information to be submitted to EIB.

The Financial Intermediary shall solely retain direct client and Mid-cap Transaction relationship with each Mid-cap.

A Mid-cap Transaction (subject, in certain cases, to EIB Pre-approval and provided it complies with the pre-defined eligibility criteria) will be automatically covered by the Guarantee, by way of submitting inclusion notices to the Guarantor on a quarterly basis until the end of the relevant Availability Period.

The Guarantee Fee charged on each Mid-cap Transaction will match the Mid-cap Transaction Margin applied by the Financial Intermediary. Other fees and up-front fees shall be also shared between the Financial Intermediary and the EIB.

The Guarantee is expected to provide regulatory capital relief to the Financial Intermediary².

² The analysis of the treatment of the Guarantee in respect of regulatory capital relief is to be carried out by the Financial Intermediary together with its regulator. The fulfilment of the regulatory requirements that enable the Financial Intermediary to use the Guarantee as a credit risk mitigation tool remains ultimately subject to the scrutiny and interpretation of the Financial Intermediary's regulator.

Indicative terms of the Guarantee

Guarantee	Direct irrevocable and unconditional financial guarantee providing credit risk coverage on a loan by loan basis for the creation of a portfolio of Eligible Mid-cap Transactions.
Guarantee Agreement	The written agreement between EIB and the Financial Intermediary setting up the terms and conditions of the Guarantee.
Structure	<p>The Guarantee shall cover the Defaulted Amount incurred by the Financial Intermediary in respect of each Non-performing Transaction in accordance with the 50% Guarantee Rate.</p> <p>The Financial Intermediary shall maintain an economic exposure of 50% of the outstanding amount of each Mid-cap Transaction (the “Relevant Portion”) included in the Portfolio and it shall not enter into any credit support, guarantee or other risk transfer or risk substitution arrangements with respect to the Relevant Portion.</p>
Financial Intermediaries	<p>Financial or credit institutions duly authorised to carry out lending activities according to the applicable legislation, established and operating in one or several of the EU28 countries³ and associated countries⁴.</p> <p>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.</p> <p>The Financial Intermediaries:</p> <p>a) shall not be established in a Non-Cooperating Jurisdiction;</p> <p>b) shall not be in any Condition of Exclusion;</p> <p>c) shall not perform R&I activities which are related to:</p> <p style="padding-left: 40px;">(i) illegal activities according to the applicable legislation in the country of the Financial Intermediary or</p> <p style="padding-left: 40px;">(ii) Excluded Activities.</p>
Condition of Exclusion	A legal entity that is excluded from the benefit of EU support on the basis of Article 108 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1), as it may be amended, supplemented or modified from time to time.

³ Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom

⁴ associated countries means: (i) EEA countries other than Liechtenstein; and (ii) other associated countries to Horizon 2020 which are third party countries being party to an international agreement with the EU in accordance with Article 7 of the Horizon 2020 Regulation

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<p>Non-Cooperating Jurisdiction</p>	<p>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.</p> <p>Furthermore, in the case of cross-border Financial Instruments where the relevant support is not reserved for operations, projects or activities implemented in the same jurisdiction where the concerned Financial Intermediary is incorporated, Financial Intermediaries (and sub-intermediaries) shall not be incorporated in territories whose jurisdictions do not co-operate with the Union in relation to the application of the internationally agreed tax standard (of the Organisation for Economic Cooperation and Development (OECD) and its Global Forum on Transparency and Exchange for Tax Purposes).</p> <p>Each applying Financial Intermediary may inquire about the status of a particular jurisdiction with EIB.</p>
<p>Cross-border Mid-cap Transaction</p>	<p>Means a Mid Cap Transaction where the relevant support is not reserved for operations, projects or activities implemented in the same jurisdiction where the Financial Intermediary is incorporated.</p>
<p>Governing Law and Language</p>	<p>The terms of the Guarantee Agreement shall be in the English language and the Guarantee Agreement shall be governed by the laws of England.</p>
<p>Guarantee Currency</p>	<p>The Guarantee shall be expressed in EUR or in GBP (in such a case, all references to EUR in this document will be deemed to be made in GBP).</p>
<p>Availability Period</p>	<p>24 months starting on the date of signature of the Guarantee Agreement, or such other period as decided by the EIB.</p> <p>The Availability Period will terminate before its expiry date (unless otherwise decided by EIB) if:</p> <ul style="list-style-type: none"> • halfway through the Availability Period the Actual Volume does not exceed [30%] of the Agreed Volume; or, • A cross-default, material adverse change, jurisdiction tax event⁵, or specific change in law occur.
<p>Inclusion of transactions in the Portfolio</p>	<p>During the Availability Period, Eligible Mid-cap Transactions may be included by the Financial Intermediary in the Portfolio for coverage by the Guarantee. Such inclusion of Eligible Mid-cap Transactions shall occur automatically upon receipt by EIB of an inclusion notice submitted by the Financial Intermediary on a quarterly basis until the end of the Availability Period.</p> <p>For the avoidance of doubt, the Eligible Mid-cap Transactions so included shall be deemed to be covered by the Guarantee from the date of the</p>

⁵ I.e. the jurisdiction where the Financial Intermediary is established becomes a Non-Cooperating Jurisdiction.

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	<p>signature of such Eligible Mid-cap Transactions, provided they have received an EIB Pre-approval (if applicable).</p> <p>The Mid-cap Transactions to be covered by the Guarantee shall be:</p> <p>(i) Mid-cap Transactions entered into during the Availability Period; or</p> <p>(ii) Mid-cap Transactions entered into within 6 months from the end of the Availability Period (and drawn down for the first time by the relevant Mid-cap within six months following the end of the Availability Period) but approved by the Financial Intermediary during the Availability Period.</p>
Agreed Volume	<p>The maximum aggregate amount of principal of newly originated Eligible Mid-cap Transactions to be included in the Portfolio, as agreed in the Guarantee Agreement.</p> <p>At any time during the Availability Period, the Agreed Volume may be reduced by EIB if the Financial Intermediary materially lags behind its agreed Portfolio ramp up time schedule.</p>
Actual Volume	<p>The aggregate amount of the principal committed to be available under newly originated Eligible Mid-cap Transactions included in the Portfolio from time to time, provided that, for the avoidance of doubt:</p> <ul style="list-style-type: none"> i) if any Eligible Mid-cap Transaction is prepaid and/or repaid, then this shall not reduce the Actual Volume; and ii) if a Mid-cap Transaction is excluded from the Portfolio as a result of the Exclusion Process described below, then such Mid-cap Transaction shall not be taken into account for the calculation of the Actual Volume; iii) The Actual Volume may in no circumstances exceed the Agreed Volume.
Guarantee Rate	The Guarantee Rate shall be 50%
Guarantee Amount	The Guarantee Amount shall be calculated as the product of (i) the Actual Volume and (ii) the Guarantee Rate.
Defaulted Amount	<p>The Guarantee shall cover at the Guarantee Rate the Defaulted Amount incurred by the Financial Intermediary, where Defaulted Amount means, at any time:</p> <ul style="list-style-type: none"> i) Total principal and/or interest amounts (excluding default interest, capitalised interest, fees and other costs and expenses and excluding any interest amounts accrued for more than 90 days) due, payable and outstanding at such time (or, in the case of a Mid-cap Transaction subject to a Mid-cap Transaction Default, which would be due if that Mid-cap Transaction were accelerated at such time on the assumption that an event of default occurred at such time), under the terms of the relevant Mid-cap Transaction, following occurrence of either a Mid-cap Transaction Default or a Mid-cap Transaction Acceleration; and ii) Any reduction in principal and/or interest amounts (excluding default

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	<p>interest, capitalised interest, fees and other costs and expenses) as a result of a Mid-cap Transaction Restructuring.</p> <p>The Guarantor will rank pari passu with the Financial Intermediary with respect to recoveries (up to the Guarantee Amount) as further described in "Servicing and Recoveries" below.</p>
Performing Transaction & Non-performing Transaction	<p>A Performing Transaction shall be defined, on any date, as an Eligible Mid-cap Transaction included in the Portfolio with respect to which no Defaulted Amount has been incurred.</p> <p>A Non-performing Transaction shall be defined, on any date, as an Eligible Mid-cap Transaction included in the Portfolio with respect to which a Defaulted Amount has been incurred.</p>
Mid-cap Transaction Default	<p>Means, in respect of an Eligible Mid-cap Transaction and unless otherwise specified in the specific terms of the Guarantee Agreement that a Mid-cap has failed to meet any payment obligation under the relevant Mid-cap Transaction and that such payment default has continued for at least 90 consecutive calendar days.</p>
Mid-cap Transaction Acceleration	<p>Means, in respect of an Eligible Mid-cap Transaction, and unless otherwise specified in the specific terms of the Guarantee Agreement, the occurrence of an event of default (as defined in the relevant Mid-cap Transaction documentation) under such Mid-cap Transaction which has entitled the Financial Intermediary to accelerate payment of any amounts owed to it and the Financial Intermediary has exercised such right of acceleration (or is prevented from exercising such rights of acceleration solely by application of mandatory laws and regulations preventing or staying the exercise of such right).</p>
Mid-cap Transaction Restructuring	<p>Following the EIB due diligence, the Mid-cap Transaction Restructuring definition will be discussed with the Financial Intermediary, if necessary. In general, it means, in respect of a Mid-cap Transaction, that the Financial Intermediary, acting in a commercially reasonable manner and in accordance with its standard internal procedures and Credit Policies, agrees in writing to the restructuring of such Mid-cap Transaction such that the amount of principal scheduled to be paid, and/or any interest amount due, by the relevant Mid-cap is reduced, in order to improve the collectability or recovery of the claims arising from the relevant Mid-cap Transaction..</p>
Payment Demand	<p>A Payment Demand means a request for payment under the Guarantee issued by the Financial Intermediary to the Guarantor pursuant to the terms of the Guarantee Agreement.</p>
Payment Demand Period	<p>Payment Demands shall only be valid if they are (with respect to a Defaulted Amount incurred during a calendar quarter in relation to a Mid-cap Transaction covered by the Guarantee) sent on the first Report Date following the occurrence of such Defaulted Amount (or if not sent on such Reporting Date, on any subsequent Report Dates but not later than by the</p>

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	<p>third Report Date following the occurrence of the Defaulted Amount in relation to a Mid-cap Transaction covered by the Guarantee).</p> <p>In no case may a Payment Demand be made after the earlier of (i) the Guarantee Final Termination Date and (ii) 90 calendar days following the Latest Mid-cap Transaction Maturity Date (as defined below).</p> <p>In no event shall the amounts demanded under one or more Payment Demands exceed the Guarantee Amount.</p> <p>An indicative form of the Payment Demand schedule is presented in the Appendix 3 of this document.</p>
Guarantee Payment Date	<p>Following the occurrence of a Defaulted Amount on one or more Eligible Mid-cap Transactions and subject to receiving valid Payment Demands, EIB shall make guarantee payments under the Guarantee within 60 calendar days of the relevant Payment Demand date.</p>
Events of Default under the Guarantee	<p>Standard events of default (typically: failure to pay, breach of agreement, repudiation, Irregularity (as defined below), illegality, Fraud (as defined below) and bankruptcy/Insolvency). The occurrence of an event of default, if it has not been remedied within the relevant grace period (if any) may result in the termination of the Guarantee Agreement (such event, an “Early Termination”). Upon Early Termination all amounts due by the Guarantor and/or Financial Intermediary would be calculated in accordance with the terms of the Guarantee Agreement as if the Report Date were the Early Termination date.</p>
Downgrade of the Financial Intermediary	<p>In case the Financial Intermediary external rating falls below BBB-/ Baa3 (from one or more of the three major rating agencies), the EIB will have the right to replace the Financial Intermediary in its capacity as servicer under the Portfolio (EIB may either appoint a third party servicer or carry out such activities itself).</p>
Latest Mid-cap Transaction Maturity Date	<p>Means the earlier of (X) the latest day on which an Eligible Mid-cap Transaction included in the Portfolio is scheduled to be repaid by the relevant Mid-cap in accordance with the scheduled repayment provisions of the documentation governing such Mid-cap Transaction (including as a result of a Permitted Mid-cap Transaction Amendment) and (Y) the date which is the Maximum Mid-cap Transaction Maturity (as defined below) starting from the last day of the Availability Period.</p>
Permitted Mid-cap Transaction Amendment	<p>Means any amendment to the documentation of a Mid-cap Transaction which purpose is to improve the collectability or recovery of any claims under, and/or to avoid any default in respect of, the relevant Mid-cap Transactions and which is made in accordance with the Financial Intermediary's credit policy, provided that, a Mid-cap Transaction cannot be extended for a period that is longer than the original maturity of such Mid-cap Transaction. No amendment shall result in the aggregate maturity of the Mid-cap Transaction being longer than two times the original maturity of such Mid-cap Transaction.</p>

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Guarantee Final Termination Date	The Guarantee shall terminate on the earlier of: (i) six months following the Latest Mid-cap Transaction Maturity Date; (ii) the date on which an Early Termination (if any) has occurred, and (iii) the date (if any) on which the Guarantor is no longer liable to effect further payments to the Financial Intermediary and has no further claims under the Guarantee.
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Fees

Guarantee Fee	<p>The Guarantee Fee will be expressed in EUR and payable quarterly in arrears by the Financial Intermediary to the EIB, with respect to each Performing Transaction included in the Portfolio. It shall be calculated for each Performing Transaction as the product of: (i) 50%, (ii) the average outstanding principal amount over the calculation period (calendar quarter), (iii) the number of days in the relevant calculation period (calendar quarter), (iv) 1/360 and (v) the Mid-cap Transaction Margin.</p> <p>The Guarantee Fee is non-refundable. However, if the Financial Intermediary becomes aware that one or more Mid-cap Transactions are non-eligible Mid-cap Transactions and, by no later than the second Report Date following the calendar quarter on which such Mid-cap Transaction(s) were included in the Portfolio, causes such non eligible Mid-cap Transaction(s) to be removed from the Portfolio, then the Guarantor shall repay the portion of the Guarantee Fee which relates to such excluded Mid-cap Transaction.</p> <p>No set-off is allowed between the Guarantee Fee and any amounts due by the Guarantor to the Financial Intermediary under the Guarantee.</p>
Mid-cap Transaction Margin & Fees sharing	<p>The Mid-cap Transaction Margin will be expressed in percentage points per annum. It will be defined as the difference between (i) the margin over the Financial Intermediary cost of funding charged on the relevant Mid-cap Transaction and (ii) a fixed administration margin (the "Fixed Administration Margin").</p> <p>In addition, the Financial Intermediary shall share with the EIB 50% of the difference (up to zero) between (i) all up-front fees, waiver fees or restructuring fees paid by the Mid-cap for the relevant Mid-cap Transaction and (ii) the relevant fixed up-front fee cap covering cost of the Financial Intermediary related to the origination, structuring or waiver or restructuring of the relevant Mid-cap Transaction (the "Fixed Up-front Fee Cap").</p> <p>Any other fees charged by the Financial Intermediary on the relevant Mid-cap Transaction shall be shared with the EIB at the Guarantee Rate.</p> <p>The Mid-cap Transaction Margin and Fees Sharing will be more precisely defined and adapted to the Financial Intermediary's internal procedures following the due diligence carried out by the EIB. In this regard, the EIB will carry out a detailed analysis of the Financial Intermediary pricing model (including up-front and running fees and interest rate set-up) and its related standard procedure and practices. Based on that review, the Fixed Administration Margin and Fixed Up-front Fee Cap will be defined by the EIB</p>

	<p>in the Guarantee Agreement in order to reflect the Financial Intermediary normal pricing procedures and policies. The Financial Intermediary cost of funding for the relevant Mid-cap Transaction shall be established independently by the treasury or ALM department of the Financial Intermediary and fixed at a rate which would be applied by the Financial Intermediary to a similar loan (in terms, inter alia, of amount, tenor and currency) at the time the relevant Mid-cap Transaction is entered into. The Financial Intermediary shall retain evidence of the same.</p>
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Eligible Mid-cap and Eligibility Criteria

EIB Pre-approval	<p>Notwithstanding the other eligibility criteria, a Mid-cap Transaction shall require EIB prior authorisation for inclusion (the “EIB Pre-approval”) for any Mid-cap Transaction whose Total Eligible Costs are above EUR 25 million (below this limit, the Financial Intermediary may but is not obliged to request the EIB Pre-approval). The EIB Pre-approval will be based on a pre-defined form (see in Appendix 4 the indicative form template) filled in by the Financial Intermediary and delivered to the EIB. The EIB Pre-approval will cover the approval of the Eligible Costs, the Total Eligible Costs and the Project Implementation Period⁶. The EIB will provide a decision within 5 business days after receipt of the submission from the Financial Intermediary. In case the EIB needs additional information, it will request it from the Financial Intermediary within these 5 business days. Then, upon receipt of the additional information⁷, in form and substance satisfactory to the EIB, the EIB will have another 3 Business Days to provide a final decision. The project proposed will be deemed to be refused in case no answer is provided by EIB within the deadlines. In such a case, the Financial Intermediary may request an extension of the deadline from EIB.</p>
Eligibility Criteria	<p>Mid-cap Transactions entered into between the Financial Intermediary and the Mid-cap and included in the Portfolio shall comply with the following eligibility criteria (the “Eligibility Criteria”). All the Eligibility Criteria shall be complied with at all times except for the MCG Eligibility Criteria and the Mid-cap Eligibility Criteria i), ii), iv), vii) and viii), which shall only be complied with on the signing date of the document(s) relating to the relevant Mid-cap Transaction.</p> <p>With respect to each Mid-cap Transaction included in the Portfolio, the Financial Intermediary shall be required to retain appropriate records evidencing compliance with the eligibility criteria by Mid-caps under Mid-cap Transactions included in the Portfolio. Such documents to be provided to the</p>

⁶ For the avoidance of doubt, for Mid-cap Transactions with Total Eligible Costs of less than EUR 25 million and for which EIB pre-approval is not sought, EIB will verify the compliance of the Mid-cap Transaction with the Eligible Costs, as for any Eligibility Criteria, through, inter alia, the information submitted by the Intermediary as part of the quarterly reporting (see “Reporting”).

⁷ All documents submitted must be in English language, otherwise, EIB decision would be delayed by the time needed to translate the documents provided.

	<p>EIB upon request.</p> <p>1. MCG Eligibility Criteria</p> <p>Eligible Mid-caps under Mid-cap Transactions included in the Portfolio shall comply with at least one the following MCG Criteria:</p> <ul style="list-style-type: none">i) The Mid-cap is a “fast-growing enterprise” as measured by turnover or by employment, i.e. is an enterprise with average annualised growth in turnover of at least 10% over a three-year period, or an enterprise with average annualised growth in Full-Time Equivalent (FTE) employees of at least 5% over a three-year period and with one hundred or more employees at the beginning of the observation period, orii) The Mid-cap shall have a significant innovation potential and/or be an “Research & Innovation (R&I)-driven enterprise”, satisfying at least one of the following criteria:<ul style="list-style-type: none">1. The Mid-cap’s certified accountant(s) have highlighted R&I expenses/investment in the latest financial statements in an amount at least equal to 5% of its annual turnover, or;2. The Mid-cap undertakes to spend an amount at least equal to 80% of the Mid-cap Transaction amount in R&I expenses/investments in the next 36 months as indicated in its business plan. These expenses/investments shall be reported as R&I costs in future financial statements, or;3. The Mid-cap has been formally awarded grants, loans or guarantees from European R&I support schemes (e.g. Horizon 2020 or FP7) or through their funding instruments (e.g. Joint Technology Initiatives, "Eurostars") or through a national or regional research or innovation support schemes over the last 36 months , or;4. The Mid-cap has been awarded an innovation prize over the last 24 months, or;5. The Mid-cap has registered at least one patent in the last 24 months, or;6. The Mid-cap has received an investment from a private equity fund or from a business angel being a member of a business angel network, or such private equity fund or business angel is a shareholder of the Mid-cap at the time of its application for the Mid-cap Transaction, or;7. The Mid-cap has its registered seat in a science, technology, or innovation park or technology cluster or technology incubator,
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	<p>in each case with activities relating to R&I, or;</p> <p>8. The Mid-cap has benefited from tax credit or tax exemption related to investment in R&I in the last 24 months.</p> <p>2. Mid-cap Eligibility Criteria</p> <p>Mid-caps under Eligible Mid-cap Transactions included in a Portfolio shall comply with each of the following Mid-cap eligibility criteria:</p> <ul style="list-style-type: none"> i) The Mid-cap shall be an enterprise, as defined in Article 1 of the Title I of the Annex of the Commission Recommendation 2003/361/EC (OJ L124, 20.05.2003, p. 36), as amended, supplemented and/or substituted from time to time, and has a number of employees less than 3,000 where the staff headcount is calculated in accordance with Articles 3, 4, 5 and 6 of the Title I of the Annex of that Commission Recommendation; ii) The Mid-cap shall not be a “firm in difficulty” within the meaning of Commission Regulation (EU) No C(2014) 3292/3 of 21 May 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the EU Treaty on the Functioning of the European Union, as amended, restated, supplemented and/or substituted from time to time; iii) The Mid-cap shall not belong to any Excluded Sector as determined by any relevant national data provider or authority; iv) The Mid-cap shall be established and operating in one or several of the Member States⁸ and Associated Countries⁹ (the “Eligible Countries”). v) The Mid-cap shall not engage in any activities set out in Article 19 of the Horizon 2020 Regulation (which include research activities aiming at human cloning for reproductive purposes, research activities intended to modify the genetic heritage of human beings which could make such changes heritable, and research activities intended to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer) (the “Excluded Activities”); vi) The Mid-cap shall not be active as a financial institution (i.e. banks,
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⁸ Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom

⁹ i) EEA countries other than Liechtenstein; and (ii) other associated countries to Horizon 2020 which are third party countries being party to an international agreement with the EU in accordance with Article 7 of the Horizon 2020 Regulation Iceland,.

	<p>insurance companies and financial guarantors, leasing companies and other financial institutions cannot be supported by the Guarantee) or as financial holding companies (whose sole economic activity is to hold and to manage portfolio of equity participations and/or investments in other companies);</p> <p>vii) The Mid-cap shall not be established in a Non-Cooperating Jurisdiction for a Cross-Border Mid-cap Transaction;</p> <p>viii) The Mid-cap shall not be a legal entity that is excluded from the benefit of EU support on the basis of Article 108 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the European Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1), as it may be amended, supplemented or modified from time to time;</p> <p>ix) The Mid-cap shall not engage in any illegal activities according to the applicable legislation in the country of incorporation of the relevant Mid-cap; and,</p> <p>x) Any additional Mid-cap eligibility criteria as may be specified in the relevant Guarantee Agreement, which will include limits on the minimum acceptable rating in the Financial Intermediary internal rating scale.</p> <p>3. Mid-cap Transaction Eligibility Criteria</p> <p>Eligible Mid-cap Transactions shall comply with each of the following eligibility criteria:</p> <p>i) Newly originated Mid-cap Transactions shall be entered into by the Financial Intermediary during the Availability Period (save as specified in the "Adjustment to the Actual Volume" section);</p> <p>ii) The purpose of the Mid-cap Transaction shall be an investment in tangible or intangible assets and/or working capital;</p> <p>iii) The Mid-cap Transaction shall directly or indirectly support the financing of the Total Eligible Costs;</p> <p>iv) The Mid-cap Transaction shall be a senior loan and is not in the form of a mezzanine loan or be legally or structurally subordinated debt or quasi-equity to any other lenders (including the Financial Intermediary) of the relevant Mid-cap;</p> <p>v) The amount committed by the Financial Intermediary under the Mid-cap Transaction shall be above EUR 1 million, except that for Mid-caps having less than 500 employees (as calculated for the</p>
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	<p>Mid-cap Eligibility Criteria (i) above) for which the minimum shall be EUR 7.5 million;</p> <p>vi) The amount committed by the Financial Intermediary under the Mid-cap Transaction shall not exceed EUR 50 million (or such lower amount as specified in the relevant Guarantee Agreement);</p> <p>vii) The repayment schedule shall be fixed (which, for the avoidance of doubt, excludes any revolving facility), amortising and shall not include a grace period longer than one-third of the Mid-cap Transaction maturity date (which, for the avoidance of doubt, excludes any bullet loan);</p> <p>viii) The Maturity of the Mid-cap Transaction :</p> <p>a. Shall be at least equal to or above 24 months;</p> <p>b. Other than as a result of a Permitted Mid-cap Transaction Amendment, shall not exceed 84 months (or such shorter period as specified in the relevant Guarantee Agreement) including the relevant grace period if any (the “Maximum Mid-cap Transaction Maturity”)¹⁰;</p> <p>ix) Shall be denominated in in the currency of the agreement or another European currency (provided that the MCG Guarantee shall cover foreign exchange risk up to an increase of maximum 15% of the outstanding principal loan amount);</p> <p>x) Shall have received an EIB Pre-approval if the Total Eligible Costs are above EUR 25 million; and,</p> <p>xi) Any additional Mid-cap Transaction eligibility criteria as may be specified in the relevant Guarantee Agreement.</p> <p>4. Portfolio Eligibility Criteria</p> <p>The Portfolio shall comply with each of the following criteria (or such other criteria as specified in the relevant Guarantee Agreement):</p> <p>i) Maximum industry concentration: the sum of the initial principal amount of all Mid-cap Transactions in the Portfolio forming part of a single industry sector (expressed by NACE Code – Rev.2 Division Level) shall not account for more than 60% of the Agreed Volume;</p> <p>ii) Concentration limit on large transactions: the sum of the Mid-cap</p>
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¹⁰ Any rescheduling of principal or interest of a Mid-cap Transaction included in the Portfolio beyond the Maximum Mid-cap Transaction Maturity shall only occur as part of the distressed restructuring of such Mid-cap Transaction to avoid Mid-cap Transaction Default.

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	<p>Transactions with an initial principal amount representing 7.5% or more of the Agreed Volume shall, when aggregated, not exceed 25% of the Agreed Volume;</p> <p>iii) The aggregate principal amount of Mid-cap Transactions committed to the same Mid-cap and covered by the Guarantee shall not exceed EUR 50 million;</p> <p>iv) Any additional Portfolio criteria (including, without limitation, rating concentration limits or a minimum weighted average rating level) as may be specified in the relevant Guarantee Agreement.</p> <p>Non-compliance with any of the eligibility criteria by a Mid-cap Transaction shall result in an exclusion of the relevant Mid-cap Transaction(s) from the Portfolio save as specified in the “Exclusion Process”.</p>
<p>Eligible Costs, Total Eligible Costs</p>	<p>The Eligible Mid-cap Transaction shall directly or indirectly support the financing of tangible and/or intangible investments and/or RDI costs and/or working capital expenditures, the Eligible Costs, undertaken over a period of up to three years (before¹¹ and/or after the date of the signature of the Mid-cap Transaction), such period will be proposed by the Financial Intermediary (the “Project Implementation Period”). Such investments and expenditures are defined in accordance with the IFRS rules (or any other generally accepted accounting practice). The following cost items shall be considered to be “Eligible Costs”:</p> <p>a) Purchase, renovation or extension of tangible assets: it includes the costs related to all tangible assets, other than land unless it is technically essential for the investment (such as upgrading of existing or new production facilities; productive and ancillary equipment; transformation of equipment; office equipment; prototyping; internal/external infrastructure; civil works). Development, planning and financing costs during the construction phase can as well be included;</p> <p>b) Purchase of intangible assets: it includes the purchase of intangible assets where they are technically necessary for the investment (such as software, licenses, patents and similar rights and assets). The purchase of eligible intangible assets shall not exceed ten percent of the Total Eligible Costs;</p> <p>c) Research, Development and Innovation (RDI) costs: All expenses including fees, development costs, materials, gross salaries (including overhead) and outsourced activities directly associated with the research and development and/or innovation component of the activity. Research and development component includes all activities</p>

¹¹ Limited to expenditures incurred in the same calendar year as the signature of the Mid-cap Transaction

	<p>related to investigation, research and development of new or next generation technology or products following a defined longer-term technology roadmap. Innovation component includes all activities related to the implementation and/or commercialisation of new products or processes (e.g. marketing expenses, setting up a distribution network, patent applications or trademark acquisition);</p> <p>d) Medium and long term working capital needs (including the funds required to pay for current assets such as raw materials, inventories, and sales receivables).</p> <p>“Total Eligible Cost” means, for a Mid-cap Transaction, the sum of the items a) to d) listed above as budgeted by the Mid-cap and aggregated over the Project Implementation Period. For each Mid-cap Transaction, the Total Eligible Costs shall (i) at least equal the initial principal amount of the relevant Mid-cap Transaction, and (ii) not exceed EUR 50 million. Where EU subsidies are associated with a project, the sum of (i) 50% of the initial principal amount of the relevant Mid-cap Transaction and (ii) the potential EU subsidies may not exceed 70% of the Total Eligible Costs.</p> <p>The following cost items are to be considered ineligible and can therefore not be taken into account in the Total Eligible Costs:</p> <ul style="list-style-type: none"> a) Pure financial transactions (such as the purchase of shares or the assets of an existing company, or the re-financing of existing assets); b) Recoverable VAT; c) Tariffs; d) Any costs incurred outside Eligible Countries (for outsourced contracts the invoicing country is considered); e) Any cost items related to RDI activity undertaken for the purposes of a single and specific customer (“Customer Specific RDI”); f) the purchase of goodwill; the purchase of licenses or rights for mineral resource exploitation; the purchase of production rights in the agricultural sector; and, g) costs items related to the following activities: <ul style="list-style-type: none"> a. Any activity identified as Excluded Sectors; b. Activities targeting the production of weapons and ammunition, arms, military or police equipment or infrastructures, and equipment or infrastructure which result in limiting people’s individual rights and freedom (i.e. prisons, detention centres of any form) or in violation of human rights;
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	<ul style="list-style-type: none"> c. Activities targeting the production or facilitating the use of gambling and related equipment; d. Activities targeting tobacco manufacturing, processing, or specialist tobacco distribution, and activities facilitating the use of tobacco (e.g. "smoking halls"); and, e. Activities involving live animals for experimental and scientific purposes insofar as compliance with the "Council of Europe's Convention for the Protection of Vertebrate Animals used for Experimental and other Scientific Purposes" cannot be guaranteed.
<p>Eligible Costs Shortfall</p>	<p>Three years after the end of the Availability Period, the Financial Intermediary will provide to EIB, for each Mid-cap included in the Portfolio, the information specified in Appendix 5. The Financial Intermediary will calculate for each Mid-cap Transaction the difference between the actual and the original (as approved through the EIB Pre-approval and/or reported) values for the Total Eligible Costs. These differences (which might be positive or negative values) will be summed up.</p> <p>If the total result of such calculation shows a shortfall (the "Eligible Costs Shortfall"), the Financial Intermediary shall undertake to compensate the Eligible Costs Shortfall. This shall be compensated by either (i) proposing new items and/or expenses to be accounted in the Total Eligible Costs of covered Mid-cap Transactions (provided they were incurred by the Mid-cap during the Project Implementation Period but were not accounted for in the original Total Eligible Costs) or (ii) presenting to the EIB a list of loans made available by the Financial Intermediary over the last three years to companies which would have been eligible under the Portfolio (but which were not included in the Portfolio) which included Eligible Costs financed by the Financial Intermediary or (iii) by making available over a period of three years loans to companies which would have been eligible under the Portfolio in view of financing Eligible Costs.</p> <p>The Financial Intermediary shall agree with the EIB on the approach chosen and on the timeframe to comply with such undertaking. The Financial Intermediary shall undertake to compensate for the shortfall for an amount equivalent to the Eligible Costs Shortfall. Non-compliance of this undertaking by the Financial Intermediary shall not result in an exclusion of any Mid-cap Transaction from the Portfolio.</p>
<p>Excluded Sectors</p>	<p>The list of Excluded Sectors shall be set as of the date of the Guarantee Agreement. Therefore, EIB will provide a list of NACE Codes (NACE rev 2 code). Excluded Sectors generally belong to the following sectors:</p> <ul style="list-style-type: none"> a) production of weapons and ammunition, arms, military or police equipment or infrastructures, and equipment or infrastructure which result in limiting people's individual rights and freedom (i.e. prisons, detention centres of any form) or in violation of human rights; b) gambling and related equipment; c) tobacco manufacturing, processing, or distribution; d) activities involving live animals for experimental and scientific purposes insofar as compliance with the "Council of Europe's Convention for the

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	<p>Protection of Vertebrate Animals used for Experimental and other Scientific Purposes" cannot be guaranteed ;</p> <p>e) activities which give rise to environmental impacts that are not largely mitigated and/or compensated;</p> <p>f) sectors considered ethically or morally controversial or which are forbidden by national law, e.g. research on human cloning;</p> <p>g) pure real estate development activity;</p> <p>h) pure financial activities e.g. trading in financial instruments.</p>
<p>Exclusion Process</p>	<p>At any time, EIB may (but shall not be obliged to) verify whether a Mid-cap Transaction included in the Portfolio is an Eligible Mid-cap Transaction and whether its inclusion in the Portfolio is in compliance with the terms of the Guarantee.</p> <p>If a Financial Intermediary becomes aware that a Mid-cap Transaction included in the Portfolio becomes a non-eligible Mid-cap Transaction or any other undertakings, requirements or requests of the Guarantee are not complied with or satisfied in connection with such Mid-cap Transaction, the Financial Intermediary shall include such information in the immediately following Report delivered to the EIB.</p> <p>If a Mid-cap Transaction included in the Portfolio becomes a non-eligible Mid-cap Transaction, it shall be deemed to be excluded from the Portfolio (and shall not be covered by the Guarantee) as of the date on which it became a non-eligible Mid-cap Transaction.</p> <p>However if an Eligible Mid-cap Transaction becomes a non-eligible Mid-cap Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary after a Payment Demand relating to such Mid-cap Transaction was served by the Financial Intermediary to the EIB such Mid-cap Transaction shall be deemed to be covered by the Guarantee.</p> <p>Similarly if an eligible Mid-cap Transaction becomes a non-eligible Mid-cap Transaction as a result of any event or circumstance beyond the control of the Financial Intermediary but before a Payment Demand relating to such Mid-cap Transaction was served by the Financial Intermediary to the EIB, then such Mid-cap Transaction shall be deemed to be covered by the Guarantee if the Financial Intermediary accelerated payment of all amounts owed to it under such Mid-cap Transaction no later than on the Report Date immediately following the date on which it became aware of the same. However if the Financial Intermediary does not proceed to the acceleration of such Mid-cap Transaction within the timeframe specified above then this Mid-cap Transaction shall be excluded from the Portfolio as of the date on which it became a non-eligible Mid-cap Transaction.</p> <p>The Actual Volume shall be reduced following an exclusion from the Portfolio by the aggregate committed principal amount of the Mid-cap Transactions so</p>

	excluded.
Adjustment of the Actual Volume	<p>In respect of each Eligible Mid-cap Transaction included in the Portfolio, if on the date which is (such date, the “Adjustment Date”):</p> <ol style="list-style-type: none"> 1. the end of the disbursement period (when amounts cease to be available for utilisation by an Eligible Mid-cap), 2. the date on which the commitment made available for utilisation under Eligible Mid-cap Transaction is cancelled, <p>the committed amount of principal has not been fully drawn by the Mid-cap, the Actual Volume shall be reduced to reflect the actual amount of principal drawn by the relevant Mid-cap. The Financial Intermediary shall reflect any such adjustment in the Report immediately following such Adjustment Date.</p> <p>If the Actual Volume is adjusted pursuant to this section or the section Exclusion Process as described above (the amount of reduction of the Actual Volume, the “Adjusted Portion”), the Financial Intermediary may include one or more further Eligible Mid-cap Transactions in the Portfolio up to the aggregate of Adjusted Portions and to extent that the Actual Volume does not exceed the Agreed Volume and if such inclusions are made until the second Report Date following the Report Date where a Party has been effectively notified about the adjustment of the Actual Volume.</p> <p>The replacements shall be made during the Availability Period and pursuant to the terms described in the Availability Period section above.</p>

Mid-cap Transaction conditions

Servicing and Recoveries	<p>The Financial Intermediary shall perform the servicing of the Portfolio, including monitoring and recovery actions.</p> <p>The Financial Intermediary shall take recovery actions (including the enforcement of any security) in relation to each Eligible Mid-cap Transaction in respect of which one or more payments have been made under the Guarantee, in accordance with its internal guidelines and procedures. The Financial Intermediary will inform the Guarantor on a proposed recovery plan (i.e. actions to be undertaken, expected recovery waterfall, related reasonable costs and planning), or a restructuring mechanism, intended to be taken for each Eligible Mid-cap Transaction in respect of which one or more payments have been made under the Guarantee. The Guarantor will use its reasonable endeavours to notify the Financial Intermediary within 20 business days after the submission of the action plan to the Guarantor, informing whether it agrees or rejects the Action Plan. In case of disagreement notified by the Guarantor, the Guarantor and the Financial Intermediary will enter in good faith into negotiations in order to revise the action plan for the relevant Mid-cap Transaction. In case no agreement is reached, the EIB will have the right</p>
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	<p>(but not the obligation) to replace the Financial Intermediary in its role of servicer of the relevant Mid-cap Transaction (EIB may either appoint a third party servicer or carry out such activities itself).</p> <p>Recoveries mean each and every amount, net of external recovery and foreclosure costs (if any and only to the extent that such costs have been provided for in the relevant Action Plan and that they do not constitute internal costs of the Financial Intermediary), recovered or received by the Financial Intermediary from a Mid-cap (including any restructuring and other fees) and allocated to a Non-Performing Mid-cap Transaction. All amounts received by the Financial Intermediary from a Mid-cap in respect of Non-Performing Mid-cap Transaction and any other indebtedness made available by the Financial Intermediary to the relevant Mid-cap (Other Indebtedness), whether the amounts under such Other Indebtedness are in respect of normal payments or result from the proceeds of enforcement of any Security, shall:</p> <ul style="list-style-type: none"> a) be applied pro rata and pari passu between the Non-Performing Mid-cap Transactions and the Other Indebtedness; and b) be applied in relation to the Non-Performing Mid-cap Transactions and the Other Indebtedness, in order of priority, first to any foreclosure costs, secondly to the payment of interest (other than default interest) and principal, thirdly default interest (if any) and any other amount due. <p>The Financial Intermediary shall send to the EIB as soon as possible, but not later than 30 days of the end of each calendar quarter a recovery notice with accompanying Recoveries schedule and shall pay to the Guarantor any relevant amount, within three months of the end of each calendar quarter in which Recoveries are recovered or received by the Financial Intermediary. An indicative form of the Recoveries schedule is presented in the appendix 2 to this document.</p> <p><i>The provisions of this section shall survive the Guarantee termination.</i></p>
EIB Security	<p>The rights under the Mid-cap Transactions shall be assigned to EIB in order to secure payments due to EIB. This shall be effected through an assignment of rights or a pledge over the Mid-cap Transactions as from the day the Financial Intermediary includes each relevant Mid-cap Transaction in the Portfolio. The EIB Security (whether created by way of pledge or assignment) would secure any payment obligations of the Financial Intermediary under the Guarantee Agreement, notably its obligation to pay the recoveries it received in connection with the Non-Performing Transactions in respect of which Guarantor has made a payment under the Guarantee. The security would be created by entering into a security agreement at the same time as it enters into the Guarantee.</p>
Right of Clawback by EIB	<p>The Guarantor will be entitled to be repaid by the Financial Intermediary certain amounts in specified circumstances, including any amounts paid under the Guarantee by the Guarantor in excess of the Defaulted Amount, and any excess amount paid by EIB as a result of an exclusion of a Mid-cap</p>

	Transaction from the Portfolio.
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Miscellaneous

Reporting	<p>The Financial Intermediary shall provide EIB within 30 calendar days¹² after the end of each calendar quarter (the 'Report Date') with quarterly information in a standardised form, including among others, information on the Mid-caps covered by the Guarantee, new eligible Mid-cap Transactions and Eligible Mid-cap Transaction amounts outstanding (the 'Report').</p> <p>An indicative quarterly report template is attached in the appendix 1 of this document.</p> <p>In addition, the Financial Intermediary shall commit to promptly supply to the EIB any information that the EIB may reasonably require in order to verify (i) the performance of the Portfolio or (ii) the compliance with the Guarantee Agreement.</p> <p>Other reporting may be required from the Financial Intermediary as per specific schedule to the Guarantee Agreement¹³.</p> <p>Regular controls and verifications will be performed by EIB in order to ensure compliance with the specifications and provisions of the Guarantee, in particular with regard to the compliance with Eligibility Criteria.</p>
Monitoring and Audit	<p>The Financial Intermediary and the Mid-caps covered by the Guarantee shall agree to allow and to provide access to documents and premises related to the Guarantee to the representatives of the European Commission (including the European Anti-Fraud Office (OLAF)), the European Court of Auditors, EIB and any other authorised bodies duly empowered by applicable law to carry out audit and/or control activities. To that effect, the Financial Intermediary shall also include appropriate provisions in each agreement with the Mid-cap.</p> <p><i>The provisions of this section shall survive the Guarantee termination.</i></p>
Compliance with Laws	<p>The Financial Intermediary shall comply in all respects with all applicable laws and regulations (whether national laws and regulations or laws and regulations of the European Union), and EU policy and applicable international treaties regarding the environment sector (if applicable) and other EU regulated sectors to which it may be subject and the breach of which may: (i) adversely impact the performance of the Guarantee Agreement; or (ii) adversely prejudice the interests of the Guarantor or the Commission under the Guarantee Agreement. The Financial Intermediary will also comply with EU Directives and national laws on procurement, where applicable. In accordance with EIB's policy of ensuring that projects financed by Eligible Mid-cap Transactions comply with the Community <i>acquis</i>, in particular in the fields of environment and in sectors regulated by EU policy, the Financial Intermediary</p>

¹² Financial Intermediaries shall provide EIB such information within 20 calendar days with respect to information related to the last calendar quarter of each year

¹³ Financial Intermediaries might be requested to provide a certain degree of information on the R&D and/or innovation content of the Mid-cap Transactions

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	<p>shall obtain an undertaking from the Eligible Mid-cap that projects financed by Eligible Mid-cap Transactions undertaken by the latter with the support from MCG shall comply with the applicable EU and/or national legislation.</p> <p>The Financial Intermediary shall include in the documentation applicable to each Eligible Mid-cap Transaction included in the Portfolio, representations, warranties and undertakings from the Mid-cap for the purpose of ensuring that each such Eligible Mid-cap Transaction shall comply with the Eligibility Criteria above.</p>
Fraud	Shall have the meaning as set out in Article 1 in the Convention drawn up on the basis of Article K.3 of the Treaty on European Union, on the protection of the European Communities' financial interests (OJ C 316, 27.11.1995, p.49) ¹⁴
Irregularity	Shall have the meaning as set out in Article 1.2 in Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p.1) ¹⁵
Publicity	<p>The Financial Intermediary, in line with applicable law, shall carry out adequate marketing and publicity campaigns - as specified in the Guarantee Agreement - aimed at making the Guarantee known to the Mid-caps in the relevant countries.</p> <p>In particular, the Financial Intermediary will be contractually required to:</p> <ul style="list-style-type: none"> • Product labelling: The name of the product should clearly point to Innovfin Mid-caps Guarantee (MCG Guarantee); • Promote the Guarantee through its website dedicated to medium and long term financing products which should include an information

¹⁴ Fraud affecting the EU's financial interests shall consist of:

(a) in respect of expenditure, any intentional act or omission relating to:

- the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Union or budgets managed by, or on behalf of, the European Union,

- non-disclosure of information in violation of a specific obligation, with the same effect,

- the misapplication of such funds for purposes other than those for which they were originally granted;

(b) in respect of revenue, any intentional act or omission relating to:

- the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the illegal diminution of the resources of the general budget of the European Union or budgets managed by, or on behalf of, the European Union,

- non-disclosure of information in violation of a specific obligation, with the same effect,

- misapplication of a legally obtained benefit, with the same effect.

¹⁵ Any infringement of a provision of EU Law resulting from an act or omission by a an economic operator which has, or would have, the effect of prejudicing the general budget of the EU or budgets managed by them either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities, or by an unjustified item of expenditure.

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	<p>page on EIB's activity in favour of Mid-Cap companies. This should include eligibility criteria;</p> <ul style="list-style-type: none">• Include in all documents concerning this Guarantee, including amongst others, loan applications, Mid-cap Transaction agreements, promotional material to the Mid-caps, etc. a statement mentioning that the Mid-cap Transaction was made possible with the support of the European Union and the EIB. Appropriate text and logos is envisaged to be provided to the selected Financial Intermediary during the phase of contractual negotiations; <p><i>The provisions of this section shall survive the Guarantee termination.</i></p>
Transfer	<p>The Financial Intermediary shall not be entitled to transfer any or all of its rights and obligations under the Guarantee without the consent of the EIB.</p> <p>EIB shall not be entitled to transfer any or all of its rights and obligations under the Guarantee without the consent of the Financial Intermediary.</p>

Appendix 1.

Indicative form of the quarterly Report

<u>Portfolio Level</u>	Amount QQ/YY	Amount Cumulated
Mid-cap Transactions		
Number of Mid-cap Transactions signed		
Number of Mid-cap Transactions disbursed (at least partially)		
Number of Mid-caps		
Mid-cap Transactions amount committed		
Mid-cap Transactions amount disbursed		
Mid-cap Transactions repayment amount		
Mid-cap Transactions outstanding principal amount		
Defaulted Mid-cap Transactions amount (principal + interest)		
Number of Defaulted Mid-cap Transactions		
Recovery		
Payment Demand amount		
Number of Excluded Mid-cap Transactions		
Total amount of Excluded Mid-cap Transactions		
Agreed Volume		
Actual Volume		
Limits	QQ/YY	Portfolio
Limit		cumulated
Mid-cap Transaction Eligibility Criteria		
Minimum Mid-cap Transaction Maturity in months		
Maximum Mid-cap Transaction Maturity in months		
<i>Additional Mid-cap Transaction Eligibility Criteria</i>		
Mid-cap Portfolio Eligibility Criteria		
Maximum industry concentration		
Maximum concentration limit on large transactions		
<i>Additional Mid-cap Portfolio Eligibility Criteria</i>		

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Loan-by-
loan level

Reference	Item	Mandatory/O ptional	Information type
A.1.	Fiscal number	Mandatory	
A.2.	Mid-cap name	Mandatory	
A.3.	Address	Mandatory	
A.4.	Region	Mandatory	List of nuts codes
A.5.	Country	Mandatory	List of ISO Country codes
A.6.	Date of establishment	Mandatory	Date
A.7.	Sector	Mandatory	NACE code, division level
A.8.	Number of employees	Mandatory	Number
A.9.	Total turnover	Mandatory	Number
A.10.	Total assets	Mandatory	Number
A.11.	Mid-cap internal rating (Rating Class)	Mandatory	List of ratings
A.12.	Borrower type	Mandatory	Company type
A.13.	MCG Eligibility Criteria (innovation)	Mandatory	List of criteria
A.14.	Gender of the CEO	Mandatory	M/F
A.15.	Can the Mid-cap name be disclosed on EIB website (Article 15.5(c))?	Mandatory	Yes/No
B.1.	Mid-cap Transaction ID	Mandatory	
B.2.	Signature date	Mandatory	Date
B.3.	Total Eligible Costs	Mandatory	Number
B.4.	Project Implementation Period (months)	Mandatory	Number
B.5.	Project Implementation Period start date	Mandatory	Date
B.6.	Loan purpose	Mandatory	List
B.7.	Is Climate Change or Energy efficiency?	Mandatory	None/CC/EE/Both
B.8.	Currency	Mandatory	List of ISO Currencies
B.9.	Principal amount	Mandatory	Number
B.10.	Mid-cap Transaction outstanding principal amount	Mandatory	Number
B.11.	Mid-cap Transaction average daily outstanding principal amount (over the quarter)	Mandatory	Number
B.12.	First disbursement date	Mandatory	Date
B.13.	Last disbursement date	Mandatory	Date
B.14.	Cumulative disbursement amount	Mandatory	Number
B.15.	First instalment date	Mandatory	Date
B.16.	Last instalment date	Mandatory	Date
B.17.	Maturity (months)	Mandatory	Number
B.18.	Grace period (months) (if any)	Mandatory	Number
B.19.	Amortization style	Mandatory	List of amortisation styles
B.20.	Cumulative repaid amount	Mandatory	Number
B.21.	Payment frequency (principal)	Mandatory	Number of annual payments
B.22.	Payment frequency (interest)	Mandatory	Number of annual payments
B.23.	Interest rate	Mandatory	Numerical
B.24.	Type of interest rate	Mandatory	Fixed or Floating
B.25.	Mid-cap Transaction Cost of Funding	Mandatory	Numerical
B.26.	Mid-cap Transaction Margin	Mandatory	Numerical
B.27.	Guarantee Fee Amount for the relevant quarter	Mandatory	Numerical
B.28.	Net Administration Fees amount for the relevant quarter	Mandatory	Numerical
B.29.	Type of collateral	Mandatory	
B.30.	Loss Given Default (LGD)	Mandatory	Percentage
B.31.	Delinquent Mid-cap Transaction	Mandatory	Number of months
B.32.	Is the Mid-cap Transaction under a Watch List	Mandatory	Yes/No
C.1.	Mid-cap Transaction Defaulted, Accelerated or Restructured	Mandatory	List of values
C.2.	Date of default, acceleration or restructuring	Mandatory	Date of default, acceleration or restructuring
C.3.	Default amount on principal	Mandatory	Number
C.4.	Unpaid interest covered	Mandatory	Number
C.5.	Recovery payment currency	Mandatory	List of ISO Currencies

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C.6.	Recovery Date	Mandatory	Date
C.7	Recovery amount	Mandatory	Number
D.1.	Status	Mandatory	Signed/Disbursed/Fully Disbursed/Repaid/Fully Repaid/Cancelled/Excluded/Defaulted
D.2.	Comments	Optional	
E.1.	Additional Reporting	Optional	If required, depending on additional eligibility criteria
F.1.	FX rate used for the inclusion (Article 10(a))	Mandatory	Number

Appendix 2.

Indicative form of the Recoveries schedule

A.1. Fiscal number	B.1. Mid-cap Transaction ID	C.5. Recovery payment currency	C.6. Recovery Date	C.7 Recovery amount
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
		List of ISO Currencies	Date	Number

Appendix 3.

Indicative form of the Payment Demand schedule

A.1. Fiscal number	B.1. Mid-cap Transaction ID	C.1. Mid-cap Transaction Defaulted, Accelerated or Restructured	C.2. Date of default, acceleration or restructuring	C.3. Defaulted amount on principal	C.4 Unpaid interest covered
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
		List of values	Date of default, acceleration or restructuring	Number	Number

Appendix 4.

Financial Intermediary / Finance Contract with the EIB		Finance Contract with the EIB	
Financial Intermediary: Name: <input style="width: 90%;" type="text"/>	Finance Contract Title: <input style="width: 90%;" type="text"/>		
Country: <input style="width: 80%;" type="text"/>	Finance Contract N.: <input style="width: 80%;" type="text"/>		

Eligible Mid-cap			
Name: <input style="width: 95%;" type="text"/>			
Main Activity: <input style="width: 95%;" type="text"/>			
MCI Eligibility Criteria: <input style="width: 95%;" type="text"/>			
Eligible Mid-cap	Location of Headquarters	Citizenship	
Employees: <input style="width: 40%;" type="text"/>	City: <input style="width: 40%;" type="text"/>	Type (legal): <input style="width: 40%;" type="text"/>	
NACE Code: <input style="width: 40%;" type="text"/>	Region: <input style="width: 40%;" type="text"/>	% Public: <input style="width: 40%;" type="text"/>	
	Country: <input style="width: 40%;" type="text"/>	% Private: <input style="width: 40%;" type="text"/>	
	Postal Code: <input style="width: 40%;" type="text"/>	Name of ultimate Parent company: <input style="width: 40%;" type="text"/>	

Eligible Costs							
Brief Description: <div style="border: 1px solid black; height: 40px; width: 100%;"></div>							
Main project location	Total Eligible Costs	Year 1	Year 2	Year 3	Environmental Impact Assessment (EIA)		
City: <input style="width: 90%;" type="text"/>	Tangible assets: <input style="width: 90%;" type="text"/>	EUR	EUR	EUR	Not required	Requested	Existing
Region: <input style="width: 90%;" type="text"/>	Intangible assets: <input style="width: 90%;" type="text"/>	%	%	%	Required	<input style="width: 40%;" type="text"/>	<input style="width: 40%;" type="text"/>
Country: <input style="width: 90%;" type="text"/>	RDI costs: <input style="width: 90%;" type="text"/>						
Postal Code: <input style="width: 90%;" type="text"/>	Working capital: <input style="width: 90%;" type="text"/>						
% of total cost: <input style="width: 90%;" type="text"/>	Total: <input style="width: 90%;" type="text"/>	0	0	0			
Other project locations (if applicable)	EU Subsidies: <input style="width: 90%;" type="text"/>				Building Permit		
Country: <input style="width: 90%;" type="text"/>	Total Eligible Costs: <input style="width: 90%;" type="text"/>				Not required	Requested	Existing
% of cost: <input style="width: 90%;" type="text"/>	Project Implementation Period (PIP): <input style="width: 90%;" type="text"/>				Required	<input style="width: 40%;" type="text"/>	<input style="width: 40%;" type="text"/>
	PIP Start date: <input style="width: 90%;" type="text"/>				Expected Job Creation		
	EUR				Number of Jobs: <input style="width: 40%;" type="text"/>		

EIB Pre-Approval	Financial Intermediary
Maximum Mid-Cap Transaction amount authorised: <input style="width: 40%;" type="text"/> EUR	It is confirmed that the current Project complies with applicable EU legislation and policy, in particular in the fields of procurement, environment and competition
Project Implementation Period authorised: <input style="width: 40%;" type="text"/> years	
For conformity: Counter-signature of EIB: <input style="width: 90%;" type="text"/>	For conformity: Signature of Financial Intermediary: <input style="width: 90%;" type="text"/>

Appendix 5.

End of Availability date	dd/mm/yyyy	
Mid-cap Transaction Actual reporting date	dd/mm/yyyy	

Mid-cap Transaction	Total Eligible Costs		
	Original	Actual	Difference
Number1	EUR	EUR	EUR
Number 2	EUR	EUR	EUR
Etc...	EUR	EUR	EUR
Portfolio Value	-	-	EUR
Eligible Costs Shortfall			

Indicative Due Diligence Agenda

As part of the appraisal of your institution as a potential Mid-cap Guarantee (MCG) Financial Intermediary, the EIB will organise an on-site due diligence visit at the premises of the Applicant. In this context, the EIB appraisal team will meet with the senior persons in charge of the activities listed below and get a better understanding of the practical handling. It is essential that detailed information on all the questions below (Part A and B) is presented to the appraisal team¹. It is expected that the Part A of the agenda would require at least a full day and the Part B maximum half a day.

A slide presentation and/or a hand-out is (are) required. It (they) should be delivered to the EIB prior to the meeting, if possible. All documents should be in English language.

Information to be provided should focus on the Mid-cap Guarantee target group. It should therefore concentrate on Mid-cap enterprises (up to 3,000 employees at group level), in particular innovative companies (where relevant). However, if information is not available to such a degree of precision, more widely available information can be provided as well. Always state to which group of clients (e.g. all corporate or Mid-cap only, innovative or all enterprises, etc.) the information provided refers. Please ensure consistency across the presentation (e.g. with regard to the utilisation of acronyms, internal terminology or business segmentations).

In addition, the appraisal team would also like to have access to a few existing files on paper related to performing loans (application, credit approval, reviews and monitoring) and work-out cases.

Part A - Presentation of the Financial Intermediary

1- General description of the Financial Intermediary:

- History: set up, mission and future development
- Description of the Financial Intermediary (date of establishment, group organisation, number of employees, capital structure and shareholders, etc.)
- Company strategy, market and competition
- Organisational structure (departments, internal client segments, distribution network, number of branches)

2- Compliance function

- General description of the compliance function within the Intermediary
- Description of the Know Your Customer (KYC) and Anti Money Laundering (AML) measures for the Mid-cap clients

3- Economic environment, strategy for Mid-cap and lending volumes

- Economic outlook for the local Mid-caps market
- Local Mid-cap market, market share, main competitors (trends and outlook)
- Overall strategy in relation to Mid-caps (positioning, objectives, strengths and weaknesses, core products)
- Mid-cap lending volumes (outstanding and new annual lending) historically and budgeted for the future
- Mid-cap portfolio description (e.g. distribution per rating, industry, region, NPL ratio)

¹ EIB may agree (on a case-by-case basis) with the potential Financial Intermediary to receive some non-essential information after the due diligence visit and/or receive such non-essential information orally.

- Historical Performance of the Mid-cap sector within the bank
- Utilisation of securitisation and syndication in the Mid-cap business

4- Mid-cap origination and product offer

- Organisation of the origination department(s)
- Description of the Mid-cap business segments and origination channels (organisation, staff)
- Geographical presence, relationship with branches and information flow
- Characteristics of the products offered to Mid-caps (purpose, maturity, repayment profile, main characteristics, etc.)
- Typical covenants (types, rules, minimum requirements)
- Typical collateral requirements (including types of collateral, evaluation, haircuts, minimum requirements)
- Expected evolution of the product offer in the future

5- Credit Policy and risk management

- Organisation of the risk management department(s)
- Credit policy and internal procedures (including detailed information on the credit granting process and information flow)
- Delegation of authority, limits and approval rules
- Credit risk assessment and systems, interaction with the rating/scoring and LGD models
- Minimum requirements: rating, collateral and covenants

6- Risk models and systems

- Description of the internal risk management system (scoring and rating systems, related PDs and classes, LGD models, etc.)
- Customer data required (qualitative, financial, behavioural information), rating model manual, definitions used and input spreadsheet model
- Factors analysed when determining rating categories of the obligors, key inputs and their weights; factors analysed when determining the LGDs, key inputs and their weights
- Model outputs for the rating (classes, one-year PD) and LGD (secured and unsecured)
- Back testing and validation of internal scoring/rating (expected versus realised default rates) and LGD models (expected versus realised LGD rates)
- Expected changes and updates of the models

7- Risk monitoring

- Organisation of the monitoring department(s)
- Monitoring procedures and responsibilities (including monitoring of internal and external exposure limits, monitoring of individual loans, risk monitoring reporting, etc.)
- Early warning systems (inputs, outputs, measures taken)
- Internal auditing, quality controls and back testing of the risk control models

8- Default and recovery procedures

- Organisation of the work-out and recovery department(s)
- Strategy (policy, outsourcing, out-of-court/court settlement, etc.)
- Recovery timing by type of debtor and for secured/unsecured loans
- Loan restructuring: rules, procedures and decisions required
- Recovery performance: monitoring of results vs. forecasts, trends and outlook

9- Default and recovery data

- Restructuring: historical data and typical cases

- Track record of historical defaults and recovery data (vintage or yearly information), rating migration tables, observed LGD data (secured and unsecured)

10- Pricing Policy:

- Current pricing policy (interest rate, up-front and other fees), rules for deviation, exceptions
- Pricing model (description of the inputs, model calculation, rules, outputs, etc.)
- Interest rate composition (funding cost, liquidity cost, administration cost, risk-related margin, etc.) and fees setting (up-front fees, running fees, etc.)
- Numeric information on the pricing levels, details on how the margin is determined, its minimum level, components and possibilities for deviation. Please provide numeric examples for a sample of ratings (e.g. BBB/BB/B), maturities (e.g. 3/5/7 years) and LGD buckets (secured and unsecured)

Part B - Presentation and discussion on the envisaged MCG coverage

1- Implementation of the MCG programme

- Implementation strategy, promotion and marketing of the MCG product
- Pricing of the MCG (including estimation of administrative costs)
- Expected loan volumes and pipeline for the MCG Portfolio (including basis for estimation of volumes and comparison to history), number of loans, average size
- Definition of final beneficiaries' RDI activities and eligible costs
- Reporting and monitoring of the MCG facility

2- Description of the envisaged products to be covered under the MCG product

- Targeted client group (including internal segmentation, target rating/scoring levels and comparability with the bank's loan book)
- Proposed products to be covered under MCG (loan purposes, maturities, collateral requirements, etc.)
- Description of the expected portfolio composition (per economic sector, country/regional breakdown, rating, transaction characteristics or maturity profile), number of loans, average size, etc.

3 - Q&A session on the mechanisms of the MCG product