

Call for Expression of Interest: to select financial intermediaries under the Lithuanian Leveraged Fund to implement a guarantee financial instrument in Lithuania

Ref.: PC-1439

1. Introduction

Within the 2014-2020 Programming Period of the “Operational Programme for Union Funds Investments in 2014-2020” approved by the decision of the European Commission No C(2014)6397 (“**Operational Programme**”) and with the purpose of tackling the market failure identified by the initial and updated ex-ante assessments approved by the Public Infrastructure and Energy Efficiency Project Evaluation and Monitoring Committee on 7 November 2014 and 29 August 2016 respectively (“**Ex-ante Assessment**”), the Ministry of Finance of the Republic of Lithuania acting as Managing Authority, has dedicated resources to the implementation of the Lithuanian Leveraged Fund (“**Leveraged Fund**”). In the context of the Leveraged Fund, by concluding an amendment to the Jessica II Fund of Funds Lithuania (“**Jessica II**” or “**FoF**”) funding agreement entered into force on 7 May 2015 (as amended on 5 October 2016) between the Ministries of Finance and of Environment of the Republic of Lithuania (the “**Ministries**”) respectively and the European Investment Bank (“**EIB**”) (“**Funding Agreement**” or “**FA**”), EIB was appointed a body implementing a financial instrument (“**Financial Instrument**”) in the form of a guarantee for the benefit of the Republic of Lithuania (“**Guarantee**”), in accordance with Article 38 (4)(b)(i) of the Common Provisions Regulation (“**CPR**”).

Relevant rules for implementing the Financial Instrument are primarily stipulated in the CPR, the Commission Delegated Regulation (“**CDR**”), the Commission Implementing Regulation and the European Regional Development Fund (“**ERDF**”) Regulation (respectively as defined below), and applicable Lithuanian laws and regulations.

The aim of the Call for Expression of Interest (“**Call for EoI**”) is to select eligible financial institutions in Lithuania to become financial intermediaries (“**Financial Intermediaries**”), which shall, under the guarantee agreement (“**Guarantee Agreement**”), receive Guarantee funded by European Structural and Investment Funds (“**ESIF**”). The Guarantee shall partly cover the credit risk associated with a new portfolio of preferential loans to be granted by Financial Intermediaries to natural or legal persons owning premises in multi-apartment buildings (“**Final Recipient**”) or to administrators of common property (“**Administrators of Common Property**”) for the energy efficiency renovation of multi-apartment buildings (“**Projects**”) in accordance with the Lithuanian legal basis (“**Modernisation Loans**”).

2. Definitions and Interpretation

In this Call for Expression of Interest, capitalised terms and expressions shall have the meaning attributed to them below, unless otherwise defined above or the context requires otherwise:

Additional Incentives	means additional support elements that Final Recipients may be eligible for, including subsidy-type incentives as indicated in the Rules for Provision of State Support or Law on Support for Renovation, which might be amended from time to time;
Administrative Criteria	means the administrative criteria listed in Section 10;
Administrator or Administrator of Common Property	means (i) the association of the owners of apartments and other premises of multi-apartment building, (ii) a person acting under a partnership agreement concluded by the apartment owners, (iii) any other person authorized by the decision or agreement of the owners of apartments and other premises of multi-apartment building, which is entitled to administer the property under applicable laws, (iv) an administrator, appointed under Article 4.84 of the Civil Code of the Republic of Lithuania (Official Gazette (Valstybės Žinios) 2000 No. 74-2262, 2000 No. 77, 2000 No. 80, 2000 No. 82) which will implement or is implementing a Renovation Project or, (v) an administrator appointed by a municipality to implement municipality renovation programme as established in the Law on Support for Renovation, or (vi) any other person or entity that may enter into the Modernisation Loan Agreement in accordance with relevant legal acts;
AML/CFT	Anti-Money Laundering and Combating Financing of Terrorism Financing Framework;
Applicable Laws	means the CPR, the CDR, the Implementing Regulation, the ERDF Regulation, EU State Aid Rules and all other applicable EU rules and guidelines, and national law, regulations and guidelines (including procurement and environmental law and other regulations where appropriate);
Applicant	means an applicant under this Call for Expression of Interest which must be a body or firm entitled under Lithuanian and EU law to carry out activities related to the implementation of the Financial Instrument;
Assessment Criteria	means the assessment criteria listed in Section 11;
Availability Period	means 36 months starting on the date of signature of the Guarantee Agreement or such other period as decided by the EIB;
BETA or HESA	means Housing and Energy Saving Agency (lith. <i>Būsto ir energijos taupymo agentūra</i>);
Business Plan	means the business plan of the Financial Intermediary which must be contained in its Expression of Interest and which should address the matters set out at Section 8;

Call for Expression of Interest or Call for EoI	means this call for expression of interest;
Commission Delegated Regulation or CDR	means the Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing the CPR;
Common Provisions Regulation or CPR	means Regulation (EU) No 1303/2013 of 17 December 2013 of the European Parliament and of the Council;
EC or Commission	means the European Commission;
ECB	means the European Central Bank;
EIB or Bank	means the European Investment Bank;
EIF	means the European Investment Fund;
Eligibility period	means the period from the date of signature of the Guarantee Agreement until 31 December 2023;
Energy Efficiency Directive	means the Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC;
EFSI	means an initiative launched by the Commission on the basis of Regulation (EU) 2015/1017 of the European Parliament and of the Council on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal (the EFSI Regulation) to help overcome the investment gap in the Union by mobilising private financing for strategic investments. EFSI aims to help resolve in the Union the difficulties in financing and implementing strategic, transformative and productive investments with high economic, environmental and societal added value through the supply of risk-bearing capacity of the EIB;
ERDF	means the European Regional Development Fund;
ERDF Regulation	means Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013;
ESIF	means the European Structural and Investment Funds;
EUR	means euro currency;
EU or Union	means the European Union;
Ex-Ante Assessment	means the initial and updated ex-ante assessments approved by the Public Infrastructure and Energy Efficiency Project Evaluation and Monitoring Committee on 7 November 2014 and 8 September 2016 respectively;
Exclusion Criteria	means the exclusion criteria with which the Expressions of Interest and the Applicant must comply and which are listed in Section 9;
Expression of Interest or EoI	means a proposal sent by an Applicant in response to this Call for Expression of Interest which shall be prefixed by a table in the form contained in Appendix 1 and include the documents mentioned therein, and includes declarations contained in Appendices 2 and 3;

JESSICA I	means JESSICA Holding Fund Lithuania;
Jessica II	means Jessica II Fund of Funds Lithuania;
Final Recipient or FR	means, in line with Article 2(12) of the CPR, a legal or natural person receiving financial support from a financial instrument, and as described in Appendix 4;
Financial Intermediary or FI	means an entity selected in accordance with the terms of this Call for Expression of Interest, and with whom a Guarantee Agreement has been signed;
Financial Instrument	means any financial instrument, including loans, guarantees, equity or mezzanine investments for the benefit of Final Recipients, as described in Appendix 4;
Fund of Funds, FoF or Jessica II	means Jessica II Fund of Funds Lithuania, established through the Funding Agreement in line with Article 2(27) of the CPR;
Funding Agreement or FA	means the agreement signed between the Ministry of Finance and the Ministry of Environment of the Republic of Lithuania and the EIB on 7 May 2015 and amended on 5 October 2016 for the implementation of the measure No. 04.3.1-FM-F-001 "Modernisation of the multi-apartment buildings" establishing Jessica II and the Leveraged Fund;
FSMA	means Financial Services and Market Act;
Guarantee	means first loss financial guarantee providing credit risk coverage on a loan by loan basis for the creation of a portfolio of Modernisation Loans;
Guarantee Agreement	means written agreement between EIB and the FI setting up the terms and conditions of the Guarantee;
Investment Board	means the board specifically established for supervision of the Leveraged Fund;
Implementing Regulation	means the Commission Implementing Regulation (EU) No 821/2014 of 28 July 2014 laying down rules for the application of the CPR;
Irregularity	means any breach of Union law or of national law relating to its application, resulting from an act or omission by an economic operator involved in the implementation of ESIF which has, or would have, the effect of prejudicing the budget of the Union by charging an unjustified item of expenditure to the budget of the Union;
Law on Support for Renovation	means the Law on the State Support for Renovation (Modernisation) of Multi-apartment Buildings as may be amended or supplemented;
Leveraged Fund or Lithuanian Leveraged Fund	means the guarantee financial instrument, which is structured to attract additional funds from private sources for Modernisation Loans to create leverage;
MA	means Ministry of Finance of the Republic of Lithuania as managing authority for the OP;
Member State	means member state of the European Union;
Ministries	means the Ministry of Finance and the Ministry of Environment of the

	Republic of Lithuania;
Modernisation Programme	means the Programme for the Renovation (Modernisation) of Multi-apartment Buildings approved by Resolution No. 1213 of the Government of the Republic of Lithuania of 23 September 2004;
Modernisation Loan Agreement	means the loan agreements signed between the FI and the Final Recipient or the Administrator of Common Property for the implementation of the Project;
Modernisation Loan	means preferential loans for energy efficiency renovations of residential housing to eligible Final Recipients;
NCJ	means Non-Cooperating Jurisdiction;
Offer	means the Business Plan to be prepared in line with the Selection Procedure, including application and supporting documents;
OJ	means Official Journal of the European Union;
OLAF	means European Anti-Fraud Office;
Operational Programme or OP	means the Lithuanian “Operational Programme for European Union Funds Investments in 2014-2020” approved by the decision of the European Commission No C(2014)6397;
Operational Priority	means Priority No 4 “Promotion of Energy Efficiency and Production and Use of Renewable Energy” of the Operational Programme;
VIPA or PIDA	means Public Investment Development Agency (lith. <i>UAB Viešųjų investicijų ir plėtros agentūra</i>);
Project or Modernisation Project	means projects co-financed from the Leveraged Fund for the energy efficiency renovation of multi-apartment buildings in accordance with the Law on Support for Renovation, approved by HESA or another agency or authority, as the case may be, as an eligible Project;
Rules for Provision of State Support	means the Rules for Granting State Support for Renovation (Modernisation) of Multi-Apartment Buildings and the Maximum Amount of a Monthly Instalment of the Accumulative Contribution approved by Resolution No. 1725 of the Government of the Republic of Lithuania of 16 December 2009 on the approval of the rules for granting State support for renovation (modernisation) of multi-apartment buildings and the establishment of the maximum monthly instalment of the accumulative contribution and (or) other instalments for the implementation of the renovation (modernisation) project of a multi-apartment building, as may be amended or supplemented from time to time;
Selected Applicant	means Applicant or Applicants selected as a result of this Call for EoI;
SPV	means Special Purpose Vehicle.

DISCLAIMER

The EIB (including any employees, officers, Investment Board members, advisers and/or contractors of the EIB who contributed to the preparation of this document) make no representation, warranty or

undertaking of any kind in relation to the accuracy or completeness of any information provided in, or in connection with, this Call for EoI (for the purposes of this section the “**Information**”).

The EIB will not be liable or responsible to any person in relation to any inaccuracy, error, omission or misleading statements contained in the Information. The EIB will not be liable or responsible to any person in relation to any failure to inform any person of inaccuracy, error, omission or misleading statement contained in such Information of which it becomes aware after the date of release of that Information. The EIB shall not be liable to any person for any damages, losses, costs, liabilities or expenses of any kind which it may suffer as a consequence of relying upon such Information.

Any person considering making a decision to enter into contractual relationships with the EIB and/or any other person on the basis of the Information provided to (or otherwise received by) Applicants (whether prior to this Call for Expression of Interest or at any point during the Financial Intermediary selection process) in relation to the selection process should make their own investigations and form their own opinion. In particular, the distribution or receipt of this Call for Expression of Interest shall not constitute, or be construed as the giving of investment advice or a recommendation by the EIB of any kind.

Only the express terms of any written contract (as and when it is executed) shall have any contractual effect.

All applicants are solely responsible for their costs and expenses incurred in connection with the Financial Intermediary selection process including the preparation and submission of applications and participation in all future stages of this process. Under no circumstances will the EIB be liable for any costs or expenses borne by the Applicants or any of their supply chain, partners or advisors in this process.

For the purposes of the selection process, all advisors of the EIB are acting exclusively as the advisors to the EIB and will not be responsible or owe any duty of care to anyone other than the EIB in respect of the selection process.

This Call for Expression of Interest does not represent a public procurement procedure in the sense of Directives 2004/18/EC or 2014/24/EU.

CONFLICTS

The EIB requires all actual or potential conflicts of interest to be resolved to the EIB’s satisfaction prior to the delivery of an Applicant’s submission. Failure to declare such conflicts and/or failure to address such conflicts to the reasonable satisfaction of the EIB could result in an Applicant being disqualified at the sole discretion of the EIB.

CANVASSING AND NON-COLLUSION

The EIB reserves the right to disqualify (without prejudice to any other civil remedies available to the EIB and without prejudice to any criminal liability which such conduct by an Applicant or consortium member (as the case maybe) may attract) any Applicant or consortium member who, in connection with this document:

(i) offers any inducement, fee or reward to any Investment Board member, employee or officer of EIB;

- (ii) contacts any Investment Board member, employee or officer of EIB about any aspect of this document in a manner not permitted by this document;
- (iii) fixes or adjusts the amount of his offer or EoI by or in accordance with any agreement or arrangement with any other Applicant or consortium member or supply chain member of any other applicant (other than its own consortium members or supply chain);
- (iv) enters into any agreement or arrangement with any other applicant or potential applicant or consortium member of any other applicant or potential applicant to the effect that it shall refrain from making a submission or as to the amount of any submission;
- (v) causes or induces any person to enter such agreement as is mentioned above or to inform the Applicant or a consortium member of the Applicant of the amount or approximate amount of any rival submission;
- (vi) canvasses any person in connection with this document who is not one of its own consortium members or one of its own team;
- (vii) offers or agrees to pay or give or does pay or give any sum of money, inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done in relation to any other submission or proposed submission; or
- (viii) communicates to any person other than EIB the amount or approximate amount of his proposed submission (except where such disclosure is made in confidence in order to obtain quotations necessary for the preparation of a submission).

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The copyright in this document is vested in the EIB.

This document may not be reproduced, copied or stored in any medium without the prior written consent of the EIB except in relation to the preparation of a submission.

All documentation supplied by the EIB in relation to this Financial Intermediary selection process is and shall remain the property of the EIB and must be returned on demand, without any copies being retained. Applicants are not authorised to copy, reproduce, or distribute such documents at any time except as is necessary to produce a submission.

PUBLICITY

Applicants shall not undertake (or permit to be undertaken) at any time, any publicity activity with any section of the media in relation to the Financial Intermediary selection process other than with the prior written agreement of the EIB. Such agreement shall extend to the content of any publicity. In this paragraph the word "media" includes (but without limitation) radio, television, newspapers, trade and specialist press, the internet and email accessible by the public at large and the representatives of such media.

3. Background information

3.1. Financial instruments

Financial instruments have been used for delivering investments from the Structural Funds since the 1994-1999 programming period. Their relative importance has increased during the programming period 2007-2013 and they now represent around 5% of total European Regional Development Fund (“ERDF”) resources. In the light of the current economic situation and the increasing scarcity of public resources, financial instruments are to play an even more prominent role in cohesion policy over the 2014-2020 programming period. It is expected that their use will significantly increase. From this perspective, financial instruments are seen as a complement to the traditional grant-only financing due to their revolving nature and the ability to attract additional capital from financial institutions and other providers (i.e. the leverage effect).

More on the financial instruments in Cohesion Policy can be found at: http://ec.europa.eu/regional_policy/en/funding/financial-instruments/.

3.2. Lithuanian Leveraged Fund

The largest national asset in Lithuania by value is the country’s housing stock. Around 24,000 multi-apartment buildings in Lithuania were built according to the technical standard valid until 1993. Most of these buildings are in poor condition and lack proper management. They have inefficient heating systems and equipment and low-quality windows, roofs and seals between panels. 66% of the population lives in multi-apartment buildings built before 1993. The Multi-apartment Buildings Modernisation Programme approved by Resolution No 1213 of the Government of the Republic of Lithuania of 23 September 2004 (the “**Modernisation Programme**”) is one of the main priorities of the Lithuanian Government, which addresses the energy efficiency of residential buildings.

The Government supports the Modernisation Programme through the Law on Support for Renovation, as amended from time to time. This support to the Final Recipients currently includes a subsidy equal to 30% of the value of the investments towards energy efficiency measures, which is used to pre-pay part of the outstanding debt of the Final Recipients at project completion. Additional support measures are described in Appendix 6.

The Ministries and the EIB signed a Funding Agreement on 7 May 2015, to establish the Jessica II as a follow-up fund to the fully disbursed JESSICA Holding Fund Lithuania (“**JESSICA I**”) in order to cater to the Modernisation Programme’s demand not met by JESSICA I. Both funds were established as separate blocks of finance within EIB, to be managed by EIB for the benefit of the Republic of Lithuania, for the primary purpose of investing funds in residential energy efficiency projects in Lithuania. JESSICA-type programmes enable ESIF and match funding to be invested by financial institutions in urban projects via loans, equity and/or guarantees. Returns from these investments can then be used to make new investments in new projects thereby creating a revolving fund for investment in the region.

The demand for financing the energy efficiency modernisation of multi-apartment buildings in Lithuania was estimated at over EUR 1.3 billion in the Ex-ante Assessment. In order to meet that demand the Modernisation Projects are financed by Jessica II (with EUR 138 million of ESIF funds and EUR 130 million of commercial banks’ own resources) and UAB Viešųjų investicijų plėtros agentūra (Public Investment Development Agency, “**PIDA**”) (with EUR 74 million of ESIF funds and EUR 50 million

attracted from the European Bank for Reconstruction and Development). As a result, there is an estimated outstanding demand for financing Modernisation Projects of approximately EUR 1 billion.

To provide a long-term solution to meet the Modernisation Loan demand over 2014-2020, the Leveraged Fund was established on 5 October 2016 to expand Jessica II's scope by including a first-loss portfolio guarantee instrument. The Leveraged Fund aims to achieve a leverage of five times by attracting resources from the private sector in order to finance Modernisation Projects in Lithuania. The functioning of the Leveraged Fund is supervised and certain decisions of it are to be endorsed by an Investment Board consisting of the members appointed by the Ministries or other representatives proposed by the Ministries from other institutions. For more details on the first-loss portfolio guarantee instrument please consult Appendix 4 *Information on Technical Specifications*.

The following table presents the goals, activities and outputs to be achieved with regard to the Operational Programme as indicated by the Ministries to the EIB as the Leveraged Fund manager (goals set for a total of EUR 100 million of Guarantees):

Product Indicator	No	Measurement unit	Target value (31 12 2018)	Target value (31 12 2023)
Number of households with improved energy consumption classification	P.B.231	Households	5,940	32,494
Total annual reduction of greenhouse gas emissions	P.B.234	t CO ₂ equivalent	-	64,774
Number of loans or guarantees provided for renovation of multi-apartment buildings	P.N.001	Loans or guarantees ¹	565	1,477

4. The role of the Financial Intermediary

The EU has set itself the objective of achieving 20% primary energy savings by 2020 under the Energy Efficiency Directive 2012/27/EU (OJ L 315/1 of 14.11.2012) (the “**Energy Efficiency Directive**”) and in 2016, the Commission proposed an increased energy efficiency target of up to 30% by 2030 under an update to the Energy Efficiency Directive as well as identified measures such as savings through improving the efficiency of heating systems, installing double glazed windows or insulating roofs one of the key means to achieve significant energy savings. The idea of the Energy Efficiency Directive is to oblige Member States to take additional steps towards achieving these energy saving targets and to give priority to increasing energy efficiency and recognizing the important role cities and local authorities play in helping to deliver this.

Against this background, the Financial Intermediaries are requested to extend Modernisation Loans pursuant to modernisation loan agreements (the “**Modernisation Loan Agreements**”) to Final Recipients or to Administrators of Common Property to implement eligible Projects, in accordance with the provisions of the Law on Support for Renovation.

The Financial Intermediary is required to demonstrate its ability to develop a robust pipeline of Modernisation Projects (as further set out in Section 8 below) and to set out how it will work with potential Final Recipients, Administrators of Common Property and local stakeholders regarding the

¹ Measurement unit corresponds to the number of Modernisation Projects financed using the guarantee instrument.

identification of Projects.

Additional key tasks of the Financial Intermediaries will include, but are not be limited to, monitoring and control of Projects to provide the necessary information to the EIB, the Ministries, the Investment Board and authorised entities in order to comply with the reporting obligations towards the Commission in accordance with Applicable Laws, and undertaking information, marketing and publicity measures on the involvement of the Financial Intermediary.

Please consult Appendix 7 for the Description of Modernisation Loan.

5. Operational Provisions

5.1. Amounts allocated for the Call of Expression of Interest

In October 2017 the Ministry of Environment of Lithuania launched the call for applications for Renovation Projects. Up to 500 applications worth approximately EUR 150 million are expected to be approved in 2018. Such portfolio would correspond to EUR 30 million of Guarantees from the Leveraged Fund (please consult Appendix 4 for details on technical specifications of the Guarantee).

This Call for EoIs has been allocated an initial amount of EUR 50 million to be extended from time to time up to a maximum total amount of Leveraged Fund funds of EUR 100 million, at the sole discretion of EIB and subject to market demand and a respective decision by the Investment Board. The EIB may further decide, at its sole discretion, to propose to increase or, if the Financial Intermediary lags significantly behind its agreed portfolio ramp up time schedule, decrease at any point in time its commitment to a particular Financial Intermediary. The amount of the Leveraged Fund funds will cover via Guarantees a portfolio of eligible Projects as is defined in Section 2. EIB retains the right to set contracting dates in the Guarantee Agreements for certain thresholds.

Each of the Selected Applicants with which a Guarantee Agreement is signed, will be awarded a minimum of 1 (one) tranche of EUR 5 million or several tranches of EUR 5 million in accordance with their financial offer, and the outcome of the selection process. Tranches will be awarded to Financial Intermediaries that plan to grant Modernisation Loans (i) directly to the Final Recipients and/or (ii) to Administrators of Common Property in accordance with the submitted Business Plans and in compliance with the principle of equal treatment, in a way that would best satisfy the estimated project pipeline for each lending method. Financial Intermediaries will have the option to grant Modernisation Loans to the Final Recipients or Administrators via the Special Purpose Vehicle ("**SPV**"), as described in Section III 3.6 and Appendix 4.

The MA and the EIB will seek to attract a possible contribution by the European Fund for Strategic Investments ("**EFSI**") towards the Leveraged Fund at acceptable terms. Selected Financial Intermediaries may be offered additional amount of EFSI guarantee that may be available subject to the approval of the necessary modifications to the terms of the Common Provisions Regulation by the European Parliament and the Council. Notwithstanding any other terms of this Call for EoI, such EFSI contribution may only be available to those Selected Financial Intermediaries that comply with credit and other eligibility criteria as may be defined separately by the EIB and to its satisfaction.

5.2. Indicative summary of terms of the Guarantee Agreement

The Selected Applicants, with which Guarantee Agreements will be eventually signed, shall be required to comply with obligations including, but not limited to, the following:

- The requirement to comply with Applicable Laws;
- The requirement to indemnify the FoF/MA for any loss caused by failure to comply with the Applicable Laws or with the terms of the Guarantee Agreement;
- The requirement to act with a degree of professional care, efficiency, transparency and diligence expected from a professional body experienced in implementing financial instruments;
- The requirement to select the Final Recipients benefiting from the support of the Financial Instrument with due account of the nature of the Financial Instrument and the potential economic viability of the projects of the Final Recipients which are to be financed;
- The requirement that the selection of the Final Recipients is transparent and can be justified by the Financial Intermediaries on objective grounds and that such selection does not give rise to any conflict of interest;
- The requirement to inform the Final Recipients, in accordance with Article 115 and Annex XII of the CPR, that the funding is provided under co-financed programmes from ESIF;
- The requirement to provide support to the Final Recipients in a proportionate manner, which has the least distortive effect on competition;
- The requirement to provide support to the Final Recipients in a way that ensures that a commensurate level of financial value added is passed on to the Final Recipients;
- Save where otherwise agreed, the requirement to select the Final Recipients in line with the Applicant's credit risk policy guidelines applicable to comparable loan products funded through the Applicant's own resources;
- The requirement to monitor the implementation of investments and deal flows including regular reporting to the FoF;
- The requirement to comply with publicity requirements under the rules applicable to ESIF, national regulations and the Guarantee Agreement;
- The requirement to agree that the Financial Instruments may be audited by or on behalf of the MS audit authority, the Commission and the European Court of Auditors;
- The requirement to agree that they cannot make a claim for any amount beyond the amount committed to them from the FoF;
- The requirement to set up and maintain a separate accounting system or use a separate accounting code for disbursements to Final Recipients and to maintain an audit trail regarding investments (including identification of amounts disbursed for investment in accordance with any relevant priority axes);
- The requirement to report periodically (on a quarterly basis) in a standardised format the performance of the Financial Instrument (March/June/September/December), the scope and exact timing of which will be confirmed;
- The requirement to comply with the provision and standards, as implemented in the governing national law, set out in Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 and/or Directive 2015/849 on the prevention of the use of the financial system for the purposes of Money Laundering or Terrorist Financing; the Financial Intermediary should meet the standards described in the "Anti-Money Laundering Questionnaire" issued by the Wolfsberg Group;

- The requirement to apply (i) European restrictive measures issued pursuant to Chapter 2 of Title V of the Treaty on European Union as well as Article 215 of the Treaty on the Functioning of the European Union and (ii) United Nations sanctions decided by the UN Security Council pursuant to Article 41 of the UN Charter and (iii) to the extent applicable sanctions imposed by the competent US sanctions authorities (such as the Office of Foreign Asset Control);
- The requirement to comply with the applicable legislation and market standards, concerning, *inter alia*, tax fraud, tax evasion, tax avoidance, aggressive tax planning and harmful tax practices. Financial Intermediaries shall not (i) be established and shall not maintain business relations with entities incorporated in territories whose jurisdictions do not cooperate with the European Union in relation to the application of the internationally agreed standards with respect to money laundering, financing of terrorism, tax fraud, tax evasion, tax avoidance, aggressive tax planning or harmful tax practices or (ii) engage or promote the engagement in any jurisdiction in activities, arrangements or series of arrangements which, having regard to all relevant facts and circumstances, could reasonably be considered as having been implemented for the purposes of any of the aforementioned.

Financial Intermediaries shall acknowledge the EIB Anti-Fraud Policy which sets out the policy of EIB for preventing and deterring corruption, fraud, collusion, coercion, obstruction, money laundering and terrorist financing and shall take appropriate measures (as may be further specified in the Guarantee Agreements) to facilitate implementation of such policy.

The Financial Intermediary will be required to pass on certain of these obligations (including but not limited to obligations regarding sanctions compliance, Anti-Fraud and AML/CFT to the extent applicable) to Final Recipients and ensure that certain rights and obligations are included in their agreements with Final Recipients (including the right to recover from the Final Recipients any amount that forms an Irregularity).

Please consult Appendix 5 for Indicative Guarantee Term Sheet.

6. Instructions for Submission of Expression of Interest and Important Notices

The selection of the Financial Intermediary or Financial Intermediaries will proceed as described below. If you wish to participate in this Call for Expression of Interest, please forward your Expression of Interest ("EoI") and appendices (prepared in accordance with the instructions in this document) enclosed in two sealed envelopes, the outer envelope bearing instructions not to open the inner envelope (which should contain the original and a copy), which should be marked:

DO NOT OPEN:

Ref.:PC-1439

Deadline for receipt of expression of interest: 06/04/2018

and delivered either by:

- (a) registered post, to the following address:

EUROPEAN INVESTMENT BANK

Ref.: PC-1439
Procurement and Purchasing Division
98-100 boulevard Konrad Adenauer
L-2950 LUXEMBOURG

by midnight on 06/04/2018 at the latest, as evidenced by the postmark; or by,

(b) handing it in (by messenger or courier) at the reception desk of the

EUROPEAN INVESTMENT BANK
Ref.: PC-1439
Procurement and Purchasing Division
98-100 boulevard Konrad Adenauer
L-2950 LUXEMBOURG

The EoI must be posted or handed in by 06/04/2018 at the latest (up to midnight Luxembourg time in the case of delivery as described in (b) above).

The receipt dated and signed by the employee at the reception desk of the EIB who receives the EoI (reception desk open 24 hours a day) shall form the evidence of the EoI having been handed in.

Applications will not be accepted if they:

- a) are not sent in two sealed envelopes;
- b) are not sent or delivered by hand to the EIB before the specified deadline (as evidenced by the postmark or receipt signed and dated by the officer at the reception desk);
- c) do not conform to the provisions of this Call for Expression of Interest.

A template for the EoI together with its appendices is attached hereto as Annex I. The EoI shall also include the Business Plan.

No later than 23/02/2018, the Applicants may request clarifications regarding this Call for Expression of Interest or the nature of the Financial Instrument. Such requests must indicate the Call for Expression of Interest reference number and the name of the Applicant and shall be submitted in English via e-mail to: CS-procurement@eib.org

Written requests for clarifications from Applicants shall not receive individual replies. Instead, answers to relevant requests for clarifications received within the relevant deadline will be distributed together in a clarification note to be emailed to all the Applicants..

The indicative timetable for this Call for Expression of Interest, which may be subject to change, is:

Activity	Timing
Issue of Call for Expression of Interest	24/01/2018

Deadline for requests for additional information	23/02/2018
Deadline for submission of Expression of Interest	06/04/2018
Notification to Applicants of the outcome of the selection process (further details please see chapter 7)	30/04/2018
Anticipated conclusion of Guarantee Agreement with the Selected Applicant following Investment Board approval.	July 2018

Applicants are directed to the important notices below. Unless expressly stated otherwise the terms and expressions used in this document shall have the meanings set out in Section 2 above.

1. All monetary amounts contained in Eols must be firm and non-revisable, quoted in EUR and free of taxes and duties, the EIB being exempt there from those charges under the Protocol on the Privileges and Immunities of the European Communities.
2. The Applicant must declare that it has taken note of the conditions of the Call for Expression of Interest and has had the opportunity to gauge the scope and quality of the services required, as well as the possible risks and difficulties in the implementation.
3. The Applicant cannot invoke any error, inaccuracy or omission in its Eol to call any Guarantee Agreement into question or to attempt to have any contract amended.
4. The EIB reserves the right to reject any application that fails to comply with the specifications of this Call for Expression of Interest.
5. The EIB reserves the right to reject any Applicant:
 - (i) guilty of material misrepresentation;
 - (ii) who contravenes any of the terms of this document; and/or,
 - (iii) undergoing a change in identity, control, financial standing or other factor impacting on the selection and/or the evaluation process affecting the Applicant.
6. Eols must be drawn up in writing in English (applications in other languages will not be accepted). Any official documents in a language other than English must be accompanied by a certified translation.
7. Applicants must respond to the requirements set out in this Call for Expression of Interest item by item.
8. The EIB may cancel this Call for Expression of Interest without notice at any time. The EIB reserves the right not to sign a Guarantee Agreement with any Applicant (subject to the approval of the Investment Board). Applicants shall respond to this Call for Expression of Interest on the understanding that they would not be entitled to any form of compensation, should the EIB decide to interrupt or cancel the Call for Expression of Interest before the Guarantee Agreement is signed.
9. EIB has no obligation to enter into a Guarantee Agreement with the Selected Applicant. Following the selection of an Applicant EIB may enter into a Guarantee Agreement subject to

- (i) successful commercial and legal negotiations and (ii) the relevant EIB internal approvals under EIB own rules and procedures.
10. Participation in this Call for Expression of Interest shall be taken as an acceptance of all the terms and conditions mentioned in this Call for Expression of Interest and the conditions of the specifications.
 11. The EIB reserves the right to seek additional detail from an Applicant to clarify any part of the Applicant's EoI.
 12. EoI must be drawn up on paper in duplicate, i.e. one original and one copy: each clearly marked "Original" or "Copy" as well as an electronic copy on CD or USB stick clearly marked with the name of the Applicant and the Ref. Number.
 13. All Applicants will be informed in writing of the outcome of their applications.
 14. Applicants may be invited to a presentation, if the EIB so decides. Applicants will not be permitted to modify the terms and conditions of their EoI during their presentation or at any other time after the application has been submitted to the EIB.
 15. The EIB Complaints Mechanism Policy shall apply. In addition, any legal dispute arising out of or related to this procedure shall be resolved by the European Court of Justice.
 16. The following documents shall form an integral part of this Call for Expression of Interest:
 - Appendix 1 – Expression of Interest
 - Appendix 2 – Declaration to be made by the Applicant
 - Appendix 3 – Declaration on Honour on Exclusion Criteria and Conflict of Interest
 - Appendix 4 – Information on Technical Specifications
 - Appendix 5 – Indicative Guarantee Term Sheet
 - Appendix 6 – Description of Modernisation Loan
 - Appendix 7 – Indicative Terms and Conditions of Financing Structure with Special Purpose Vehicle

7. Selection process

Financial Intermediaries shall be selected on the basis of an open, transparent, proportionate, non-discriminatory and objective selection procedure avoiding conflicts of interest, in line with EIB's policies, rules, procedures and statutes.

Stages of the selection process

1. EIB will reject the EoIs from Applicants which do not comply with the Exclusion Criteria.
2. Applicants whose EoI is not rejected according to the Exclusion Criteria will go through the EIB evaluation process based on the Administrative Criteria set out under Section 10 below.
3. Those Applicants whose EoI passes the Administrative Criteria will thereafter be assessed on the basis of the Assessment Criteria set out under Section 11 below.
4. During the selection process, the EIB reserves the right to seek from the Applicants a modification of their EoIs.

5. The selection shall be done by establishing a ranking amongst the Eols on the basis of the Assessment Criteria. The Eols shall be ranked in order of preference with the preferred ones ranking first and being referred to as the “**Selected Applicants**”.
6. Thereafter the information on the Eols of the Selected Applicants shall be submitted to the Investment Board of the Leveraged Fund for its consideration and approval. Following the approval of the Investment Board the EIB shall commence negotiations with the Selected Applicants on any aspects of their Eol as required by the EIB and these negotiations may result in a modification to the Eol.
7. The remaining Eols, which have not been deemed a Selected Applicant, if any, that have not been excluded on the basis of the Exclusion Criteria and are administratively compliant may, at the discretion of EIB, be included in a closed reserve list for a period of twelve months, which may be renewed for further periods of 12 months at the discretion of the EIB. Such reserve list may be cancelled at any time at the discretion of EIB and without notice. All Applicants will be informed in writing of the outcome of the evaluation.
8. If EIB and any of the Selected Applicants fail to reach agreement on the terms of a Guarantee Agreement or if the Guarantee Agreement with the Selected Applicant is fully or partially terminated irrespective of the cause, EIB may enter into negotiations with a view to concluding a Guarantee Agreement with the Applicant ranked first on the reserve list and so on.
9. EIB may, in the context of the above, perform one or more due diligence processes, on any of the Selected Applicants and their Eols, with a view to confirming the findings of the evaluation process.

8. Minimum Content of the Business Plan

The Business Plan to be included in the Eol must address the following areas:

I. Investment Policy

The Applicant should put forward its investment policy and explain how this can reach the objectives of OP identifying and financing Projects. In particular the investment strategy should address the following:

1.1. Consistency with OP objectives

This section should explain what role the Applicant will assume in implementing the FI. It should outline the objectives of the Applicant and link these to the OP objectives and the Modernisation Programme.

1.2. Compliance with eligibility conditions

In this section the Applicant should evidence how it meets the conditions set out in Article 7(1) of the CDR² and confirm that it does and will comply with the requirements set out in Articles

² Minimum requirements for bodies implementing financial instruments:

(a) entitlement to carry out the implementation tasks under the Union and national law;
(b) adequate economic and financial viability;

140 (1), (2) and (4) of Regulation No 966/2012 on the financial rules applicable to the general budget of the Union, OJ L 298 of 26.10.2012, p. 1.

1.3. Description of the product

The below description of the terms of Modernisation Loans to be offered by the Financial Intermediaries to Final Recipients is indicative and non-exhaustive and may be subject to change in accordance with the relevant legal acts and the final terms of the Guarantee Agreement. Please consult Appendix 6 for Description of Modernisation Loan.

The selected Financial Intermediaries will be provided a Guarantee with a view to partially cover the credit risk of the Financial Intermediaries in relation to the portfolio of Modernisation Loans. The terms and conditions of the Guarantee should provide the Financial Intermediaries with sufficient advantage in terms of risk pricing and result in lower interest rate on the Modernisation Loans for the Final Recipients. The pricing benefit passed on to the Final Recipient should be clearly indicated in Section 4.1 of the Business Plan.

The Modernisation Loan shall include the following indicative parameters:

- EUR-denominated preferential loans for carrying out renovation (modernisation) works to multi-apartment buildings in Lithuania in accordance with Applicable laws;
- Modernisation Loans should be newly generated (financing additional renovation (modernisation) works in an ongoing project is ineligible);
- Modernisation Loan maturity period: up to 240 months;
- The eligible Final Recipients are defined in the relevant national legal acts, and are owners of apartments and other types of premises of a multi-apartment building receiving financial support from the Financial Instrument. Modernisation Loans may be extended to the Administrator(s).
- Modernisation Loans shall be provided for the Modernisation Projects of the multi-apartment buildings that comply with the following requirements: not less than 80 per cent of the eligible expenditure complies with energy efficiency measures listed in the Points No 1-9 of the Table in the Section 1 of the Annex "Special Technical Requirements of Multi-apartment Buildings Renovation (Modernisation) Projects" (which might be changed from time to time) to the Modernisation Programme.
- Final Recipients will be compensated 30% of the investments into measures, increasing energy efficiency. Additionally, if the heating system (boiler) is being installed or modernised (with individual accounting), 10% of costs of such investment will be compensated. The Final Recipients may also become eligible for Additional

(c) adequate capacity to implement the financial instrument, including organisational structure and governance framework providing the necessary assurance to the MA;

(d) existence of an effective and efficient internal control system;

(e) use of an accounting system providing accurate, complete and reliable information in a timely manner;

(f) agreement to be audited by Member State audit bodies, the Commission and the European Court of Auditors.

Incentives as indicated in the Rules for Provision of State Support or Law on Support for Renovation, which might be amended from time to time.

- The Financial Intermediary shall ensure that the annual interest rate on the Modernisation Loans granted to the Final Recipients or the Administrator of Common Property does not exceed 3 % p.a. during the first 5 years of a Modernisation Loan. The interest subsidy to Financial Intermediaries (any variable component beyond the 3 % p.a. on the underlying assets) will be paid by the Government under the Rules for Provision of State Support.
- Final Recipients will have the right to refinance the Modernisation Loan after 5 years, as well as negotiate a fixed interest rate with the Financial Intermediary instead of the offered floating rate.

The Applicant should describe its credit risk policy guidelines and its credit risk policy that would apply to the Modernisation Loans and, if applicable, any deviations from its credit risk policy guidelines applicable to the Applicant's lending of comparable loan products.

1.4. Target market

This section should clearly and briefly specify the characteristics of the target Final Recipients. This should be based on geographical coverage, plan to capture a share of the identified market potential, and related priorities. The target market may change from time to time depending on multiple factors.

1.5. Project pipeline/portfolio definition

This section should describe the type of investments and their characteristics. It should demonstrate additionality compared to present activity. The Applicant may propose a pipeline of potential projects to be funded. Details of potential projects could include:

- The key stages/parameters that will be used to assess Projects;
- Type of transaction under which financing will be provided by the FI to Final Recipients (i.e. directly to Final Recipients or to an Administrator for the ultimate benefit of Final Recipients);
- Description of other measures intended to be undertaken so as to facilitate timely build-up of the Portfolio (e.g. seminars to the Administrators of Common Property, meetings with the Final Recipients, etc);
- Proposed maximum portfolio volume to be originated during the Availability Period;
- Expected timing of launch of the product in the market following the signature of the Guarantee Agreement; etc.

1.6. Marketing of the instrument

This section should briefly describe a strategy for making the Modernisation Loans and its benefits known to its target market. Final Recipients should be made aware that financial assistance is available to them and then be informed that the assistance they receive is co-financed from ESIF. The Applicant should describe the approach to managing the

engagement with potential Final Recipients, Administrators of Common Property and local stakeholders (including municipalities) regarding the identification of Projects. If the MA makes additional efforts to inform the general public about the Modernisation Loans, these should be described in this section together with potential synergies between the proposed marketing strategy and other information efforts.

1.7. Selection methodology for Final Recipients

This section should take the elements mentioned in the 'target market', 'project pipeline/portfolio definition' and 'risk management' parts and set forward a selection methodology that addresses the objectives and risks already identified. Selection should be in line with the requirements of the CPR and the CDR, in particular Article 6(1)(a) of the CDR, as well as applicable State aid rules and public procurement rules where relevant. The Applicant should describe in this section how it intends to check and control eligibility criteria of the OP when selecting the Final Recipients.

This section should briefly describe the following:

- The methodology for identifying and appraising Final Recipients and/or Administrators;
- Methodology for appraising the construction companies; and
- Methodology for appraising any other relevant participants in the process.

1.8. Exit Strategy

The Applicant should describe its normal exit strategy and, where necessary, early withdrawal procedures from final recipients projects, along with their trigger conditions.

1.9. State aid

It is the Ministries that are responsible for ensuring that the financial instrument is compliant with State aid laws. The Applicant shall confirm that it will implement the instrument and provide support in compliance with State aid laws.

II. Management Team

The Applicant should outline the roles and responsibilities of the management team and detail how specific departments or individuals fit their proposed roles.

It should describe how the management team fits into the broader organisation of the Financial Intermediary and indicate the experts and departments that would contribute to both the Financial Instrument and other activities of the Financial Intermediary such as the risk management or legal departments. Where relevant, it should also show how conflicts of interest are avoided.

This section can also detail any capacity building activities for existing staff or delegation of knowledge-intensive tasks to sub-contractors. It should further outline the roles and responsibilities of internal teams such as project selection team/risk management team or internal control bodies. Key

experts should be nominated. Short CVs for the key experts as well as other key persons should be provided.

III. Governance and implementation

3.1. Legal, Ownership governance and management structure

The Applicant should indicate and describe its legal and ownership structure (see definition of the Financial Intermediary in Appendix 5); relevant roles and responsibilities for the implementation of the FI, including any stakeholder representation; responsibilities of the management (and if applicable advisory) bodies, together with their composition and method of appointment, and decision procedures such as the organisation of meetings, voting procedure, acceptance threshold and veto rights.

3.2. Risk Management, Internal control systems and Prior experience

The Applicant should demonstrate how it intends to manage the investment risks, including the risk of irregularities, when implementing the Financial Instrument, taking into account that addressing market gaps may imply a higher risk than the market is ready to take.

Risk management proposal should generally be based on Applicant own experience with similar instruments. This section should address typical risks and how to address these, recovery procedures (including in respect of amounts affected by irregularities), typical default rates and forecasts of losses, risk-mitigation measures, diversification measures and monitoring procedures.

- The timeline, when the FI's organisational and administrative structure and procedures will be put in place or deployed to start extending Modernisation Loans to the Final Recipients and/or to the Administrators of Common Property;
- The indicative timeline between the contracting of funds to the Final Recipient and/or Administrator of Common Property and the disbursement/completion of the Project, based on previous experience and any evidenced pipeline, if available;
- If available, provide default vintage analysis data of Modernisation Loans or similar types of loans for each period (on an annual or quarterly basis) of origination of transactions (for at least the last 3 years). The definition of "default" should be reflected in the data provided;
- The Applicant shall describe the work-out procedures that will be applied for overdue loans. The workout procedure should specifically stipulate the various actions to be undertaken and their associated timeline and should clearly indicate the stage (including timing) at which an established loss occurs (i.e. conclusion of the workout process);
- The Applicant shall provide an indication of what minimum level of portfolio volume would be expected (taking into account the tasks that would be necessary to set up the implementation of the Guarantee e.g. the adaptation of internal procedures and IT systems, or the training of sales force and loan approval bodies);
- The Applicant's prior/proven experience in identifying and extending financing from own or other funds for Projects, including experience in assessing the creditworthiness

of potential Final Recipients and/or Administrators of Common Property or in participating in other EU Structural Funds funding schemes, in financing similar types of projects in the market or with the deployment of other similar EU/EIB/EIF products. The Applicant shall present any relevant experience it has in managing and administering EU Structural Funds (including EU Structural Funds as grants). The Applicant shall also present any other experience which it deems relevant in this context. For avoidance of doubt, previous involvement in the Modernisation Programme is not required

3.3. Economic and financial capacity

The Applicant shall provide evidence to the satisfaction of EIB evidencing its economic and financial viability and its entitlement to carry out the tasks foreseen herein and in its Business Plan under EU and national law. Among key evidence that can be submitted are (a) banking licence; (b) financial statements for the past 3 years, demonstrating sound financial management to the satisfaction of EIB; (c) documents regulating its economic activities (by-laws, founding documents, licences, etc.); or (d) external rating, if any.

3.4. Conflicts of interest

The Applicant should describe how it will ensure the impartiality of the selection process for Final Recipients and the management of the funds allocated to it. It should identify any existing conflicts of interest and describe conflict of interest procedures.

3.5. Monitoring and Reporting procedures

The Applicant should described foreseen monitoring and reporting procedures in respect of the Guarantee. Furthermore, it is to be noted that the selected Financial Intermediaries will have to comply with the monitoring and reporting requirements stemming from the applicable laws, and defined in the Guarantee Agreement.

3.6. Special Purpose Vehicle

In this part the Applicant should indicate its potential need for a SPV (as described in Appendices 4 and 8). The Applicants wishing to use the SPV structure in their activity will be obliged to pay to the SPV an annual fee to cover the SPV costs (indicative annual running costs estimated at EUR 35,000). The annual fee will be set at the signing of the agreement between the SPV and the Selected Applicant (which may take place prior to the signing of the Guarantee Agreement) and may be revised each year, taking into account the actual costs of the SPV operation and the number of FIs that will use the SPV (the costs shall be split equally between the FIs using the SPV). The SPV shall only be established if at least one Selected Applicant expressed the need for it. The indication for the need of SPV by the Applicant is binding and, if selected, such Applicant(s) will be obliged to pay a fixed amount of EUR 5,000 to cover the SPV administration costs, regardless of the outcome of the negotiation for the signature of the Guarantee Agreement. Having signed the Guarantee Agreement, the initial EUR 5,000 amount shall be counted towards the annual payable fee.

IV. Terms and conditions

4.1. Price and Pricing Components

The Applicant should present lending criteria and proposed pricing to be applied to the new Modernisation Loan portfolio to be established under the Guarantee, taking into consideration the provisions of Appendix 6 (Description of Modernisation Loan) and Appendix 5 (Indicative Guarantee Term Sheet), having an objective to provide better financing terms to the Final Recipients. In line with the Law on Support for Renovation, the proposed pricing by the Applicant should be presented in terms of interest rate charged for the first 5 years of the loan tenor, during which state support elements would be in effect, and interest rate charged for the remainder of the loan tenor. The Applicant may propose fixed and/or floating interest rate for either period.

The pricing structure should present individual components of the price, specifically (i) cost of financing; (ii) other costs (e.g. cost of equity, administrative costs, etc.); and (iii) risk margin. Risk margin should reflect the benefits of the Guarantee as well as state support mechanisms for Modernisation Loans (i.e. compensation of interest above 3% charged by the Financial Intermediary for 5 years and compensation to the Final Recipients of 30% of the investments in measures increasing energy efficiency, etc. ("Additional Incentives")³. The risk margin (e.g. over swap, over EURIBOR) component should be presented in terms of (i) pricing of state risk (applicable to projects that will receive state support); and (ii) pricing of final recipient risk. The information submitted herein by the Applicant, will be assessed on a comparative basis according to the Assessment Criteria (Section 11) and would become a contractual obligation for the Applicant, if selected.

In order to be able to offer fixed interest rate for Modernisation Loans to Final Recipients and ensure attractiveness of the product the Applicants may choose to hedge the interest rate by entering into an interest rate swap with their chosen counterparty. Such hedging is outside the scope of the Leveraged Fund.

In addition, the Applicant shall clearly indicate how the financial benefit of the Guarantee is passed on from the Financial Intermediary to the Final Recipient. Following the suggested methodology the Applicant shall submit a fair market price for an equivalent Modernisation Loan in a scenario where no guarantee or State support is provided to the Financial Intermediary.

4.2. Indicative Guarantee amount requested by the Applicant under this Call for Expression of Interest

The Applicant should indicate the number of tranches of Guarantee requested under this Call for Expression of Interest. One tranche corresponds to a Guarantee of EUR 5 million that will

³ The Law No I-2455 on State Support for Renovation (Modernisation) of Multi-apartment Building of the Republic of Lithuania).

partially cover the credit risk of the FI in relation to the ne portfolio of Modernisation Loans. Given the design of the Guarantee and its expected leverage effect, a Guarantee of EUR 5 million would allow for a total portfolio of Modernisation Loans worth EUR 25 million to be built up by the Financial Intermediary. Please consult Appendix 4 for Information on Technical Specifications.

4.3. Financial Planning

The Applicant should present the expected future key financial figures of the FI, based on the assumptions made. In this part the Applicant should set out its annual operational budget and the cash flow forecast for the duration of the Modernisation Loans. The cash flow forecasts and operational budget should include clearly stated assumptions about the indicative timeline as to how quickly the FI forecasts to disburse the funds to the Final Recipients.

The cash flow forecast should identify clearly the total costs to be borne by the Applicant, the Final Recipient and/or Administrator of Common Property, and/or any other parties, as appropriate.

The Applicant should present indicative timetable for Final Recipient selection and disbursement.

4.4. Winding Up provisions

The Applicant should briefly describe the winding-up procedures for the Financial Instrument, including conditions for returning any resources attributable to the Leveraged Fund. This would include receipts from recoveries.

Winding up may take place before or after the end of the Eligibility Period.

V. Other elements, if any, relevant for the evaluation of the Business Plan in accordance with the Assessment Criteria, as described in Section 11

The Applicant should indicate any other elements relevant for the evaluation of the Business Plan in accordance with the Assessment Criteria.

Certain aspects of the Business Plan (which shall not include price) may be developed by mutual consent during the negotiation period for the Guarantee Agreement.

9. Exclusion criteria

All Applicants shall provide the declaration in Appendix 3 to the EoI (Declaration of Honour on Exclusion Criteria and Conflict of Interest) regarding the exclusion criteria and the absence of conflict of interest, duly signed and dated by an authorised representative, stating that they are not in one of the situations listed in Appendix 3 to the EoI.

All Applicants shall provide a completed Wolfsberg Questionnaire, duly signed and dated by an authorised representative, copies of internal policies and procedures regarding AML/CFT, sanctions compliance, Anti-Fraud/Corruption and further information, if requested by the EIB.

The Selected Applicant shall provide the documents mentioned as supporting evidence in Appendix 3 to the Eol before signature of the Guarantee Agreement and within the deadline specified by the Bank.

10. Administrative Criteria

Applications not excluded in accordance with the Exclusion Criteria, will be assessed on the basis of the following Administrative Criteria.

- The Eol includes a completed table in the form attached as Appendix 1 to the Eol and all supporting documents are provided; and
- Declarations indicated in Appendix 2 to the Eol are completed, supported by the necessary documentary evidence, and are acceptable to the EIB.

11. Assessment Criteria

EoIs which have not been excluded on the basis of the exclusion criteria and which meet the Administrative Criteria will be evaluated on the basis of the Assessment Criteria, as described below.

In case the score received in any of the below Assessment Criteria is equal to 0, such EoI will be excluded.

Criterion	Description	Points available
<p>I. THE RELEVANT EXPERIENCE AND EXPERTISE OF THE BODY</p>	<ul style="list-style-type: none"> • The Applicant shall demonstrate relevant experience in identifying and extending financing from own or other funds for Projects or in participating in other EU Structural Funds funding schemes or in financing similar type of projects in the market, such as mortgage lending to private households (for avoidance of doubt, previous involvement in the Modernisation Programme is not required). • The Applicant shall indicate a team of experts with expertise and experience in relevant fields. <p>For further information, please see Business Plan, section III Governance and implementation, sub-section 3.2, and section II Management Team.</p>	<p>0-3</p>
<p>II. THE BODY'S OPERATIONAL CAPACITY</p>	<ul style="list-style-type: none"> • The Applicant shall describe accounting systems to ensure accurate, complete and reliable information in a timely manner. • The Applicant shall describe their ability to adapt any necessary internal procedures, IT systems for the guarantee instrument, and/or the train sales force and loan approval bodies for Modernisation Loans. • The Applicant shall describe their loan monitoring and workout procedures that will be applied for overdue loans. 	<p>0-3</p>

	For further information, please see Business Plan, section I Investment Policy, sub-section 1.2, and section III Governance and implementation, sub-section 3.2.	
III. THE BODY'S ECONOMIC AND FINANCIAL CAPACITY	<p>The Applicant shall provide evidence to the satisfaction of EIB evidencing its economic and financial viability and its entitlement to carry out the tasks foreseen herein and in its Business Plan under EU and national law. Among key evidence that can be submitted are : (a) banking licence; (b) financial statements for the past 3 years, demonstrating sound financial management to the satisfaction of EIB; (c) documents regulating its economic activities (by-laws, founding documents, licences, etc.); or (d) external rating, if any.</p> <p>For further information, please see Business Plan, section III Governance and implementation, sub-section 3.3.</p>	0-3
IV. QUALITY OF GOVERNANCE AND LEGAL STRUCTURE	<p>The Applicant shall demonstrate governance structure, organisational and administrative capacities, including internal control systems and procedures, to meet objectives as presented in the Business Plan.</p> <p>For further information, please see Business Plan, section III Governance and implementation, sub-section 3.1 and 3.2.</p>	0-3
V. THE ROBUSTNESS AND CREDIBILITY OF THE METHODOLOGY FOR IDENTIFYING AND APPRAISING FINAL RECIPIENTS	<p>The Applicant shall describe the methodology for identifying and appraising potential projects, including credit risk management procedures, such as loan issuance and creditworthiness appraisal process.</p> <p>For further information, please see Business Plan, section I Investment Policy, sub-sections 1.7 and section III Governance and implementation, sub-section 3.2.</p>	0-3
VI. QUALITY OF INVESTMENT STRATEGY	<p>The Applicants shall describe the investment strategy with respect to:</p> <ol style="list-style-type: none"> 1. The strategic focus of the Applicant with relevance to Projects; 	0-5

	<ol style="list-style-type: none"> 2. The strategy to develop a robust project pipeline and to manage the relationship with potential Final Recipients, Administrators of Common Property and other local stakeholders (including municipalities) as regards identification and financing of Projects; 3. The indicative forecasted timeline between the contracting of funds to the Final Recipients and the disbursement/completion of the Project; 4. Evidenced pipeline, if available; 5. The terms and conditions (except in those matters that are regulated by the Law on Support for Renovation and provided for in Annex B) for extending Modernisation Loans, such as the amount of the advance payment, requirement of pledge, deposit, etc (if any). <p>For further information, please see Business Plan, section I Investment Policy, sub-sections 1.3, 1.4, 1.5, 1.6, 1.8 and 1.9, and section IV Terms and conditions, sub-sections 4.2, 4.3 and 4.4.</p>	
VII. THE PROPOSED MEASURES TO ALIGN INTERESTS AND TO AVOID ANY POSSIBLE CONFLICTS OF INTEREST (ARTICLE 7(2)(F) OF THE CDR)	<p>The Applicant shall describe the proposed measures to align interest and to mitigate possible conflicts of interest.</p> <p>For further information, please see Business Plan, section III Governance and implementation, sub-section 3.4.</p>	0-5
VIII. THE ABILITY TO DEMONSTRATE ADDITIONAL ACTIVITY IN COMPARISON TO PRESENT ACTIVITY (ARTICLE 7(2)(E) OF THE CDR)	<p>The Applicant shall demonstrate that the implementation of the Financial Instrument shall be in addition to its current activity.</p> <p>For further information, please see Business Plan, section II Management Team.</p>	0-5
IX. TERMS AND CONDITIONS APPLIED IN RELATION TO SUPPORT PROVIDED TO FINAL RECIPIENTS, INCLUDING PRICING	<p>The Applicant may receive up to 60 points for its pricing proposal which must also outline the methodology upon which the calculation of the interest rate was based on, by splitting it into the following components:</p>	0-60

<p>(ARTICLE 7(2)(C) OF THE CDR)</p>	<ul style="list-style-type: none"> • Cost of financing; • Other costs (e.g. cost of equity, administrative costs); and • Risk margin (taking into account the risks covered by the guarantee instrument). <p>The pricing components shall be listed and scored separately for:</p> <ul style="list-style-type: none"> • First 5 years of the loan tenor, during which the state support elements are in effect (up to 20 points); • The remainder of the loan tenor (up to 40 points). <p>The Applicant may propose fixed and/or floating interest rate for either period.</p> <p>The scoring will be based on the following factors, while at once taking into consideration the methodology behind the interest rate calculations:</p> <ul style="list-style-type: none"> • Factor 1: The interest rate requested; • Factor 2: Risk margin (e.g. over swap, over EURIBOR): <ul style="list-style-type: none"> ○ Pricing of state risk; ○ Pricing of final recipient risk. <p>In case both fixed and floating rate alternatives were proposed by the Applicant, it will be scored as two separate offers.</p> <p>For further details, please see Business Plan, section IV Terms and conditions, sub-section 4.1.</p>	
<p>X. THE ABILITY TO DEMONSTRATE FINANCIAL BENEFIT OF THE GUARANTEE BEING PASSED ON TO FINAL RECIPIENTS</p>	<p>The Applicant shall demonstrate the price difference for Final Recipients as a result of the Guarantee in terms of the interest rate charged for the Modernisation Loan, compared to an equivalent product without such Guarantee. The Applicant shall provide the methodology for calculating the Guarantee's effect on pricing.</p>	<p>0-10</p>

	For further details, please see Business Plan, section IV Terms and conditions, sub-section 4.1.	
TOTAL MAXIMUM POINTS		100

Explanatory notes relating to evaluation of the Assessment Criteria

Note 1 – Scoring of items I – V

Score for items I – V will be given on the basis of a qualitative analysis. The Applicants may receive a maximum score of 15 points combined across items I - V. **The Applicants must receive a score of at least 10 points combined across items I - V in order to be considered for selection as a Financial Intermediary.**

Note 2 – Scoring of items VI – VII

Score for items VI - VII will be given on the basis of a qualitative analysis. The Applicants may receive a maximum score of 10 points combined across items VI - VII. **The Applicants must receive a score of at least 6 points combined across items VI - VII in order to be considered for selection as a Financial Intermediary.**

Note 3 – Scoring of item VIII

Score for item VIII will be given on the basis of a qualitative analysis based on the description in Section 11 item VIII.

Note 4 – Scoring of item IX

The pricing proposal may receive up to 60 points as follows:

- A maximum of 20 points for the first 5 years of the loan tenor:
 - A maximum of 10 points for Factor 1, with 10 points being awarded to the Applicant proposing the lowest interest rate, and the other Applicants being scored *pro rata* ($[\text{Lowest interest rate}] / [\text{Interest rate proposed by the Applicant}] * [10 \text{ points}]$).
 - A maximum of 10 points for Factor 2, with 10 points being awarded to the Applicant proposing the lowest risk margin, and the other Applicants being scored *pro rata* ($[\text{Lowest risk margin}] / [\text{Risk margin proposed by the Applicant}] * [10 \text{ points}]$).
- A maximum of 40 points for the remainder of the loan tenor:
 - A maximum of 20 points for Factor 1, with 20 points being awarded to the Applicant proposing the lowest interest rate, and the other Applicants being scored *pro rata* ($[\text{Lowest interest rate}] / [\text{Interest rate proposed by the Applicant}] * [20 \text{ points}]$).
 - A maximum of 20 points for Factor 2, with 20 points being awarded to the Applicant proposing the lowest risk margin, and the other Applicants being scored *pro rata* ($[\text{Lowest risk margin}] / [\text{Risk margin proposed by the Applicant}] * [20 \text{ points}]$).

The total scores will be added to a single score corresponding to item IX.

Economically unjustified and unreasonable proposals shall be disqualified.

Note 5 – Scoring of item X

Score for item X will be given on the basis of a qualitative analysis.

The EIB reserves the right to verify the correctness of the information received. The EIB may, on its own initiative, inform Applicants of any error, inaccuracy, omission or any other error in their application. If clarification is required or if obvious clerical errors in the application need to be corrected, the EIB may request the Applicant to provide clarifications and/or additional information provided the terms of the submitted EoI documents are not modified as a result.

Annex I

To:
European Investment Bank
Attention of:

Call for Expression of Interest No.:

Deadline for the submission of the Expression of Interest :

Expression of Interest for Financial Instrument:

Applicant submitting the Expression of Interest:

_____, _____

**(company name, registration
number / standard identification
code, if applicable)**

Sir/Madam,

Herewith we are submitting our Expression of Interest on behalf of (Applicant) in response to the Call for Expression of Interest No. [] in the framework of the Leveraged Fund implemented through EIB. Capitalised expressions utilised herein shall have the meaning attributed to them in the above-mentioned Call for Expression of Interest.

The undersigned, duly authorised to represent the [Applicant], 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, and that the [Applicant] has examined and accepts without reserve or restriction the entire contents of the Call for Expression of Interest.

The undersigned duly authorised to represent the [Applicant], by signing this form certifies and declares to have read the EIB Anti-Fraud Policy and declares not to have []. The [Applicant] acknowledges and agrees that, if selected, it shall accept the obligations listed in the Call for Expression of Interest.

The undersigned duly authorised to represent the [Applicant], by signing this form certifies and declares that the [Applicant] shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud and that is not established and shall not maintain business relations with entities incorporated in territories whose jurisdictions do not cooperate with the Union in relation to the application of the internationally agreed tax standard.

The undersigned, duly authorized to represent the [Applicant], by signing this form certifies and declares that the [Applicant] does not perform illegal activities according to the applicable legislation in the countries of establishment.

[NCJ language]

Yours sincerely,

Signature(s):

Stamp of the [Applicant] (if applicable):

Name and position in capitals:

Applicant's name:

Place:

Date (day/month/year):

Appendixes to be submitted with the Expression of Interest

ENCLOSED:

1. Expression of Interest
2. Declaration to be made by the [Applicant] in the form set out in Appendix 2
3. Declaration of Honour on Exclusion Criteria and Conflict of Interest in the form set out in Appendix
4. Business Plan made by the [Applicant]

Appendix 1 –Expression of Interest

EXPRESSION OF INTEREST

(name of Applicant)

(place of signature)

(date)

1. Information about the Applicant

1.1. General information about the Applicant

Expressions of Interest may be submitted by a consortium that, if awarded the contract, may assume a legal form by incorporation, partnership or otherwise which would enable the members of the consortium to contract as a single entity. Where such a consortium exists the applicant shall be responsible towards the EIB and shall act as the interface between the EIB and the members of the consortium.

Name of the applicant	
Address (registered office)	
Registration number (copy of certificate to be attached)	
Telephone No.	
Fax	
Email	
Names and organisation registration numbers of proposed subcontractors / consortium members if applicable	

1.2. Person authorised to submit the EoI

In case of the EoI being submitted by a consortium, a power of attorney or a cooperation agreement authorising the attorney to submit the EoI and the Business Plan and to represent the consortium at all stages of the selection procedure on behalf of the partners jointly applying for the contract should be submitted.

Name, surname	
Position	
Contacts: Address Telephone No Fax Email	

1.3. Person for communications (if different from paragraph 1.2)

Name, surname	
Position	
Contacts: Address Telephone No Fax Email	

Appendix 2 – Declaration to be made by the Applicant

1. Name of the Applicant

2. Type of business

3. Represented by (name and position)

In case of the EoI being submitted by a consortium, a power of attorney or a cooperation agreement authorising the attorney to submit the EoI and the Business Plan and to represent the consortium at all stages of the selection procedure on behalf of the partners jointly applying for the contract should be submitted

4.FSMA Authorisation / Custodian Bank etc. where applicable.

Questions 5 to 11 should be answered on behalf of the Applicant and any proposed subcontractors / consortium members. These questions will be assessed on a pass/fail basis. Responses should be stated in the form of “Yes”/“No” or “Certified” with accompanying detail provided where requested, either in the space provided or on separate sheets which should be referenced by the Applicant.

5. Are there any liens or charges outstanding against the organisation at a commercial court (or any other relevant authority)?

6. Is the Applicant in receivership (or the subject of equivalent proceedings)?

If so:

(a) date of the receivership order:

(b) on what terms is the applicant authorised to carry on its activity? Specify in particular:

the name and address of the receiver(s):

the date and period of validity of the authorisation given by the official receiver or the court to continue the business or activity:

7. The Applicant certifies that neither the organisation nor any of the persons authorised to act on its behalf are in liquidation

8. Has the Applicant been the subject of any sentence, disqualification or penalty regarding the proper pursuit of commercial or industrial occupations, or under the rules on prices and competition?

9. Has the Applicant or any of the persons authorised to act on its behalf a conflict of interest that may affect the performance of the tasks referred to into this Call for Expression of Interest?

10. The Applicant certifies that it has complied with its tax and social obligations

11. [relevant experience]

12. Applicant certifies that the information given above is correct

Done at (date)

STAMP

NAME(S)

SIGNATURE(S)

Appendix 3 – Declaration on Honour on Exclusion Criteria and Conflict of Interest

 <p>European Investment Bank <i>The EU bank</i></p>	<h3>Declaration on Honour on Exclusion Criteria and Conflict of Interest</h3>
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The undersigned [*insert name of the signatory of this form*], representing:

<i>(only for natural persons)</i> himself or herself	<i>(only for legal persons)</i> the following legal person:
ID or passport number: ('the person')	Full official name: Official legal form: Statutory registration number: Full official address: VAT registration number: ('the person')

I – SITUATION OF EXCLUSION CONCERNING THE PERSON

	YES	NO
(1) declares that the above-mentioned person is in one of the following situations:		
(a) it is bankrupt, subject to insolvency or winding up procedures, its assets are being administered by a liquidator or by a court, it is in an arrangement with creditors, its business activities are suspended or it is in any analogous situation arising from a similar procedure provided for under national legislation or regulations;	<input type="checkbox"/>	<input type="checkbox"/>
(b) it has been established by a final judgement or a final administrative decision that the person is in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the law of the country in which it is established, with those of the country in which the contracting authority is located or those of the country of the performance of the contract;	<input type="checkbox"/>	<input type="checkbox"/>
(c) it has been established by a final judgement or a final administrative decision that the person is guilty of grave professional misconduct by having violated applicable laws or regulations or ethical standards of the profession to which the person belongs, or by having engaged in any wrongful conduct which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence, including, in particular, any of the following:		
(i) fraudulently or negligently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract;	<input type="checkbox"/>	<input type="checkbox"/>
(ii) entering into agreement with other persons with the aim of distorting competition;	<input type="checkbox"/>	<input type="checkbox"/>
(iii) violating intellectual property rights;	<input type="checkbox"/>	<input type="checkbox"/>
(iv) attempting to influence the decision-making process of the contracting authority during the award procedure;	<input type="checkbox"/>	<input type="checkbox"/>
(v) attempting to obtain confidential information that may confer upon it undue advantages in the award procedure;	<input type="checkbox"/>	<input type="checkbox"/>

(d) it has been established by a final judgement that the person is guilty of the following:		
(i) fraud, within the meaning of Article 1 of the Convention on the protection of the European Communities' financial interests, drawn up by the Council Act of 26 July 1995;	<input type="checkbox"/>	<input type="checkbox"/>
(ii) corruption, as defined in Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of EU Member States, drawn up by the Council Act of 26 May 1997, and in Article 2(1) of Council Framework Decision 2003/568/JHA, as well as corruption as defined in the legal provisions of the country where the contracting authority is located, the country in which the person is established or the country of the performance of the contract;	<input type="checkbox"/>	<input type="checkbox"/>
(iii) participation in a criminal organisation, as defined in Article 2 of Council Framework Decision 2008/841/JHA;	<input type="checkbox"/>	<input type="checkbox"/>
(iv) money laundering or terrorist financing, as defined in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council;	<input type="checkbox"/>	<input type="checkbox"/>
(v) terrorist-related offences or offences linked to terrorist activities, as defined in Articles 1 and 3 of Council Framework Decision 2002/475/JHA, respectively, or inciting, aiding, abetting or attempting to commit such offences, as referred to in Article 4 of that Decision;	<input type="checkbox"/>	<input type="checkbox"/>
(vi) child labour or other forms of trafficking in human beings as defined in Article 2 of Directive 2011/36/EU of the European Parliament and of the Council;	<input type="checkbox"/>	<input type="checkbox"/>
(e) the person has shown significant deficiencies in complying with the main obligations in the performance of a contract financed by the Union's budget, which has led to its early termination or to the application of liquidated damages or other contractual penalties, or which has been discovered following checks, audits or investigations by an Authorising Officer, OLAF or the Court of Auditors;	<input type="checkbox"/>	<input type="checkbox"/>
(f) it has been established by a final judgment or final administrative decision that the person has committed an irregularity within the meaning of Article 1(2) of Council Regulation (EC, Euratom) No 2988/95;	<input type="checkbox"/>	<input type="checkbox"/>
(g) for the situations of grave professional misconduct, fraud, corruption, other criminal offences, significant deficiencies in the performance of the contract or irregularity, the applicant is subject to: i.facts established in the context of audits or investigations carried out by the Court of Auditors, OLAF or internal audit, or any other check, audit or control performed under the responsibility of an authorising officer of an EU institution, of a European office or of an EU agency or body; ii.non-final administrative decisions which may include disciplinary measures taken by the competent supervisory body responsible for the verification of the application of standards of professional ethics; iii.decisions of the ECB, the EIB, the European Investment Fund or international organisations; iv.decisions of the Commission relating to the infringement of the Union's competition rules or of a national competent authority relating to the infringement of Union or national competition law; or v.decisions of exclusion by an authorising officer of an EU institution, of a European office or of an EU agency or body.	<input type="checkbox"/>	<input type="checkbox"/>

II – SITUATIONS OF EXCLUSION CONCERNING NATURAL PERSONS WITH POWER OF REPRESENTATION, DECISION-MAKING OR CONTROL OVER THE LEGAL PERSON

Not applicable to natural persons, Member States and local authorities

(2) declares that a natural person who is a member of the administrative, management or supervisory body of the above-mentioned legal person, or who has powers of representation, decision or control with regard to the above-mentioned legal person (this covers company directors, members of management or supervisory bodies, and cases where one natural person holds a majority of shares) is in one of the following situations:	YES	NO	N/A
Situation (c) above (grave professional misconduct)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Situation (d) above (fraud, corruption or other criminal offence)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Situation (e) above (significant deficiencies in performance of a contract)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Situation (f) above (irregularity)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

III – SITUATIONS OF EXCLUSION CONCERNING NATURAL OR LEGAL PERSONS ASSUMING UNLIMITED LIABILITY FOR THE DEBTS OF THE LEGAL PERSON

(3) declares that a natural or legal person that assumes unlimited liability for the debts of the above-mentioned legal person is in one of the following situations:	YES	NO	N/A
Situation (a) above (bankruptcy)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Situation (b) above (breach in payment of taxes or social security contributions)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

IV – GROUNDS FOR REJECTION FROM THIS PROCEDURE

(4) declares that the above-mentioned person:	YES	NO
(h) has distorted competition by being previously involved in the preparation of documents for this selection procedure.	<input type="checkbox"/>	<input type="checkbox"/>

V – CONFLICT OF INTEREST

(5) declares that the above-mentioned person:	YES	NO
(i) is aware of any conflict of interest due to its participation in the selection procedure. If yes, please provide details	<input type="checkbox"/>	<input type="checkbox"/>
(j) has advised the EIB or otherwise been involved in the preparation of the selection procedure If yes, please provide details.	<input type="checkbox"/>	<input type="checkbox"/>

VI - REMEDIAL MEASURES

If the person declares one of the situations of exclusion listed above, it must indicate measures it has taken to remedy the exclusion situation, thus demonstrating its reliability. This may include e.g. technical, organisational and personnel measures to prevent further occurrence, compensation of damage or payment of fines. The relevant documentary evidence which illustrates the remedial measures taken must be provided in annex to this declaration. This does not apply for situations referred in point (d) of this declaration.

VII – EVIDENCE UPON REQUEST

Upon request and within the time limit set by the contracting authority the person must provide information on the persons that are members of the administrative, management or supervisory body. It must also provide the following evidence concerning the person itself and concerning the natural or legal persons which assume unlimited liability for the debt of the person:

For situations described in (a), (c), (d) or (f), production of a recent extract from the judicial record is required or, failing that, an equivalent document recently issued by a judicial or administrative authority in the country of establishment of the person showing that those requirements are satisfied.

For the situation described in point (b), production of recent certificates issued by the competent authorities of the State concerned are required. These documents must provide evidence covering all taxes and social security contributions for which the person is liable, including for example, VAT, income tax (natural persons only), company tax (legal persons only) and social security contributions.

Where any document described above is not issued in the country concerned, it may be replaced by a sworn statement made before a judicial authority or notary or, failing that, a solemn statement made before an administrative authority or a qualified professional body in its country of establishment.

The person is not required to submit the evidence if it has already been submitted for another selection procedure. The documents must have been issued no more than one year before the date of their request by the contracting authority and must still be valid at that date.

The signatory declares that the person has already provided the documentary evidence for a previous procedure and confirms that there has been no change in its situation.

The above-mentioned person may be subject to rejection from this procedure if any of the declarations or information provided as a condition for participating in this procedure prove to be false.

Full name

Date

Signature

Appendix 4 – Information on Technical Specifications

1. First-loss portfolio guarantee

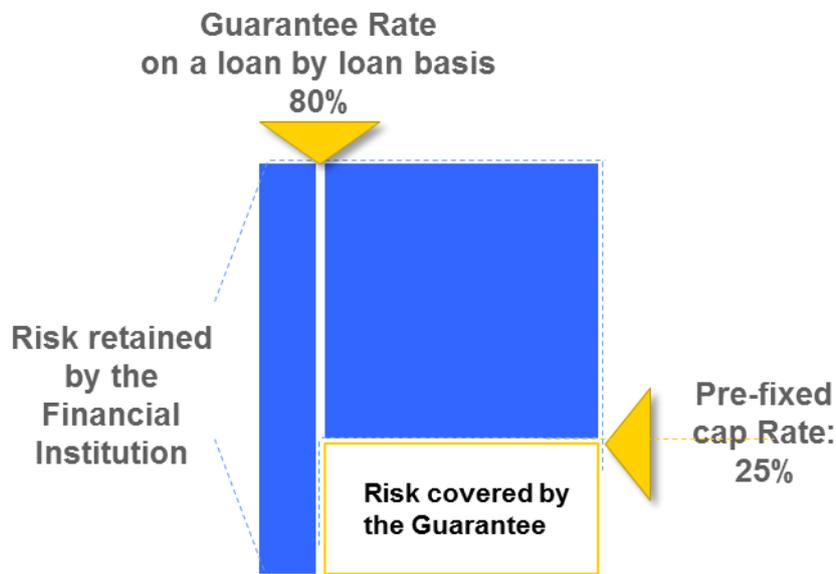
The first-loss portfolio guarantee to be extended by and in the name of EIB would cover 80% of the losses incurred by the FI(s) in respect of defaulted Modernisation Loans on a loan-by-loan basis (“**Guarantee Rate**”) up to a maximum amount of losses pre-defined at portfolio level at 25% (“**Pre-fixed Cap Rate**”) as set out in Appendix 5. The Guarantee shall cover established losses – i.e. losses identified after a default has occurred on a loan and after the FI(s) have concluded their workout process.

The EIB may assign all or part of its rights and benefits or transfer all or part of its rights, benefits and obligations under the Guarantee Agreements. The EIB makes no representations as to the effect of the Guarantee on the FI’s capital requirements and potential capital relief. The Applicants shall make their own assessment in this regard.

The cap is set in accordance with the estimated expected and unexpected losses. Given the product’s design, allocating EUR 50 million of ESIF towards such a guarantee instrument would allow for a total underlying portfolio of Modernisation Loans worth up to EUR 250 million to be built up by the FI(s).

The origination, due diligence, documentation and servicing of the underlying loans shall be performed by the FI in accordance with its applicable internal policies and procedures and taking into account applicable rules and regulations. In this respect, the FI(s) shall be required to submit, together with their expression of interest, a Business Plan describing the origination, servicing, workout and recovery procedures to be applied to the Modernisation Loans expected to be included in the portfolio. The workout procedure should specifically stipulate the various actions to be undertaken and their associated timeline and should clearly indicate the stage (including timing) at which an established loss occurs (i.e. conclusion of the workout process) and hence the payment of the guarantee on defaulted loans could be triggered.

A schematic and indicative risk allocation is represented below:



As pictured, the risk covered by the Guarantee shall be calculated as the product of the aggregate portfolio of the Modernisation Loans, the Guarantee Rate and the Pre-fixed Cap Rate, i.e. the maximum amount of losses covered would be equal to 20% of the aggregate portfolio of the Modernisation Loans.

Losses to be covered by the Guarantee are established after a default has occurred, which means that (i) the Final Recipient has failed to meet its payment obligations for at least 90 consecutive calendar days or (ii) the FI considers that a Final Recipient is unlikely to meet its payment obligations

in full. The Guarantee shall cover the established losses by the FI at the Guarantee Rate (see Appendix 5 for more details):

- In cases when Financial Intermediaries extend the Modernisation Loans directly to the Final Recipients ("**Direct Model**") – one payment would be made, which would cover the full outstanding principal amount and interest accrued up to a period of 90 days, excluding late payments or default interest, capitalised interest, fees and other costs and expenses due, payable and outstanding at such time;
- In cases when Financial Intermediaries extend the Modernisation Loans to the Administrators of Common Property ("**Administrator Model**") – multiple payments would be made, covering the accrued outstanding principal amount and interest only linked to the initial period of 90 days, excluding late payment or default interest, capitalised interest, fees and other costs and expenses due, payable and outstanding at such time.

Any recoveries made after losses of the Modernisation Loan have been covered by the Guarantee shall be shared between the FI and the EIB *pari passu* and pro rata to the Guarantee Rate. For the avoidance of doubt, there would be no prioritisation of allocations of recoveries to defaulted amounts that would subordinate EIB vis-à-vis the FI in the recovery process.

2. Recovery of defaulted Modernisation Loans. Enforcement and restrictions

In case of the Direct Model, when an individual Final Recipient is in default of instalment payments for a certain period of time, the Modernisation Loan may be accelerated and the Financial Intermediary is entitled to recover the total amount of the investment assigned to a respective Final Recipient according to the renovation works project. The Financial Intermediary is directly involved in the enforcement procedure and is entitled to enforce the debts, as it is a party to the Modernisation Loan Agreement with the Final Recipient.

In case of the Administrator Model, when an individual Final Recipient is in default of the instalment payments for a certain period of time, the Modernisation Loan shall not be accelerated. The Administrator is obliged to recover the amounts in default from such individual, similar to the defaulted utility payments. The Financial Intermediary shall put the best reasonable efforts to ensure that the Administrator performs the collection and recovery of the amounts due. The Financial Intermediary may also assume the demand rights under the Modernisation Loan Agreements towards the Final Recipients from the Administrator and undertake the enforcement actions itself.

In accordance with the Article 6 part 2 of the Law on Support for Renovation, it is forbidden to enforce the recovery of the overdue amounts under the Modernisation Loan Agreements against the apartment in the renovated building, if this is the family's only apartment.

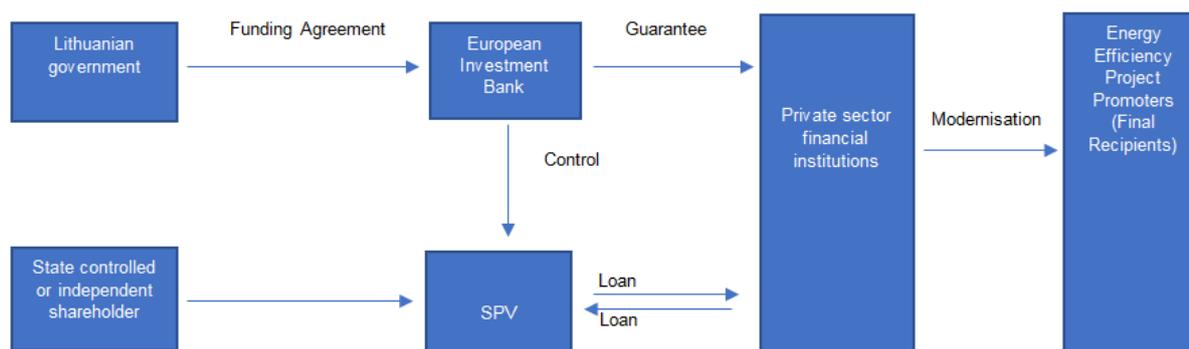
The Civil Procedure Code provides for further limitations of enforcement against the debtor's assets:

- (a) no enforcement against the assets is possible, if the debts may be recovered from income during 6 months, taking into account the limits of allowed deductions;
- (b) the enforcement against the apartment where the debtor lives is possible only if the overdue amount to be recovered exceeds EUR 2,030 (two thousand thirty euros); and
- (c) the court may forbid the enforcement of debts for utility, energy or other services against the family's only apartment/house taking into account the family's financial situation and interests of children, disabled or socially disadvantaged.

3. Special Purpose Vehicle

The Modernisation Loan concept requires that every apartment owner in an approved building has access to a loan to ensure that the energy efficiency modernisation of the building can be executed. In order to aggregate credit decisions to a portfolio level Modernisation Loans could be extended to Administrators of Common Property or an SPV, which would then assign the same funds back to the Financial Intermediaries to on-lend to individual home-owners.

The schematic and indicative relationships amongst the various stakeholders are represented below:



The SPV shall be a limited liability company, incorporated in Lithuania under Lithuanian law and owned by a state controlled company, VIPA. In case, no agreement is reached with VIPA with regard to the establishment of the SPV subject to corresponding decisions by EIB and the MA, the SPV may be established by an independent shareholder, acceptable to EIB and in consultation with the banks.

Under the SPV option the Financial Intermediaries would extend a loan to a single counterparty – the SPV – and receive back the funds through a corresponding loan with mirrored terms (i.e. repayments of the loans are set off against each other). The funds could then be on-lent directly to multiple Final Recipients off-balance. All repayments from the Final Recipients would be passed on to repay the FI’s loan to the SPV and then, in turn, to repay SPV’s loan to the FI (no cash flow movements between the FI and the SPV, the repayments are off-set as soon as the FI receives the repayments from the Final Recipients). Repayment obligations of both, the FI and the SPV, to each other are limited to the actual repayments received from the Final Recipients. This scheme would allow the Financial Intermediaries to analyse expected and unexpected losses at the portfolio level (i.e. the loan to SPV) rather than for each individual Final Recipient. The losses shall be covered by the Guarantee as provided in more details in the Appendix 5.

The SPV shall be a fully ring-fenced and neutral pass-through mechanism which shall be guaranteed, amongst others, by the EIB exercising passive control over the SPV.

The SPV shall be used in the activities or operations related to the aggregation of credit decisions of the Financial Intermediaries on portfolio level, as agreed with EIB and approved by the Investment Board. The initial minimal capital necessary for the incorporation shall be provided for the SPV by the founder, whereas, the initial and operational costs shall be borne by the FI(s), using the SPV and shall be indicated in the form of a Business Plan as specified in Section III *Governance and implementation* (sub-section 3.5). For the avoidance of doubt, no management fees shall be paid to the FI(s) under the Guarantee Financial Instrument, whether or not they participate in the SPV structure.

Appendix 5 – Indicative Guarantee Term Sheet

Disclaimer:

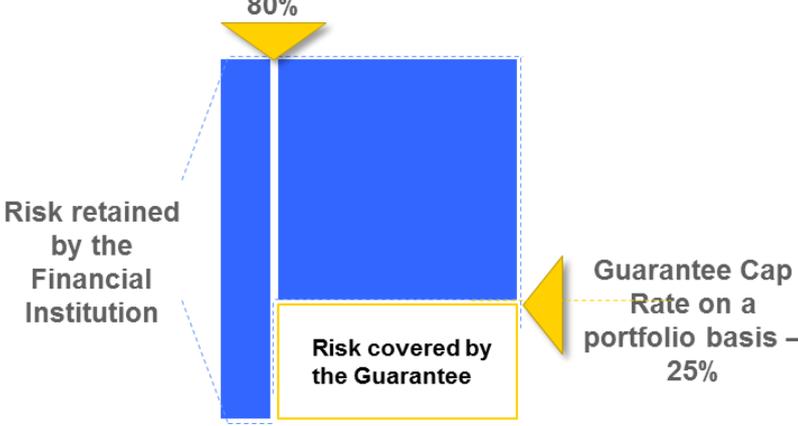
This indicative summary is an outline of the principal terms and conditions for the Guarantee Agreement described herein, which are subject to change and non-exhaustive.

This document is intended to provide a basis to guide applicants on what is to be expected to be contained within the actual Guarantee Agreement and does not constitute a binding commitment either implicit or explicit on the part of the EIB or the Leveraged Fund. A commitment to provide the Guarantee under a Guarantee Agreement will only be made after approval by the Investment Board and the signature of the Guarantee Agreement.

The EIB may assign all or part of its rights and benefits or transfer all or part of its rights, benefits and obligations under the Guarantee Agreements.

1. Overview	
<p>It is intended that the EIB and the Applicants selected pursuant to this Call for EoI will conclude Guarantee Agreements. Pursuant to the Guarantee Agreement the Guarantee shall be issued by the EIB, as manager of the Leveraged Fund, for the benefit of the FI(s). The Guarantee shall partly cover the credit risk associated with underlying, newly extended loans to Final Recipients or Administrators of Common Property implementing Projects which comply with the eligibility criteria set out below (the “Eligible Transaction(s)”) and are included in the guaranteed portfolio (the “Portfolio”).</p> <p>The Guarantee shall constitute a direct financial guarantee and shall cover at the Guarantee Rate (as defined below) of 80%, losses (relating to unpaid principal and interest as further defined below) incurred by the FI in respect of each defaulted Eligible Transaction. The Guarantee shall cover established losses – i.e. losses identified after a default has occurred on a loan and after FI(s) have concluded their workout process.</p> <p>At any time the maximum liability in respect of losses on the Portfolio shall be the Guarantee Cap Amount (as defined below).</p> <p>The origination, due diligence, documentation and servicing of the underlying loans shall be performed by the Financial Intermediary in accordance with its applicable internal policies and procedures and which take into consideration applicable rules and regulations. In this respect, Financial Intermediaries shall be required to submit, as described in the Business Plan describing the origination, servicing, workout and recovery procedures to be applied to loans expected to be included in the Portfolio.</p>	

2. Indicative Terms and Conditions of the Guarantee	
Guarantee	Direct first loss financial guarantee providing credit risk coverage on a loan by loan basis for the creation of a portfolio of Eligible Transactions.
Guarantee Agreement	The written agreement between EIB and the Financial Intermediary setting up the terms and conditions of the Guarantee.
Structure	The Guarantee shall cover losses incurred by the Financial Intermediary in respect of each defaulted Eligible Transaction in accordance with the Guarantee Rate (as defined below) of 80%. Losses covered by the Guarantee shall in aggregate not exceed the Guarantee Cap Amount. To ensure alignment of interest, the credit risk retained by the Financial Intermediary shall at all times and in no case be less than 20% on each Eligible Transaction.

	<p style="text-align: center;">Guarantee Rate on a loan by loan basis 80%</p>  <p style="text-align: center;">Risk covered by the Guarantee</p>
<p>Financial Intermediaries</p>	<p>Credit institutions duly authorised to carry out lending activities in Lithuania. Such institutions must comply with the relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud.</p> <p>Such institutions shall not be established, and shall not maintain business relations with entities incorporated in territories whose jurisdictions do not co-operate with the Union in relation to the application of the internationally agreed tax standard and shall transpose such requirements in their contracts with the selected financial intermediaries.</p>
<p>Financing Models for the Modernisation Loans</p>	<p>Direct Model is defined as the model where financing is provided directly from the Financial Intermediaries to the Final Recipients.</p> <p>Administrator Model is defined as the model where financing is provided from the Financial Intermediaries to the administrators of multi-apartment buildings for the ultimate benefit of Final Recipients.</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 Luxembourg.</p>
<p>Guarantee Currency</p>	<p>EUR</p>
<p>Availability Period</p>	<p>36 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 if:</p> <ul style="list-style-type: none"> • at pre-defined dates of the Availability Period (e.g. at 12, 20 and 28 months) the Actual Volume lags materially behind (to be assessed by the EIB) from expectations communicated by the Financial Intermediaries in their expression of interest; or • at a cross-default, material adverse change, jurisdiction tax event⁴, or specific change in law occur.
<p>Inclusion of transactions in the Portfolio</p>	<p>During the Availability Period, Eligible Transactions may be included by the Financial Intermediary in the Portfolio for coverage by the Guarantee. Such inclusion of Eligible 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. The inclusion notice shall be submitted on the first Report Date (as defined below), following the date on which the Eligible Transaction is entered into.</p>

⁴ The jurisdiction where the Financial Intermediary is established becomes a Non-Cooperating Jurisdiction.

	<p>For the avoidance of doubt, the Eligible Transactions so included shall be deemed to be covered by the Guarantee from their date of signature.</p> <p>The Eligible Transactions to be covered by the Guarantee shall be entered into during the Availability Period and shall be fully disbursed within the period allowed under the Law on the Support for Renovation, as amended from time to time.</p>
Agreed Volume	<p>The maximum aggregate amount of principal of newly originated Eligible 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 lags materially (to be assessed by the EIB) behind its agreed Portfolio ramp up time schedule. Any reduction of the Agreed Volume shall be communicated by EIB to the Financial Intermediary in writing and shall become effective within 15 calendar days from such communication.</p> <p>In the case where the government of Lithuania makes available to the EIB the funding necessary to cover for the Guarantee in several tranches, the Agreed Volume shall be also topped up over time accordingly.</p>
Actual Volume	<p>The aggregate amount of the principal committed to be available under newly originated Eligible Transactions included in the Portfolio from time to time, provided that, for the avoidance of doubt:</p> <ul style="list-style-type: none"> • if any Eligible Transaction is prepaid and/or repaid, then this shall not reduce the Actual Volume; and • if a transaction is excluded from the Portfolio as a result of the Exclusion Process described below, then such transaction shall not be taken into account for the calculation of the Actual Volume. <p>The Actual Volume may in no circumstances exceed the Agreed Volume.</p>
Guarantee Rate	The Guarantee Rate shall be 80%.
Guarantee Cap Rate	The Guarantee Cap Rate shall be 25%.
Guarantee Cap Amount	<p>The Guarantee Cap Amount is calculated on the portfolio basis as the product of the:</p> <ul style="list-style-type: none"> • aggregate disbursed Eligible Transactions; • the Guarantee Rate; and • the Guarantee Cap Rate. <p>The Guarantee Cap Amount increases over time as the portfolio of Eligible Transactions is built up and underlying loans are disbursed.</p> <p>The Guarantee Cap Amount constitutes the maximum EIB liability under the Guarantee. Losses in excess of the Guarantee Cap Amount may be covered only if further amounts become available to the EIB through Recoveries.</p>
Covered Losses	<p>The Guarantee shall cover at the Guarantee Rate established losses (i.e. losses identified after a default has occurred and after the Financial Intermediary has concluded its workout process) incurred by the Financial Intermediary as follows:</p> <p><u>Direct Model</u></p> <p>a) Following the occurrence of either a Transaction Default or a Transaction Acceleration – One payment, covering the full outstanding principal amount and interest accrued up to a period of 90 days, excluding late payment or default interest, capitalised interest, fees and other costs and expenses due, payable and outstanding at such time, or</p> <p>b) As a result of a Transaction Restructuring - Any reduction in principal amount and/or interest amounts accrued until the date of restructuring (but</p>

	<p>up to the initial period of 90 days), excluding late payment, default interest, capitalised interest, fees and other costs and expenses due, payable and outstanding at such time.</p> <p><u>Administrator Model</u></p> <p>a) Following the occurrence of a Transaction Default – Multiple payments, covering the accrued outstanding principal amount and interest only linked to the initial period of 90 days, excluding late payment or default interest, capitalised interest, fees and other costs and expenses due, payable and outstanding at such time.</p> <p>b) As a result of a Transaction Restructuring - Any reduction in principal amount and/or interest accrued until the date of restructuring (but up to the initial period of 90 days), excluding late payment, default interest, capitalised interest, fees and other costs and expenses due, payable and outstanding at such time.</p> <p>EIB will rank <i>pari passu</i> with the Financial Intermediary on each transaction with respect to recoveries (up to the amount of Covered Losses) as further described in “Servicing and Recoveries” below.</p>
Transaction Default	<p>Means that (i) the Financial Intermediary considers at any time (acting reasonably in accordance with its internal procedures) that a Final Recipient is unlikely to meet its payment obligations under such Eligible Transaction in full (without recourse by the Financial Intermediary to action such as realisation of security); or (ii) a Final Recipient has failed to meet any payment obligation under the relevant Eligible Transaction which has continued for at least 90 consecutive calendar days.</p> <p>It is hereby clarified that under the Administrator Model, a Transaction Default may occur only partly and not fully on an Eligible Transaction, capturing the default of specific underlying exposures to Final Recipients. A partial Transaction Default is subject to the same, abovementioned conditions.</p> <p>In the case of a partial Transaction Default, the non-defaulted part of the loan will continue as a performing loan whereas losses on the defaulted part shall be covered as per the definition of Covered Losses and aimed to be recovered as per the definition of Servicing and Recoveries.</p>
Transaction Acceleration	<p>Means the occurrence of an event of default (howsoever defined) under an Eligible 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>
Transaction Restructuring	<p>Means that the Financial Intermediary acting in a commercially reasonable manner and in accordance with its standard internal procedures, agrees to the restructuring of an Eligible Transaction such that the amount of principal scheduled to be paid by the relevant Final Recipient is reduced, in order to improve the collectability of the claims arising from the relevant Final Recipient transaction.</p> <p>It is hereby clarified that under the Administrator Model, a Transaction Restructuring may occur only partly and not fully on an Eligible Transaction, capturing the restructuring of specific underlying exposures to Final Recipients.</p>
Performing Transaction	<p>An Eligible Transaction which has not suffered from a Transaction Default, Transaction Acceleration or Transaction Restructuring.</p> <p>Note: If any of the events above has occurred and part of the loan continues as a performing loan then such part shall be considered as a</p>

	Performing Transaction.
Payment Demand	<p>A Payment Demand means a request for payment under the Guarantee issued by the Financial Intermediary to the EIB pursuant to the terms of the Guarantee Agreement. A Payment Demand shall be submitted on a quarterly basis together with the relevant quarterly report.</p> <p>In no event shall the amounts demanded under one or more Payment Demand exceed the Guarantee Cap Amount. In case however a payment demand results into the aggregate amounts claimed for coverage exceeding the Guarantee Cap Amount but such cap amount increases in the future (i.e. due to the portfolio build-up or due to received Recoveries), then such amounts shall be covered accordingly.</p> <p>The inclusion of loans in a Guarantee Payment Demand pursuant to the terms of the Guarantee Agreement remains at the discretion of the Financial Intermediaries.</p>
Payment Demand Period	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 Eligible Transaction Maturity Date (as defined below).
Guarantee Payment Date	Following the occurrence of a Covered Loss on one or more Eligible Transactions and subject to receiving valid Payment Demands, EIB shall make guarantee payments under the Guarantee within 60 calendar days from the date of receipt of the Payment Demand.
Events of Default (applicable to the Financial Intermediary) under the Guarantee	<p>Standard events of default (typically: failure to pay, breach of agreement, repudiation, Irregularity (as defined below), illegality, fraud 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 EIB 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> <p>For the avoidance of any doubt, an Early Termination results in the Portfolio no longer being covered by the Guarantee.</p>
Latest Eligible Transaction Maturity Date	Means the latest day on which an Eligible Transaction included in the Portfolio is scheduled to be repaid by the relevant Final Recipient (taking into account provisions of applicable rules and regulations).
Permitted Eligible Transaction Amendment	<p>Means any amendment to the documentation of an Eligible Transaction that is:</p> <ul style="list-style-type: none"> • intended to improve the collectability or recovery of any claims under, and/or to avoid any default in respect of, the relevant Eligible Transaction; or • agreed between the Financial Intermediary and the Final Recipient in a commercial manner and with no negative impact on the performance of the underlying loan. <p>Such amendments must be made in accordance with the Financial Intermediary's credit policy and in compliance with the applicable rules and regulations governing the Eligible Transactions.</p>
Guarantee Final Termination Date	The Guarantee shall terminate on the earlier of: (i) six months following the Latest Eligible Transaction Maturity Date; (ii) the date on which an Early Termination (if any) has occurred, and (iii) the date (if any) on which the EIB is no longer liable to effect further payments to the Financial Intermediary and has no further claims under the Guarantee.

3. Fees

Guarantee Fee Amount	The product of: <ul style="list-style-type: none"> a) the Guarantee Rate; b) the daily average outstanding principal amount of all Eligible Transactions included in the Portfolio, on each day that the relevant Transaction was a Performing Transaction; c) the actual number of days of the Guarantee Fee Calculation Period, divided by 360 (three hundred and sixty) days (Act/360), unadjusted; and d) the Guarantee Fee.
Guarantee Fee	Zero
Guarantee Fee Calculation Period	The period from (and including) the first day of a calendar quarter to (but excluding) the first day of the succeeding calendar quarter.
Management Fees	Financial Intermediaries shall not be entitled to any management fees under this financial instrument.

4. Eligible Transactions and Eligibility Criteria	
Eligible Transactions and Eligibility Criteria	<p>For transactions to be considered Eligible Transactions – i.e. eligible for inclusion in the Portfolio - and benefit from the guarantee coverage, they shall comply with the eligibility criteria, established in the Law on Support for Renovation and other implementing legal acts, and approved by the competent authority, entrusted with this function in accordance with the legal acts (the “Eligibility Criteria”).</p> <p>Non-compliance with any of the Eligibility Criteria or failure to follow prescribed procedures by a transaction shall result in an exclusion of the relevant transaction from the Portfolio save as specified in the “Exclusion Process”.</p>
Exclusion Process	<p>At any time, EIB may (but shall not be obliged to) verify whether a transaction included in the Portfolio is an Eligible 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 transaction included in the Portfolio becomes a non-eligible transaction or any other undertakings, requirements or requests of the Guarantee are not complied with or satisfied in connection with such a transaction, the Financial Intermediary shall include such information in the immediately following Report delivered to the EIB.</p> <p>If a transaction included in the Portfolio becomes a non-eligible transaction, or is affected by an Irregularity, 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 transaction. Any amounts paid to the Financial Intermediary under the Guarantee for a loan considered non eligible or affected by an Irregularity will have to be reimbursed to the EIB (see section “Right of Clawback by EIB”).</p> <p>However, if an Eligible Transaction becomes a non-eligible transaction or is affected by an Irregularity as a result of any event or circumstance <u>beyond the control</u> of the Financial Intermediary <u>after a Payment Demand</u> relating to such transaction was submitted by the Financial Intermediary to the EIB, such a transaction shall be deemed to be covered by the Guarantee.</p> <p>Similarly, if an Eligible Transaction becomes a non-eligible Transaction or is affected by an Irregularity as a result of any event or circumstance <u>beyond the control</u> of the Financial Intermediary but <u>before a Payment Demand</u> relating to such an Eligible Transaction was submitted by the Financial</p>

	<p>Intermediary to the EIB, then such a transaction shall be deemed to be covered by the Guarantee:</p> <ol style="list-style-type: none"> i. To the extent that an acceleration of such a transaction is allowed under local law, if the Financial Intermediary accelerates the payment of all amounts owed to it under such a transaction no later than on the Report Date immediately following the date on which it became aware of the same. ii. If the Financial Intermediary was not able to accelerate payment of all amounts owed to it under such a transaction due to local law limitations; <p>However, if acceleration is allowed under local law and the Financial Intermediary does not proceed to the acceleration of such transaction within the timeframe specified above, then this transaction shall be excluded from the Portfolio as of the date on which it became a non-eligible transaction.</p> <p>The Actual Volume shall be reduced following an exclusion from the Portfolio by the aggregate committed principal amount of the transactions so excluded.</p>
<p>Adjustment of the Actual Volume</p>	<p>In respect of each Eligible 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 Transaction); or 2. the date on which the commitment made available for utilisation under Eligible Transaction is cancelled, <p>the committed amount of principal has not been fully drawn by the Final Recipient, the Actual Volume shall be reduced to reflect the actual amount of principal drawn. 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 entitled 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 Transactions in the Portfolio up to the aggregate of Adjusted Portions and to the extent that the Actual Volume does not exceed the Agreed Volume and if such inclusions are made within with the timeframes described under the section “Inclusion of transactions in the Portfolio”.</p>

<p>5. Eligible Transaction conditions</p>	
<p>Servicing and Recoveries</p>	<p>The Financial Intermediary shall perform the servicing of the Portfolio, including monitoring, workout and recovery actions (including the enforcement of any security) in accordance with its own credit risk policies, guidelines and procedures.</p> <p>The Financial Intermediary shall not make any amendments to its credit risk policies, guidelines and procedures that may materially adversely affect the Guarantee, performance or monitoring of the Portfolio, without the prior written consent of the EIB.</p> <p>Recoveries mean each and every amount, net of external recovery and foreclosure costs (if any), recovered or received by the Financial Intermediary from an Eligible Transaction for which a loss has been covered by the Guarantee. All such amounts shall be shared between the Financial Intermediary and the EIB <i>pari passu</i> and <i>pro rata</i> to the Guarantee Rate. For the avoidance of doubt, there would be no prioritisation of allocations of recoveries to defaulted amounts that would subordinate EIB vis-à-vis the Financial Intermediary in the recovery process.</p> <p>EIB’s claims on recoveries for each and every transaction (where a loss</p>

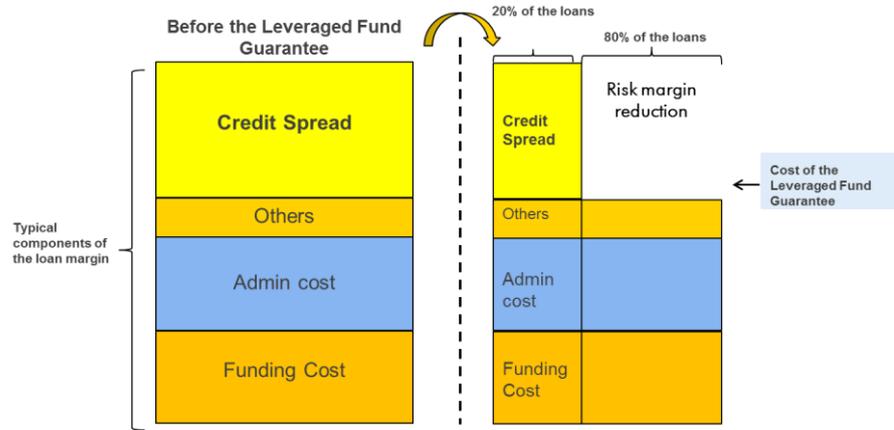
	<p>was covered) are capped at the aggregate amount paid for such transaction under the guarantee. Any additional recovered amounts shall be for the benefit of the Financial Intermediary.</p> <p>The Financial Intermediary shall send to the EIB a recovery notice together with the quarterly report, providing details on the amounts that have been recovered during such quarter. Recoveries shall be paid to the EIB within 60 days from the date of receipt of the recovery notice.</p> <p>The provisions of this section shall survive any termination of the Guarantee.</p>
EIB Security	<p>The rights under the Eligible Transactions shall be assigned to EIB in order to secure payments due to EIB. This shall be effected through an assignment of rights and/or a pledge (subject to further legal analysis) over the Eligible Transactions as from the day they are entered into by the Financial Intermediaries. The EIB Security (whether created by way of pledge and/or assignment) would secure any payment obligations of the Financial Intermediary under the Guarantee Agreement, notably its obligation to pay any Recoveries received in respect of which the EIB has made a payment under the Guarantee. The security would be created by entering into a security (assignment) agreement at the same time as it enters into the Guarantee. Instead of security described in this paragraph above, subject to the satisfaction of the EIB, other securities may be used.</p>
Right of Clawback by EIB	<p>The EIB will be entitled to be repaid by the Financial Intermediary certain amounts in specified circumstances, including any amounts paid under the Guarantee by the EIB in excess of the Guarantee Cap Amount, and any excess amount paid by EIB as a result of an exclusion of a transaction from the Portfolio.</p>

6. Miscellaneous	
EIB Step-in Right	<p>In case of occurrence of a Step-in Right Event, 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>
EIB Step-in Right Events	<p>EIB Step-In Right will be triggered:</p> <ul style="list-style-type: none"> • following the occurrence of a Loss of Rating Event [Breach of Financial Covenants]; or • following the occurrence of a Change of Credit Policy Event. <p>Change of Credit Policy Event means any amendment to or non-compliance with the credit policy by the Financial Intermediary, or any event or change of condition in respect of the credit policy, without the prior written consent of the EIB, which, in the reasonable opinion of the EIB, has a material adverse effect on the ability of the Financial Intermediary to perform, operate, monitor and/or service the Eligible Portfolio, including taking recovery actions.</p>
Reporting	<p>The Financial Intermediary shall provide to the EIB within 15 calendar days after the end of each calendar quarter (the "Report Date") quarterly information in a standardised form and format (to be defined by EIB), including among others, information on the loans covered by the Guarantee, new Eligible Transactions and Eligible Transaction amounts outstanding (the "Report").</p> <p>An indicative quarterly report template will be provided at a later stage.</p>
Monitoring and Audit	<p>The Financial Intermediary, the Final Recipients and the Administrators shall agree to allow and to provide access to documents and premises</p>

	<p>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 Final Recipient (and the administrator under the Administrator Model).</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 laws to which it or the Modernisation Project is subject, including EU and national rules covering ESIF (including requirements on eligibility of expenses), EU and national State aid and public procurement rules, and applicable legislation on the prevention of money laundering, the fight against terrorism, money laundering and fraud.</p>
Retention of documents	<p>The Financial Intermediary shall keep all relevant records, including for reporting and auditing purposes, in accordance with applicable EU laws and regulations, including EU Structural and Investment Funds (“ESIF”) Regulations, until 31 December 2029.</p> <p>All other documentation relevant to the origination, servicing and monitoring of the loan shall be kept by the Financial Intermediary for a time period and in a manner defined by its internal rules and policies, and in any case at least until the full repayment of the loan or conclusion of the recovery process (in case of a defaulted loan).</p>
Irregularity	<p>Shall have the meaning given to it in Article 2 of the Common Provisions Regulation (EU) No 1303/2013 of 17 December 2013 of the European Parliament and of the Council.</p>
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 potential Final Recipients in Lithuania and bearing in mind the following statutory obligations:</p> <ul style="list-style-type: none"> • The Financial Intermediary shall inform (or will ensure that the Administrators inform) the Final Recipients that the loans have been supported by ESIF in accordance with Article 115 and Annex XII of the Common Provision Regulation • The Financial Intermediary shall carry out (or will ensure that the Final Recipients or the Administrators carry out) all other adequate information and publicity measures provided for in relevant ESIF regulations, including that the modernisation of the multi-apartment building has been supported by ESIF.
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>The EIB may assign all or part of its rights and benefits or transfer all or part of its rights, benefits and obligations under the Guarantee Agreements.</p>
State aid	<p>It is the MA that is responsible for ensuring that the financial instrument is designed to be compliant with State aid laws. The Applicant shall confirm that it will implement the instrument and provide support in compliance with State aid laws.</p>
Pricing and Collateral requirements for the Eligible Transactions	<p>Eligible Transactions shall be originated on the basis of the pricing policy of the Financial Intermediary, taking into account any reductions agreed between the EIB and the Financial Intermediary.</p> <p>When proposing their pricing policy, the Financial Intermediaries should take into consideration that the Guarantee will cover the risk exposure of each Eligible Transaction up to the Guarantee Rate and that a Guarantee Fee will not be charged.</p>

The Financial Intermediary shall undertake to reduce the overall interest rate (through a reduced Eligible Transaction risk spread) charged for each transaction included in the Portfolio.

The graph below illustrates an indicative example for the transfer of the benefit of the Guarantee to the Final Recipients through a pricing policy adjustment that the Financial Intermediaries shall undertake:



Appendix 6 – Description of Modernisation Loan

Disclaimer:

This description of the terms of a Modernisation Loan is indicative and non-exhaustive, may be subject to change in accordance with the relevant legal acts and the final terms of the Guarantee Agreement.

1. Financing under the Leveraged Fund will be implemented as part of the state support for renovation of multi-family apartment houses under the Law on Support for Renovation, as may be amended or supplemented from time to time.
2. The Project will comply with the provisions of the Modernisation Programme, as may be amended from time to time.
3. Support for renovation of multi-apartment houses may be granted to Final Recipients or to an Administrator of Common Property, implementing a Project and meeting the eligibility criteria set out in the Law on Support for Renovation. This support will consist of several key elements: a preferential Modernisation Loan with an interest of up to 3% p.a. for the first 5 years and additional support elements, including subsidy-type incentives to Final Recipients (“**Additional Incentives**”).
4. Final Recipients may become eligible for Additional Incentives as indicated in the Rules for Provision of State Support or Law on Support for Renovation, which might be amended from time to time. The Final Recipients will be compensated 30% of the investments into measures, increasing energy efficiency. Additionally, if the heating system (boiler) is being installed or modernised (with individual accounting), 10% of costs of such investment will be compensated.
5. Financing under the Leveraged Fund shall be provided to Projects, implemented according to the Modernisation Programme, approved by the Government or municipalities programme, and complying with the Modernisation Programme.
6. A basic description of selected parameters of Modernisation Loans and Additional Incentives is provided in the Law on Support for Renovation.
7. Modernisation Loans shall be denominated in Euro.
8. Modernisation Loans shall be granted for the period of up to 20 years.
9. The FI shall ensure that the annual interest rate on the Modernisation Loans granted to the Final Recipients or the Administrator of Common Property does not exceed 3% p.a. during the first 5 years of a Modernisation Loan. The interest subsidy to FIs (any variable component beyond the 3% p.a. on the underlying assets) will be paid by the Government to the Financial Intermediaries in accordance with the Law on Support for Renovation and other laws.
10. Modernisation Loans may be provided:
 - 10.1. For preparation of the investment or technical project or a part of it (including technical expertise of the project and technical supervision); and
 - 10.2. For contractual works to implement the Modernisation Projects.
11. The FI has the right to issue Modernisation Loans only after confirmation of compliance by BETA (or another agency or authority, as the case may be) of Projects with the legal and technical requirements indicated in the Rules for Provision of State Support.
12. The FI shall use all reasonable efforts to assess the creditworthiness of Final Recipients and/or Administrators of Common Property.
13. The FI may require from the Final Recipients or the Administrators of Common Property a down payment accounting for not more than 5% of the value of the projects representing the Final Recipients’ own contribution to the financing of the projects.
14. Modernisation Loans shall be disbursed by making payments to contractors against invoices or deeds of completion, issued by contractors for works performed unless the applicable laws require payments of the taxes otherwise. Advance payments may be also foreseen in the agreements with the contractors. Modernisation Loans shall be disbursed only after the eligibility of expenses or advance payments has been confirmed in accordance with applicable legislation.
15. Upon the completion of a Project, its eligibility to benefit from the state support shall be verified in accordance with applicable legislation. Following the verification, the Project may become eligible to benefit from Additional Incentives, which shall be financed from such other funds outside the

Leveraged Fund as indicated in the Rules for Provision of State Support in accordance with the procedure established therein.

16. The Financial Intermediary may offer the option to defer the repayment of the Modernisation Loan upon request of the Final Recipient or the Administrator of Common Property until the completion of the Project.
17. The Final Recipients or the Administrator of Common Property shall have the right to prepay the Modernisation Loan before their maturity date without incurring penalties or administrative charges, subject to the condition that the repayable part of the Modernisation Loan Agreements shall be of a reasonable amount, by submitting to the FI a notification within a reasonable time prior to such repayment. Detailed procedures for prepayment should be set out in the Modernisation Loan Agreements.
18. The Final Recipient or the Administrator of Common Property shall have the right to refinance the Modernisation Loan without incurring penalties or administrative charges after 5 years from the conclusion of the Modernisation Loan Agreement. Detailed procedures and terms of the refinancing should be set out in the Modernisation Loan Agreements.
19. Administrators of Common Property shall collect payments from the apartment owners for the implementation of the Project in a separate ring-fenced account ("*kaupiamoji sąskaita*"), designated only for this purpose. The FI shall ensure that access by the Administrators of Common Property to such account shall be limited to the payment for the implementation of the Project and shall secure the right of FI to directly debit monthly instalments to the account.
20. The FIs shall agree with the Administrator of Common Property the procedure for delays in payments and events of defaults by multi-apartment building apartment owners, which shall provide for the assignment of the demand rights to recover the due amounts directly from the Final Recipients.
21. The FI shall ensure that Final Recipients and the Administrators of Common Property comply with all obligations imposed on them by EU laws and regulations and any other applicable laws and that the Final Recipient and the Administrator of Common Property shall do such things as may be necessary to allow the FI to comply with its obligations under EU laws and regulations and any other applicable laws.

Appendix 7 – Indicative Terms and Conditions of Financing Structure with Special Purpose Vehicle

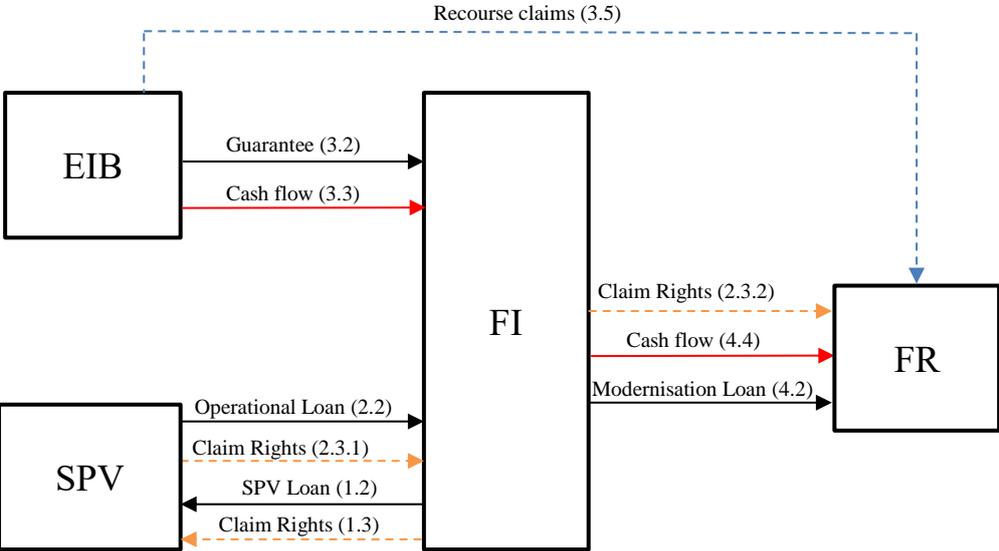
FI selected by EIB shall have a choice to provide Modernisation Loans directly to the Final Recipients or Administrators, or to use the SPV. If the selected FI chooses to provide Modernisation Loans via the SPV, necessary agreements and ownership of the claim rights are presented in the chart below.

Disclaimer:

This indicative summary is an outline of the principal terms and conditions for the SPV structure described herein, which are subject to change and non-exhaustive.

This document is intended to provide a basis to guide applicants on what is to be expected to be contained within the actual agreements implementing SPV scheme and does not constitute a binding commitment either implicit or explicit on the part of the EIB or the Leveraged Fund.

Chart: Financing Structure



Implementation of the Leveraged Fund scheme with SPV shall require, amongst others, conclusion of the following main agreements:

- (1) SPV Loan Agreement;
- (2) Operational Loan Agreement;
- (3) Guarantee Agreement; and
- (4) Modernisation Loan Agreement;
- (5) Security Agreements, as it may be decided fit.

Please see below main terms and conditions of the respective agreements.

Title	Terms and conditions
1. SPV Loan Agreement	
1.1. Parties	SPV and FI.
1.2. Subject matter of the agreement	The FI shall make available funds to the SPV to be on lent by the FI to the Final Recipients or Administrators (" SPV Loan "). The SPV shall be liable to repay the SPV Loan by the way of the set-off (as described in 1.6 below) to the extent the Operational Loan is repaid (as described in 2.6 and 2.7 below).
1.3. Ownership of the assets	FI shall own claim rights arising from the SPV Loan Agreement towards the SPV.
1.4. Disbursement	SPV Loan to be disbursed by the FI directly to the Final Recipients or Administrators and not to the SPV. SPV shall never manage cash funds under the SPV Loan Agreement.
1.5. SPV Interest	<p>SPV shall undertake to pay to the FI interest at a rate established through the Eol ("SPV Interest"). The SPV Interest rate shall not be higher than the market rate and shall be established under this Call for Eol.</p> <p>SPV Interest will be paid through the interest paid under the performing Modernisation Loan Agreements ("Modernisation Loan Interest") – to be collected by the FI directly from FR and Administrators, and</p>
1.6. Repayment and set-off of the SPV Loan	<p><u>Funds for repayment of the SPV Loan</u></p> <p>The SPV Loan will be repaid through the funds received by the FI from the Final Recipient or Administrators ("Reflows").</p> <p><u>Set-off</u></p> <p>SPV's obligation to repay the SPV Loan to the FI will be offset against the FI's obligation to repay the Operational Loan to the SPV. The set-off shall be structured to occur as soon as: (i) the Reflows are collected by the FI from the Final Recipient or Administrators to the Reserve Account, (ii) Interest Subsidy is received by FI; (iii) payments under Guarantee Agreement are received by the FI; and/or (iv) Recoveries are collected by the FI (to the extent not used for repayment to EIB under Guarantee Agreement).</p>
1.7. Risk-sharing	<p>The FI shall assume all credit risk arising from the SPV Loan Agreement (subject to the Guarantee as described below).</p> <p>SPV's liability to repay the SPV Loan to the FI shall be limited to the amounts actually received by the FI: Reflows, Interest Subsidy, payments under the Guarantee and collected Recoveries (to the extent not used for repayment to EIB under Guarantee Agreement). SPV does not bear responsibility for failure of the Final Recipient or Administrator to repay the Modernisation Loans, failure of the FI to collect the funds from the Final Recipient or Administrator or failure of the Lithuanian State to pay the Interest Subsidy.</p> <p>The SPV Loan shall be reduced to the same extent as the Operational Loan is reduced.</p>
1.8. Events of default	<p>List of the events of default should be the same as established in the Operational Loan Agreement.</p> <p>In case of event of default, the FI shall have no right to demand the full repayment of the SPV Loan and SPV Interest. FI shall accelerate and demand an immediate repayment only that part of the SPV Loan which is equal to the amount of the accelerated Modernisation Loan.</p>
1.9. Security	The SPV's claim rights towards the FI to repay the Operational Loan may be pledged.

Title	Terms and conditions
2. Operational Loan Agreement	
2.1. Parties	FI and SPV
2.2. Subject matter of the agreement	<p>The SPV shall make available funds of the SPV Loan to the FI ("Operational Loan") for the purpose of on-lending them to FR or Administrators under the Modernisation Loan Agreements.</p> <p>For the avoidance of doubt, the FI shall enter into Modernisation Loan Agreements in its own name.</p>
2.3. Ownership of the assets	<p>2.3.1. The SPV shall own claim rights towards the FI arising from the Operational Loan Agreement.</p> <p>2.3.2. The FI shall own claim rights towards Final Recipients and Administrators arising from the Modernisation Loan Agreements.</p>
2.4. Disbursement	<p>The SPV Loan shall be disbursed by the FI directly to the Final Recipients or the Administrators under the Modernisation Loan Agreements.</p> <p>Disbursement of the Operational Loan shall automatically result in disbursement of the SPV Loan. No cash will be circulated through the SPV.</p>
2.5. Operational Loan Interest	<p>The Operational Loan Interest for the Operational Loan shall be equal to the interest rate under the SPV Loan Agreement, i.e. the SPV Interest. One part of the Operational Loan Interest will be collected from the FR and Administrators under the Modernisation Loan Agreements, i.e. the Modernisation Loan Interest, the remaining difference is paid directly by the Lithuanian State to the FI as an Interest Subsidy (see 1.5 above).</p>
2.6. Reflows and set-off	<p>Reflows are to be owned by the FI.</p> <p><u>Set-off</u></p> <p>FI's obligation to repay the Operational Loan will be set off against SPV's obligation to repay the SPV Loan (offset shall occur as soon as (i) the Reflows are collected in the Reserve Account; (ii) Interest Subsidy is received by FI; (iii) payments under Guarantee Agreement are received by the FI; and/or (iv) Recoveries are collected by the FI (to the extent not used for repayment to EIB under Guarantee Agreement).</p>
2.7. Risk sharing	<p>The FI shall assume all credit risk arising from the Modernisation Loan Agreements (subject to the Guarantee as described below).</p> <p>FI's liability to repay the Operational Loan to the SPV shall be limited to the amount equal to the actually received Reflows, Interest Subsidy, payments under the Guarantee and collected Recoveries (to the extent not used for repayment to EIB under Guarantee Agreement).</p> <p>The SPV Loan shall be reduced to the same extent as the Operational Loan is reduced.</p>
2.8. Security	The FI's claim rights towards the SPV to repay the SPV Loan may be pledged.
3. Guarantee Agreement (for full set of the terms and conditions of the Guarantee please consult Appendix 5)	
4. Modernisation Loan Agreement (for the remaining terms and conditions of the Modernisation Loan Agreement please consult Appendix 6)	
4.1. Parties	FI and Final Recipient or Administrators.
4.2. Subject matter of the agreement	The FI shall make available funds of the Operational Loan to the FR or Administrators for financing of the Projects in accordance with the conditions established by the legal acts and the Operational Loan Agreement.
4.3. Ownership of the assets	The FI shall own claim rights arising from the Modernisation Loan Agreements towards the Final Recipient or Administrators.

Title	Terms and conditions
4.4. Disbursement	As disbursement of the funds takes place under the Modernisation Loan Agreements to the Final Recipients or the Administrators, it shall be deemed that the FI has disbursed the funds of the SPV Loan to the SPV and the SPV shall be deemed to have disbursed the funds of the Operational Loan to the FI.
4.5. Modernisation Loan Interest	Modernisation Loan Interest rate shall be set at the rate not higher than 3% p.a. for the first 5 years. The FI shall collect the Modernisation Loan Interest as part of the Reflows.
4.6. Reflows and set-off	Reflows from the FR Final Recipients and Administrators are to be owned by the FI, who has claim rights towards the Final Recipients. <u>Set-off</u> FI's obligation to repay the Operational Loan will be set off against SPV's obligation to repay the SPV Loan (offset shall occur as soon as the Reflows are collected from the FRs and Administrators in the Reserve Account).
4.7. Risk sharing	The FI shall assume all credit risk arising from the Modernisation Loan Agreements (subject to the Guarantee Agreement as described in section 3 above).
4.8. Security	Guarantee Agreement.
4.9. Recoveries	Recoveries from the Final Recipient and Administrators after any Modernisation Loan defaults and payments under the Guarantee is made will be collected in the Collection Account. Funds in the Collection Account will be shared in accordance with the terms and conditions of the Guarantee Agreement.