TECHNICAL DATA SHEET

PORTFOLIO GUARANTEE

DEFINITION

The portfolio guarantee (or Line of Guarantee) is a credit risk-sharing instrument offered by the FSA to credit institutions in order to consolidate them in the funding of business segments ranging from Very Small Enterprises (VSEs) to Small and Medium Enterprises (SME / SMI). These companies are generally excluded due to low amounts requested from banks and / or limited collateral.

With this product, FSA delegates its decision to award its guarantee to the Beneficiary Institution for the coverage of loans granted by the said Institution and which meet the eligibility criteria agreed in the portfolio guarantee agreement.

The consent of the portfolio guarantee follows a positive overall assessment of the Beneficiary Institution, in particular its procedures and performance, in terms of credit, in the business segment involved.

TERMS OF THE GUARANTEE

Final loss guarantee.

CURRENCY

The guarantee is granted in the currency of the loan funding.

TARGET AUDIENCES / BENEFICIARIES

- Direct beneficiaries: Credit institutions and SFD, national and international financial institutions and regional financial institutions.
- Indirect beneficiaries: VSE – VSI – SME – SMI.

ACTIVITIES AND ELIGIBLE OPERATIONS

- Sector: All legitimate activity sectors.
- Operations: Business Creation, Renewal and / or strengthening of operational capacity, financing operations (including campaign credit). Credit restructurings cannot be entered on the line.

REFERRAL

The guarantee request, specifying the amount and the characteristics of the funding to be entered (minimum and maximum amounts), must be submitted by the requesting Institution, accompanied by the following documents:

- A detailed report on the quality of its portfolio, subject of the request;
- The credit granting policy;
- The risk management policy (if available);
- A business plan or strategic development of the institution;
- The last three certified financial statements;
- The last report of the banking commission or any other report in lieu thereof, as well as the related implementation report; and
- All other documents necessary for the assessment of the Lender's request.

QUOTA

- Single 50% coverage rate by individual project funding. This rate remains unchanged, even in the event of a co-warranty with another warrantor.
- Maximum amount of the guarantee line: 30% of the FSA effective equity.

SPECIFIC, NON-EXHAUSTIVE CRITERIA FOR COMPANIES THAT CAN BE REGISTERED ON THE LINE

- Be monitored by the Approved Management Centers (CGA) or by an auditor (CAC);
- Present a minimum Equity Fund / Total Balance Sheet ratio of 20%;
- Have its employees registered with the Social Security Fund of the country of institution;
- Experience:
- Existing SMEs: Justify the existence of the activity for at least 1 year;
- SME in creation: Justify an experience of at least 1 year in the field of activity.
- The amount of financing per project is to be agreed between the FSA and the lender.

FEES

- Commitment fee : 0.5 % to 4% flat of amount of the guarantee line granted, due and payable immediately upon acceptance of the indicative offer (Term sheet) made by the FSA ;
- • Guarantee fee: 0.5 % to 5 % per year of the outstanding warranty, payable quarterly, at the start of the period in accordance with the use of the line.

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SAFETY REQUIRED

Real and / or personal, and other repayment mechanisms to be taken by the lender and registered in its favor and possibly including additional conditions recommended by the FSA.

GUARANTEE CALL UP AND PAYMENT

The guarantee may be called into play by the direct beneficiary Institution once (1) per defaulting loan existing in the Guaranteed Portfolio, under the conditions provided in the portfolio warranty agreement. A guaranteed loan is in default if the indirect beneficiary VSEs – VSIs – SMEs - SMIs, has been in default of payment when the loan matures for three (3) months.

As soon as the guarantee call is made under the conditions set in the portfolio warranty agreement and subject to compliance with the maximum loss rate of the Guaranteed Portfolio, agreed with the FSA, the Fund pays the direct beneficiary institution within a period of a maximum of thirty (30) calendar days from the date of receipt of all the required documents, a deposit equal to 50% of the outstanding amount of its commitment on the defaulting loan (s) concerned by the 'call.

Reaching the maximum claims rate agreed with the FSA excludes any new entry in the portfolio, subject to recovery. Any new registration will then be made within the limit of the amount recovered. The Guaranteed Portfolio loss rate is equivalent to the ratio between the outstanding receivables arising from warranty calls and the actual outstanding amount of the warranty Line.

KEY SELLING POINTS OF THE RESOURCE LIFT GUARANTEE

The individual guarantee of bank loans allows credit institutions to:

- Facilitate and increase the volume of financing granted to VSEs / VSIs / SMEs / SMIs, on the basis of the contribution of the financial guarantee offered by the FSA;
- Secure the financing granted and protect against unforeseeable elements generating counterparty default risks;
- Allow the diligent processing of loan requests meeting the criteria of the portfolio warranty;
- Improve the quality of the loan portfolio, and consequently their financial situation with regard to the new Baloise-inspired prudential system, currently in force in the FSA member States;
- Improve the solvency ratio and optimize their effective equity management;
- Ensure immediate cash flow in the event of risk deterioration, with the warranty payment, in case the covered risk arises;
- Strengthen the guarantee backed by loans granted to VSEs / VSIs / SMEs / SMIs;
- Facilitate the according of loans to project leaders who do not have sufficient collateral.
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- Facilitate the granting of loans to project leaders who do not have sufficient collateral.

The portfolio guarantee allows project promoters to:

- Obtain funding for its project realization, on the basis of the portfolio guarantee pooling;
- Benefit from diligent processing of their funding request;
- Create wealth in the local economy: Added value and impact on households, public finances, shareholders or associates of the company, banks, post creation, and maintenance of existing posts.

The portfolio guarantee enables the FSA to :

- Include and promote the bank financing of very small businesses / VSIs / SMEs / SMIs , less funded by credit institutions, in particular banks ;
- Carry out its role as a catalyst for funding in the Member States ;
- Thanks to the delegation of its signature, allow diligent processing of funding requests submitted to the assessment of credit institutions by micro-enterprises / VSIs / SMEs / SMIs ;
- Contribute to the fight against poverty by supporting VSEs / VSIs / SMEs / SMIs in order to access bank financing ;
- Contribute to the strengthening of support mechanisms for VSEs / VSIs / SMEs / SMIs in the Member States.