

## Expression of Interest to become an accredited financial intermediary for the Guaranteed Co-Lending Scheme (GCLS)

Applicants are requested to submit an Expression of Interest in line with the format set out below.

### *Details of applicant*

Applicant Name:	
Details of Ownership:	
Contact Address:	
Principal Contact(s) (Name(s) and Role(s)):	
Phone - Direct Line: Phone - Mobile:	
E-mail:	

### *Requested Information*

This Expression of Interest is to be accompanied by the General Information and Specific Information listed in sections (1) and (2) below.

#### **1. General Information**

1.1	A brief background of the applicant commercial bank, including a copy of its ownership structure the nature of its main lending activity.
1.2	The main business loan products provided to SMEs in Malta and the key terms and conditions of these; the applicant's future plans and growth strategy for SME lending in Malta.
1.3	The key statutes and regulatory requirements with which the applicant complies (including banking license and a list of statutory returns filed with the regulator) and evidence of FATCA compliance (FATCA 8-BEN Form).
1.4	The department/s or business area/s responsible for the management of the facility in the applicant organisation; its organisational set-up (including reporting lines) and details of authority limits at approval and monitoring stages.

## 2. Specific Information

2.1	Evidence of the applicant's track record in lending to the Maltese SME market, including default rates by sector, key performance indicators and performance against targets.
2.2	<p>Additionality – Lending under the GCLS must have an element of additionality, meaning that lending on such GCLS terms would not have been possible in absence of the MDB guarantee. The GCLS is not designed as a substitute for commercial bank lending which would have otherwise been undertaken by the applicant entirely at their own risk.</p> <p>Please provide evidence that the GCLS would provide additionality by providing information on the tenor and interest rates of loans to SMEs presently on facilities to SMEs without the MDB guarantee, as follows:</p> <ol style="list-style-type: none"> <li>a) Longer loan tenor – please indicate the average term of the business loans being granted by the Bank.</li> <li>b) Lower cost of funding – kindly provide information on interest rates and other fees presently charged on facilities to SMEs without the MDB guarantee and information on the proposed interest rates and fees under the scheme.</li> </ol>
2.3	Ability to build portfolio: Applicant is to provide projections on the volume of lending under the GCLS on an annual basis, both in terms of number of facilities and average size per facility. These projections are to be compared with other SME lending of the commercial bank. Background information is to be provided on the method used for the projections.
2.4	Availability of Capital: Applicant is to demonstrate that capital levels will be sufficient to meet the projected lending under the GCLS.
2.5	<p>Operational capacity:</p> <ul style="list-style-type: none"> <li>• Applicant to provide detailed information on the risk management regarding the Credit Policy (internal procedures and guidelines), origination, risk assessment (rating/scoring), loan approval procedures, collateral requirement, recovery procedures, and monitoring</li> <li>• Applicant to provide information on its on-boarding of new customer process, its Anti-Financial Crime Policy or a brief of such Policy, its Anti-Money Laundering and Counter Terrorism processes or a copy of the relevant policies..</li> <li>• Applicant to demonstrate that the team to be responsible for the facility is competent and has sufficient experience and expertise to execute the proposed strategy for the successful roll-out of the scheme.</li> </ul>

2.6	<p>The applicant is kindly requested to provide with this call:</p> <p>Appendix 1 A - Declaration of Absence of Conflict of interest</p> <p>Appendix 1 B - Statement regarding Exclusion situation</p> <p>Appendix 2 A - Wolfsberg Questionnaire</p> <p>Appendix 2 B – Wolfsberg Due Diligence Questionnaire</p>
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### 3. Other considerations

- 3.1 The applicant shall indicate its target portfolio size which will serve as an indicative amount allowing the MDB to allocate the funds as efficiently as possible.
- 3.2 The global portfolio shall be allocated by the MDB on a first come first served basis.
- 3.3 Other variables such as interest, disbursement plan, and other relevant conditions will form part of the legal agreement to be signed between MDB and the Commercial Bank.
- 3.4 The MDB and the Commercial Bank will enter into an agreement to regulate the approval, and other operations related to the loan and the guarantee.
- 3.5 The MDB retains the right to request any further information that it may require for the accreditation decision.
- 3.6 The MDB also retains the right to not consider favourably any application.
- 3.7 The MDB retains the right to reduce the amount of the guarantee commitment if the implementing partner's build-up of the portfolio falls below expectations

### 4. Operational considerations

- 4.1 The MDB will be executing a Risk Sharing Agreement and an Operational Agreement with each of the accredited banks. These agreements regulate the rights and obligations of the Parties and stipulate the economic terms of the Scheme/s. In particular, they provide for the terms of the guarantee, the inclusion and exclusion process of transactions covered by the guarantee, eligibility criteria in relation to borrowers and transactions, recoveries, general and information undertakings, representations by the Parties, reporting forms and confidentiality obligations.
- 4.2 The MDB and the Commercial Banks shall each be responsible for the processes, covering their part of the lending, including approval (subject to parameters) and sanctioning process, and monitoring. For the perfection of security, recovery and other processes during the lifetime of the scheme, the parties may operate jointly.
- 4.3 The Commercial Banks shall provide MDB with detailed reports to enable MDB to monitor the scheme progress and the performance of the individual loans within the scheme.

4.4 The MDB shall procure rights through the legal framework between the MDB and the Commercial Banks to control and monitor all approved loan transactions within the scheme

## 5. Submission of Expression of Interest

The Expression of Interest and all required accompanying information are to be addressed to: The Chief Executive Officer, Malta Development Bank, 5 Market Street, Floriana, FRN 1083, or via email on [info.mdb@mdb.org.mt](mailto:info.mdb@mdb.org.mt).

## 6. Certification and Authority to Submit the Expression of Interest

To the Chief Executive Officer

We are submitting our Expression of Interest on behalf of [Applicant] in response to the Open Call for Expression of Interest for the Guaranteed Co-Lending Scheme.

The undersigned undertake that we are duly authorised to represent the [Applicant].

The undersigned declare that the financial intermediary that we are representing:

- a) is submitting this application in response to the Open Call for Expression of Interest to participate as an accredited intermediary partner of the Guaranteed Co-Lending Scheme.
- b) Undertakes that all information contained in this application is complete and correct in all its elements; and,
- c) if accredited, commits to complying with all requirements set by the MDB for the successful delivery of the Guaranteed Co-Lending Scheme.

Yours sincerely,

Signature(s) of officer(s) submitting this Expression of Interest:

Name and position in capital letters of officer(s) submitting this Expression of Interest:

Name of Applicant Bank:

Stamp of the Applicant Bank:

Date (day/month/year):

## **APPENDIX IA - DECLARATION OF ABSENCE OF CONFLICT OF INTEREST**

The Applicant and the undersigned in his/her/their capacity as duly authorised representative (s) of the Applicant confirm to have read the European Commission Anti-Fraud Policy and declare not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the Operational Agreement and not to have granted nor to grant, not to have sought nor to see, not to have attempted nor to attempt to obtain, and not to have accepted nor to accept, any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal practice or involving corruption, either directly or indirectly, as an incentive or reward relating to signing of the Operational Agreement.

Furthermore, the Applicant and the undersigned in his/her/their capacity duly authorised representative(s) of the Applicant confirm that they do not have a direct or indirect interest that may affect the performance of the task assigned to the Applicant under the Call for Service covering the Guaranteed Co-Lending Scheme (GCLS) issued by the Malta Development Bank on 3 May 2022.

Yours sincerely,

Signature

Name and position in capitals:

Stamp of Applicant's

Applicant's name

Address:

Date (*day/month year*):

## APPENDIX 1B - STATEMENT REGARDING SITUATIONS OF EXCLUSION

The undersigned certifies/certify that the (Applicant) is not in any of the situations which would exclude it from taking part in this Call for Service and accordingly declare(s) that the (Applicant):

- i) Has never been the subject of a conviction by final judgment for one or more reasons listed below:
  - Participation in a criminal organisation, as defined in Article 2 (1) of the Council Joint Action 98/733/JHA<sup>1</sup>;
  - Corruption, as defined in the Council Act of 26 May 1997 and Article 3 (1) of the Council Joint Action 98/733/JHA;
  - Fraud within the meaning of Article 1 of the Convention drawn up on the basis of Article K.3 of the Treaty on European Union, on the protection of the European communities' financial interest<sup>2</sup>;
  - Money laundering as defined in the Directives 2005/60/EC<sup>3</sup> of 26 October 2005 and 2006/70/EC<sup>4</sup> of 1 August 2006, and Directive 2001/97/EC of 4 December 2001<sup>5</sup>;
- ii) Has not performed any act which may be qualified as illegal activity in the meaning of the term of the European Commission Anti-Fraud Policy;
- iii) Is not bankrupt or is being wound up, where its affairs are not being administered by the court, where it has not entered into an arrangement with creditors, where it has not suspended business activities or is not in any analogous situation arising from a similar procedure under national laws and regulations;
- iv) Is not the subject of proceedings for a declaration of bankruptcy for an order for compulsory winding up or administration by the court or of an arrangement with creditors or of any other similar proceedings under national laws and regulations;
- v) Is not 'an undertaking in difficulty' within the meaning of Section 2.2 of the Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty<sup>6</sup>;

<sup>1</sup> Joint Action of 21 December 1998 adopted by the Council on the basis of Article K.3 of the Treaty on European Union, on making it a criminal offence to participate in a criminal organisation in the Member States of the European Union (Official Journal of the European Union L351 of 29.12.1998), as amended from time to time

<sup>2</sup> Council Act 26 July 1995 drawing up the Convention on the protection of the financial interest of the European Communities (Official Journal of the European Union C316 of 27.11.1995), as amended from time to time

<sup>3</sup> Directive 2005/60/EC of the European Parliament and of the council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (official Journal of the European Union L309 of 25.11.2005), as amended from time to time

<sup>4</sup> Commission Directive 2006/70/EC of 1<sup>st</sup> August 2006 laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of 'politically exposed person' and the technical criteria for simplified customer due diligence procedures and for exemption on ground of a financial activity conducted on an occasional or very limited basis (Official Journal of the European Union L214 of 4.8.2006), as amended from time to time.

<sup>5</sup> Directive 2001/97/EC of the European Parliament and the Council of 4 December 2001 amending Council Directive 91/308/EEC on prevention of the use of the financial system for the purpose of money laundering (Official Journal of the European communities L344 of 28.12.2001) as amended from time to time

<sup>6</sup> Communication from the Commission – Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty (Official Journal of the European Union C249/1 of 31.7.2014), as amended or substituted by future guidelines from time to time.

- vi) No member of its senior management has been convicted as a consequent of a judgment which has the force of *res iudicata*, in accordance with the legal provisions of the country of any offence concerning its professional conduct;
- vii) No member of its senior management has been guilty of grave professional misconduct;
- viii) Has fulfilled obligations relating to the payment of social security contributions in accordance with the legal provisions of the county in which it is established;
- ix) Has fulfilled obligations relating to the payment of taxes in accordance with the legal provisions of the country in which it is established and in the countries where it operates, as applicable;
- x) Is not found to have provided serious misrepresentation in supplying the information required in accordance with the Call for Service or has supplied such information.

The Applicant and the undersigned in his/her/their capacity as duly authorised representative of the Applicant commit to provide all evidence to the above, upon request by MDB.

Yours sincerely

Signature

Name and position in capitals:

Stamp of Applicant's Bank

Applicant's name

Address:

Date (*day/month year*):