

COUNTERPARTY AND PROJECT SELECTION CRITERIA WITHIN THE EXPORT-IMPORT SUPPORT PROGRAM FOR FURTHER PROVISION OF FINANCING

1 | DEVELOPMENT OF EXPORT-IMPORT TRANSACTIONS OF IIB MEMBER STATES

When implementing the Export-Import Support Program, IIB fulfills its mission and considers individual specific features of IIB member states, counterparty and project selection criteria and the focus of financing for generating added value and sustainable development of the member states.

Under the Export-Import Support Program IIB applies both single-tier lending scheme, where financing is granted directly to an exporter or importer under project financing, and two-tier lending scheme, which refers to providing support to entities engaged in foreign economic activities via the system of agents (financial intermediaries).

2 | PROJECT SEARCH CHANNELS

- **Commercial banks interested in long-term (more than 2 years) financing within the two-tier lending scheme.** Key aspects of this channel are:
 - partner bank is provided with target financing for further support for exporters and importers (for supplies of goods and equipment);
 - support to exports and imports of goods by small, medium and large enterprises through a partner bank;
 - provision of financing to a partner bank (starting EUR 5M in equivalent);
 - the term of financing to a partner bank is over 2 years;
 - financing is provided to a partner bank on a case-by-case basis and requires separate approval from IIB.
- **Corporate customers** – exporters and importers of IIB member states within the single-tier lending approach. Key aspects of this channel:
 - support to exports and imports of goods and equipment by large enterprises of IIB member states;
 - financing of large contracts (starting EUR 5m in equivalent);
 - a trade transaction is financed on a case-by-case basis and requires separate approval from IIB.
- **Export insurance agencies (Banks for export support).** Both single and two-tier financing can involve additional participation of an export credit agency (ECA) from the exporter country. ECA participation scenarios are:
 - a channel for seeking new projects and partners when IIB is interested in expert appraisal by ECA in the national market of a member state due to perfect knowledge of the local market and the pool of existing deals and counterparties;
 - ECA participates in a project as a partner co-financing the transaction;
 - ECA provides guarantee coverage for the transaction.

Provision of short-term (less than 2 years) trade financing to commercial banks is beyond the scope of this document.

3 | MAIN TYPES OF COUNTERPARTIES

For the single-tier lending scheme:

- exporter company;
- importer company.

For the two-tier lending scheme:

- banks for export and import support of the member states;
- national development banks;
- banks with a share owned by the government and/or national and international development banks that finance export and import transactions;
- commercial banks - leaders in the export and import transaction lending in national markets;
- leasing companies that lease equipment exported from IIB member states.

1 | CRITERIA (EXPORT-IMPORT)

4 | GENERAL CRITERIA FOR COUNTERPARTY SELECTION

- conducting a business in IIB member state or implementing a project focused on the sustainable development of IIB member state;
- license authorizing activities in accordance with a counterparty's profile;
- positive audit reports for the most recent reporting period;
- positive business reputation;
- credit rating (if any) taking into consideration specific features of the member states;
- a portfolio of implemented export-import projects;
- compliance of goals and objectives of the counterparty with the IIB principles and priorities;
- consent obtained from the IIB member state for credit provision ('no objection') if potential counterparty has pending court proceedings with governmental structures of such IIB member state.

5 | FINANCIAL CRITERIA FOR COUNTERPARTY SELECTION

When evaluating the financial standing of a counterparty the Bank takes into consideration both counterparty type and individual specific features of the member state. Attention is paid not only to the value of indicators as of the latest reporting date, but also trend data for 6 month preceding the reporting date.

6 | GENERAL CRITERIA FOR PROJECT SELECTION

IIB provides financing for export-import support both directly (to exporters and importers) and through financial intermediaries. In addition to selecting IIB counterparties based on the general and financial criteria, the Bank sets a list of criteria to the target use of funds and carries out continuous monitoring of target use of funds in respect of particular deals and tranches.

Criteria for project selection and target use of funds:

- export-import project segmentation in a member state;
- compliance of the project with the strategic goal of the IIB Export-Import support Program (support for exports of the IIB member states and promotion of the mutual growth of export and import transactions between IIB member states);
- the project should be compliant with the IIB priority areas:
 - support for mutual trade and cooperation;
 - social and economic development, including the exchange of experience and technologies;
 - environment and 'clean' technologies, resource-saving and energy efficiency;
 - innovation and modernization.