

**TERM SHEET: EQUITY INSTRUMENT**

**I. Instrument characteristics**

**A. Description of the instrument**

- 1. Please provide the instrument name
- 2. Please describe the instrument and demonstrate how it functions. Provide an example or a graphic illustration of its structure, if possible.
- 3. Does the instrument fall under the following classes:
  - Ordinary shares yes
  - Preferred shares yes
  - Other Please specify
- 4. Does the State hold any equity or hybrid instruments prior to the recapitalisation? If so, please describe.

**B. Remuneration and pricing**

**1) Ordinary equity**

- 4. Is the entry price below the average share price over the 15 calendar days preceding the request?
- 5. Is there a step up mechanism of 10% increase in the remuneration of the State after 4 years and after 6 years (5 years and 7 years for non-listed companies)?
- 6. Does the State/company propose an alternative step up mechanism? If so what is it? Please also explain how this alternative mechanism achieves the same objectives as point 61 of the TF COVID-19.
- 7. At what rates can be the beneficiary buy back shares?
- 8. How does the State sell its participation in the market? (tender, stock market)?
- 9. Does the State sell at market price? Do existing shareholders have priority rights?

**2) Preferred equity**

**i) Equity characteristics**

- 10. Is the entry price below the average price of preferred shares over the 15 calendar days preceding the request (or below the market value of preferred shares estimated by an independent expert if those shares are not listed)?
- 11. Is there a step up mechanism of 10% increase in the remuneration of the State after 4 years and after 6 years (5 years and 7 years for non-listed companies)?

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12. Does the Member State/company propose an alternative step up mechanism? If so, what is it? Please also explain how this alternative mechanism achieves the same objectives as point 61 of the TF COVID-19.
13. At what rates can be the beneficiary buy back the shares?
14. How does the State sell its participation in the market? (Tender, stock market)?
15. Does the State sell at market price? Do existing shareholders have priority rights?

#### ii) Remuneration attached to the preferred shares

16. Do preferred shares provide a fixed or step up dividend?
17. If there a step up for preferred shares please explain how the step-up mechanism works.
18. What is the level of preferred dividend?
19. Do the preferred shares provide a profit preference compared to ordinary shares?
20. Do the preferred shares have an upside equivalent to those of ordinary shares? If not, please explain the differences.
21. Are the levels of preferred dividends in compliance with the minimum set out in the TF COVID-19?
22. Is the payment of preferred dividend mandatory?
23. If preferred dividends are not mandatory, is the payment dependant on profitability or completely discretionary?
24. If preferred dividends are not paid in year X, are the preferred dividends deferred?
25. If preferred dividends are deferred, are they capitalised?
26. Is there (compound) interest on deferred preferred dividends? If so, at what level?
27. In case of write downs of the instrument, are preferred dividends calculated on the face value of the instrument (i.e. including the written down part)?
28. Please explain who is entitled to a claim attached to the instrument and will received payment in case the instrument is sold (e.g. in case where there are deferred preferred dividends).
29. If the instrument is recognised as equity under local GAAP or IFRS, can you please explain how the instrument's remuneration will be taxed (as a dividend or as interest payment)

#### C. Seniority and ranking of the instrument

Please provide information on the seniority and ranking of the instrument for two different scenarios:

##### i) On going concern

30. Are the instruments fully senior to ordinary equity?
31. If not, do they absorb losses together with ordinary equity? At what terms?

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32. Are the instruments senior to some other categories of subordinated instruments?
33. If not, do they absorb losses together with some other categories of subordinate instruments? At what terms?

#### ii) Gone concern

34. Are the instruments fully senior to ordinary equity?
35. If not, do they absorb losses together with ordinary equity? On which terms?
36. Are the instruments senior to some other categories of subordinated instruments?
37. If not, do they absorb losses together with some other categories of subordinate instruments? On which terms?
38. Are dividends of the preferred shares cumulative? Is the level of dividends increasing annually?

#### D. Conversion

39. Are the instruments convertible to ordinary equity?
40. If so, what are the triggers for conversion? Are they mandatory or discretionary?
41. If discretionary, is the option to convert on the issuer or the buyer?
42. If conversion arises, does conversion take place at 5 percent or more below TERP (Theoretical Ex-Rights Price) at the time of the conversion.
43. Once converted into equity, do the requirements for remuneration of equity apply (step-ups), in line with point 68 of the TF COVID-19?

#### E. Replenishment of instrument

44. If there have been write downs of the instrument, will the instrument be replenished? If so, with which priority?

#### F. Repayment

45. Is partial repayment of the instrument possible even if there are deferred coupons for the non-repaid part?
46. Is partial repayment possible if the instrument has not yet been fully replenished after being written down?

#### G. Voting rights

47. Does the instrument provide voting rights?

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### II. Exit of the State

48. Does the nominal (face) value of the instrument need to be redeemed?
49. Can the State resell the instruments to 3rd parties? If so, are there any conditions for such sale to take place (e.g. min duration, min price)?
50. If available for an individual aid measure, please describe a planned exit strategy for the State in view of a payment schedule of the remuneration, of the redemption of the State's investment and the potential application of points 64bis and 64ter of the TF COVID-19.