

Capped Counter-guarantee under
Erasmus+ Master Student Loan Guarantee Facility
Indicative Term Sheet

Important Disclaimer

This summary term sheet is for information purposes only. This document is an outline of the principal terms and conditions for the product described herein, which are subject to change and non-exhaustive.

This document is intended to provide a basis for discussions and does not constitute a recommendation, a solicitation, an offer or a binding commitment – either implicit or explicit – on the part of the European Investment Fund (“EIF” or the “Relevant Entity”) and/or or any other person to enter into one or more transaction(s). Any finance commitment by the Relevant Entity can only be made, *inter alia*, after appropriate approval, conclusion of legal due diligence and finalisation of the required legal documentation. The Relevant Entity does not act as adviser to you or owe you any fiduciary duty. The Relevant Entity does not make any representations or warranties (whether explicitly or implicitly) with respect to the information contained in this document.

Overview of the Capped Counter-guarantee

The credit risk protection shall be provided through a Counter-guarantee which shall be issued by EIF (the “Counter-Guarantor”) acting on behalf of the European Commission for the benefit of a selected financial intermediary (the “Financial Intermediary”) providing guarantees on a portfolio of eligible student debt financing.

It shall partly cover the credit risk associated to the guarantees (“Intermediary Transactions”) provided by the Financial Intermediary covering eligible student debt financing (“Final Recipient Transactions”) granted by Financial Sub-Intermediaries to eligible final recipients included in the portfolio (the “Portfolio”). Intermediary Transactions shall be covered at a guarantee rate up to 90% and typically set at its maximum (the “Counter-guarantee Rate”). For the purpose of alignment of interest, the Financial Intermediary will have to retain minimum 10% exposure to every Intermediary Transaction included in the Portfolio.

The Counter-Guarantee is subject to a cap amount (the “Counter-Guarantee Cap Amount”). This Counter-Guarantee Cap Amount is calculated as follows:

Actual Portfolio Volume (i.e. the portfolio volume calculated as the sum of the guaranteed principal amount of all eligible Intermediary Transactions issued by the Financial Intermediary as evidenced in the last Report received by the EIF prior to any such calculations) x (Counter-)Guarantee Rate (as defined in the detailed terms) x (Counter-)Guarantee Cap Rate (as defined in the detailed terms).

The Counter-Guarantee shall constitute a financial counter-guarantee and shall cover losses (relating to unpaid principal and interest of a Final Recipient Transaction for which the Intermediary Transaction was providing credit risk cover, further reduced pro-rata by any recovered amounts) incurred by the Financial

Intermediary in respect of the guaranteed part of each defaulted eligible Intermediary Transaction up to the Counter-Guarantee Cap Amount (the “**Counter-Guarantee**”).

The capped Counter-Guarantee will be provided by EIF free of charge to the Financial Intermediary.

The origination, due diligence, documentation and servicing of the Intermediary Transactions shall be performed by the Financial Intermediary in accordance with its standard origination and servicing procedures. Intermediary Transactions (according to pre-defined eligibility criteria on a transaction-by-transaction and portfolio basis) will be automatically covered, by way of submitting inclusion notices to the EIF on a quarterly basis until the end of the relevant Inclusion Period (as defined in the detailed terms). In parallel, the Financial Sub-Intermediary(ies) shall retain the direct client credit relationship with each Final Recipient (according to pre-defined eligibility criteria on a transaction-by-transaction and portfolio basis).

Complementarity with other financial instruments

- *Financial Instruments providing liquidity:* The Counter-Guarantee provided under the Erasmus+ Master Loan Guarantee Facility will provide partial credit risk protection for a portfolio of Intermediary Transactions. If Financial Intermediaries and/or Financial Sub-Intermediaries deem it necessary and if available to them, e.g. through national or regional programmes or through other institutions, they may combine the credit risk protection provided under the Erasmus+ Master Loan Guarantee Facility with pure liquidity financial instruments supported through other sources (e.g. supplementary EIB global loans which would bring the potential to gain access to cheaper funding and pass on a lower interest rate to students through a reduction of the funding margin).

The detailed indicative term sheet for the Counter-guarantee under the Erasmus+ Master SLGF will be provided by EIF upon request from interested Financial Intermediaries.