ERASMUS+ MASTER LOAN GUARANTEE FACILITY

OPEN CALL FOR EXPRESSION OF INTEREST
TO SELECT FINANCIAL INTERMEDIARIES UNDER THE ERASMUS+ MASTER LOAN GUARANTEE FACILITY

(Published on 13 February 2015)

The objective of this Open Call for Expression of Interest, launched by the European Investment Fund, (the “EIF”) is to select eligible financial institutions to become Financial Intermediaries under the Erasmus+ Master Loan Guarantee Facility (“Erasmus + Master LGF” or “the Facility”).

All applications for such instrument under the Facility to be submitted to the EIF should conform to this Open Call for Expression of Interest.

To learn more about the Erasmus+ Programme visit: http://ec.europa.eu/programmes/erasmus-plus/index_en.htm

1. The Erasmus+ Master Loan Guarantee Facility
On 11 December 2013, the Regulation (EU) No 1288/2013 of the European Parliament and of the Council of 11 December 2013 establishing ‘Erasmus+’: the Union programme for education, training, youth and sport (the “Legal Basis”) was adopted, thereby establishing the Erasmus+ Master Loan Guarantee Facility. The Facility aims to increase access to finance in order to enable students to take their Master’s Degree in another Programme Country through effective portfolio credit risk transfer (via a guarantee).

Pursuant to the Delegation Agreement between the European Union (the “EU”) and the EIF in respect of the Student Loan Guarantee Facility (hereby denominated Erasmus+ Master Loan Guarantee Facility) dated 12th December 2014 (the “Erasmus+ Agreement”), the EIF has been entrusted by the EU to implement the Facility.

Under this Facility EIF shall provide first-loss capped guarantees and counter-guarantees to selected Financial Intermediaries, using the EU’s contribution.

(Counter-) Guarantee agreements to be entered into under the Facility are further described in the Annex II and III1 to this Open Call for Expression of Interest.

2. Eligible Financial Intermediaries
This Open Call for Expression of Interest is addressed and restricted to Financial Intermediaries that are:

   a) in respect of Guarantees provided under the Facility, public or private entities (including credit

1 With the Annex II being the Direct Guarantee Term-Sheet and Annex III being the Counter-guarantee Term-Sheet
or financial institutions), if applicable, duly authorised to carry out financing to Final Recipients according to the applicable legislation;

b) in respect of Counter-Guarantees provided under the Facility: public or private guarantee schemes, guarantee institutions or other entities, credit or financial institutions, if applicable, duly authorised to issue guarantees according to the applicable legislation,

in each case established and operating in one or more of the Programme Countries.

Applicants shall represent that they are not in any of the situations of exclusion, as further described in the Annex I to the Open Call for Expression of Interest.

The criteria set out above shall apply mutatis mutandis to the Sub-Intermediaries, if applicable.

Applicants shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which they may be subject and shall not be established and shall not maintain business relations with entities incorporated in any Non-Cooperating Jurisdiction in relation to the Erasmus+ Intermediary Transactions. The EIF Anti-Fraud Policy shall apply to the (Counter-) Guarantee Agreements under the Facility (please refer to www.eif.org/news_centre/publications/2009_anti_fraud_policy.htm.)

3. Definitions and Interpretation
In this Call for Expression of Interest, capitalised terms and expressions shall have the meaning attributed to them below or as elsewhere defined in this document and its Annexes, unless the context requires otherwise.

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Means an entity applying to this Call for Expression of Interest as a potential, future Financial Intermediary.</th>
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</thead>
<tbody>
<tr>
<td>Financial Intermediary</td>
<td>Means the counterparty of the EIF in respect of a (Counter-) Guarantee Agreement.</td>
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<tr>
<td>(Counter-) Guarantee Agreement</td>
<td>Means any guarantee or counter-guarantee or any other relevant instrument affording credit protection by the EIF in respect of the Erasmus+ Master Loan Guarantee Facility</td>
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<tr>
<td>Deadline</td>
<td>Means 30 September 2020 or such earlier date as announced officially in the Facility section of EIF’s website.</td>
</tr>
<tr>
<td>Operation</td>
<td>Means a transaction entered into between the EIF and a Financial Intermediary under a (Counter-) Guarantee Agreement</td>
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<tr>
<td>Eligibility Criteria</td>
<td>Means jointly the Intermediary Transaction Eligibility Criteria, the Final Recipient Transaction Eligibility Criteria and the Final Recipient Eligibility Criteria defined in the Annexes II and III (respectively the indicative Direct Guarantee Term Sheet and the indicative Counter-guarantee Term Sheet).</td>
</tr>
<tr>
<td>Expression of Interest</td>
<td>Means an application to the Open Call for Expression of Interest received by EIF before the Deadline, conforming to the provisions of Annex I to this Open Call for Expression of Interest.</td>
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<tr>
<td>Programme</td>
<td>As at the date of publication of this Call of Expression of Interest, the</td>
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<tr>
<td>Countries following countries:</td>
<td>the EU Member States, Iceland, the former Yugoslav Republic of Macedonia, Turkey, Liechtenstein and Norway.</td>
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<tr>
<td>Non-Cooperating Jurisdiction</td>
<td>A jurisdiction determined as such, primarily on the basis of its classification as “non-compliant” by the Organisation for Economic Cooperation and Development (OECD) and its Global Forum on Transparency and Exchange of Information for Tax Purposes, from time to time. Please enquire with EIF for confirmation of Non-Cooperating Jurisdiction status.</td>
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4. The application procedure

Applications to this Call for Expression of Interest shall be submitted to EIF before the Deadline in order to be considered.

Following the Selection procedure of the applications, the (Counter-) Guarantee Agreement shall be signed with the Applicant. The ultimate decision on the form of the agreement shall be made at the discretion of the EIF, in line with the mandate given by the EU for the implementation of this Facility.

In accordance with Annex I to this Open Call for Expression of Interest, the application should include the Applicant’s identification and the Information Requirements with supporting documents.

Such Annex is composed of two appendixes:

1. Applicant Identification Form
2. Minimum Information Requirements

Applicants may send questions regarding the Open Call for Expression of Interest. EIF shall analyse such incoming questions and may publish from time to time the resulting answers in the form of FAQ (Frequently Asked Questions) document posted in the Facility section of the EIF’s website (www.eif.org). EIF reserves the right to update the FAQ document from time to time as and when it regards appropriate.

5. Language and governing laws

The Expression of Interest shall be prepared in English.

The terms of the (Counter-) Guarantee Agreement shall be in English. The (Counter-) Guarantee Agreements are expected to be governed by the laws of England.

6. Submission of Expression of Interest

The Expression of Interest shall be submitted before the Deadline in writing via registered mail or professional courier and in either case by email. The Expressions of Interest sent by registered mail or professional courier service shall consist of a closed single package, and shall contain the Expression of Interest, together with its attachments, in paper form or in removable electronic storage medium (e.g. CD-ROM, USB).

The Deadline is set on the 30 September 2020, provided that EIF may, in agreement with EU, determine that the Deadline will end on an earlier date depending, inter alia, on the availability of the budgetary resources for the Facility or any amendment to the Erasmus+ Agreement. Any change in the Deadline will be announced officially in the Facility section of EIF’s website.

The Deadline applies to the earlier of (i) in case of e-mails to the reception by EIF and (ii) in case of registered mail or professional courier service to the date of dispatch proven by the post office stamp.
or a dispatch receipt.

The Expressions of Interest shall indicate the name of the Applicant and be sent to the following address:

European Investment Fund
EU Guarantee Facilities – Erasmus+ – Expression of Interest
37B, avenue J.F. Kennedy
L-2968 Luxembourg

An electronic version of the Expression of Interest shall be sent to: erasmusplus@eif.org stating in the subject of the email, as appropriate: “LGF – Erasmus+ – Expression of Interest: [name of the Applicant]”.

An acknowledgement of receipt will be sent to the relevant Applicants by EIF via e-mail, which shall state the confirmation that the Expression of Interest was received before the Deadline.

The acknowledgement of receipt shall not be construed as a declaration of completeness of the Expression of Interest and the documents submitted therewith, nor any kind of assessment or acceptance of the same.

The Applicants may withdraw, in the same manner as specified above, their Expression of Interest at any stage of the Selection process.

7. Selection procedure

Financial Intermediaries will be selected in due consideration of the general principles of transparency, equal treatment and non-discrimination, in compliance with EIF’s policies, rules, procedures and statutes and in conformity with best business and market practices.

The Expressions of Interest shall be subject to the selection process. The budgetary allocation between the Counter-Guarantee and the Guarantee, countries or regions is not set ex-ante but shall be demand-driven.

EIF shall assess, on a continuous basis, the applications received pursuant to the selection process outlined in the following sections.

The selection process of each applicant comprises of the following steps, provided that each step was concluded with a positive result:

1 Pre-Selection
   1.1 Compliance with all formal criteria
   1.2 Application Based Scoring
2 Due Diligence
3 Final Selection and Approval Process

During the entire selection process until entering into a legally binding agreement with an Applicant, EIF has full discretion to consider or not Applicants and no Applicant has any claim or other right or may expect to be ultimately selected as Financial Intermediary for the Erasmus+ Master Loan Guarantee Facility. Any negotiation of terms and conditions of (Counter-) Guarantee Agreements by no means entails any obligation for EIF to enter into such (Counter-) Guarantee Agreement with an Applicant.
As further described in the sections below, when assessing the application, EIF will use its professional analysis and judgment.

The Expressions of Interest shall be subject to a uniform selection process, as outlined in more detail below.

7.1. Pre-selection

Applications will be assessed by EIF for pre-selection on the basis of the Expressions of Interest, on a “first come, first served” basis.

7.1.1 Compliance with all formal criteria

EIF shall assess whether the Erasmus+ Master LGF application has been submitted in accordance with the provisions of this Call for Expression of Interest and that all necessary supporting documents are provided (in the form requested if specified), including:

1. The Applicant declares that it:
   a. is established and operating in one or more of the Programme Countries;
   b. is authorised, if applicable, to carry out financing of Final Recipients or issue guarantees (as applicable) under the applicable regulatory framework;
   c. is not established in a Non-Cooperating Jurisdiction;
   d. is not in the situation of exclusion, as validly represented in the form outlined in Appendix 2 of Annex I to the Open Call of Expression of Interest; and
   e. if the Applicant intends to lend directly to Final Recipients, complies with the applicable laws or regulations implementing Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers;

2. The Expression of Interest has been submitted and prepared in accordance with the Open Call for Expression of Interest and that all required representations, information and supporting documentation required thereunder are provided (in the form requested, where specified).

Only applications that meet all formal criteria may continue to go through the next step of the assessment process.

7.1.2 Application Based Scoring

After completion of the formal check of the received Expressions of Interest, EIF will go through the process according to the evaluation criteria set out below. EIF assesses the quality of the application and its impact and inserts the scores achieved in a matrix determining the result of such assessments as described below.

7.1.2.1. Assessment of the quality of the contents of the application

In the quality assessment EIF will evaluate the overall quality of the contents of the application. The criteria listed below are assessed based on the application provided and at the discretion of EIF. Based on the quality assessment, EIF shall assign the “quality score” to the application, being A, B or C.

The quality assessment is performed considering the below elements:
   a) Is the Applicant expected to be in a position to comply with all contractual obligations under
7.1.2.2. Assessment of the impact of the application

EIF will also assess the proposed and envisaged geographical coverage expected from the application, inter alia vis-à-vis the requirements of the Erasmus+ programme, as well as its likely impact on the aggregate Erasmus+ Facility portfolio. Based on this assessment EIF shall assign the “Impact score” to the application, being 1, 2 or 3.

The impact assessment is performed considering the below elements:

a) expected number of students supported;

b) expected volume of lending; and

c) the expected impact of the application on the geographical distribution of the overall current and expected aggregate portfolio.

7.1.2.3 Putting Quality and Impact Assessment together

As next step, the quality and the impact assessment pre-selection scores are put together in a matrix. Only applications with combined pre-selection “quality” and “impact” scores A1, A2 or B1 are “Pre-selected”. Applications with combined pre-selection scores B3, C2 or C3 are “Not pre-selected”. Applications with combined pre-selection scores A3, B2 or C1 are included in a reserve list (“On the Reserve list”).

The application classification table below summarizes the possible outcomes:

<table>
<thead>
<tr>
<th>QUALITY</th>
<th>IMPACT</th>
</tr>
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<tbody>
<tr>
<td>A1</td>
<td>B1</td>
</tr>
<tr>
<td>A2</td>
<td>B2</td>
</tr>
<tr>
<td>A3</td>
<td>B3</td>
</tr>
</tbody>
</table>

Pre-selected

On the Reserve list

Not pre-selected

All Applicants will be sent a notification by email about the result of the pre-selection application scoring process (“Pre-selected”, “On the reserve list” or “Not pre-selected”). “Pre-selected” Applicants are advanced to the Due diligence phase of the process as referred to in section 2.

EIF will process all “pre-selected” applications chronologically, with the date of application receipt being the principal criterion. Reserve listed applications are taken forward depending on, inter alia, budget availability and geographical coverage criteria. However, EIF maintains the right to fast track applications that have been received on a later date, or are on the reserve list, in order to ensure a wide geographical cover and to maximize the reach of the Erasmus+ programme.

EIF may suspend or abandon the pre-selection process at any time and no Applicant may claim any
right to be pre-selected or included on the reserve list as described above.

7.1.3. Due diligence
For Pre-selected applications the next step will be the due diligence, carried out in accordance with EIF’s internal rules and procedures, where operational matters relating to the Erasmus+ Master LGF implementation shall be covered, with a main focus on:

a) General Information such as the institution’s business plan with regard to financing of student, the internal processes of origination, risk management, collection recovery/workout and the ability to comply with the reporting requirements;

b) Financial Information such as funding sources and ownership structure;

c) Pricing policy as set out in the Applicant’s internal guidelines, with a focus on the passing of financial benefit (e.g. risk margin reduction); and

d) Access to finance proposal with a particular focus on the applicant’s ability to build up the envisaged Portfolio and/or the envisaged additionality features.

The due diligence process does not comprise legal negotiations.

7.2. Final Selection and Approval Process
Subject to the satisfactory outcome of the due diligence and, if needed, additional information provided, the EIF would request its Board approval for the Guarantee proposed to be entered into with the Applicant. Following approval of the Transaction, the application is considered as “Selected”.

EIF has no obligation to enter into an Erasmus+ (Counter-) Guarantee Agreement with a (pre-) selected Applicant.

Those Applicants, whose Expression of Interest is rejected at any stage of the selection process, shall have the right to submit a written complaint by e-mail and registered mail or professional courier service, within thirty (30) days of receipt of the rejection notice. Any complaints will be dealt with in the framework of and in accordance with the EIB Group complaints policy.

The participation of any Applicant in the Erasmus+ programme will depend, inter alia, on the budget available for Erasmus+ Master LGF and other considerations made by EIF such as, without limitation, outcome of the due diligence and result of legal negotiations with the Applicant.

8. Publishing of information on the Financial Intermediaries
EIF shall publish on its website each year a list of Financial Intermediaries and Financial Sub-Intermediaries which shall include:

a) for each Financial Intermediary the name and address of the Financial Intermediary with whom the EIF has signed a Guarantee Agreement, as well as an indication of the (Counter-) Guarantee Cap Amount in EUR or in a Tradable Currency, as the case may be. Furthermore, the list shall provide an indication of the type of financing that is being made available through the portfolios covered by the guarantee; and

b) a list of Sub-Intermediaries used for the implementation of the Facility, containing for each Financial Sub-Intermediary the name and address.

The Financial Intermediary and Financial Sub-Intermediaries may, prior to receiving financial support under the Facility, declare in writing (including by a representation in the relevant agreement) that the publication requirement set out above risks harming its commercial interests or risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of

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2 For further information visit http://www.eib.org/infocentre/publications/all/complaints-mechanism-policy.htm
the European Union, on the basis of a written justification. In addition such publication shall not be required if it would be illegal under the applicable laws and regulations. For the avoidance of doubt, in the context of the Erasmus+ Master LGF, no publication will take place of the names or other personal information at an individual level of the Final Recipients (unless on a case-by-case basis when they have given their express consent, for example in the context of the inclusion in a case study).

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3 As substantiated by an intermediary with a legal opinion.