

**Capped Counter-guarantee under
Erasmus+ Master 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.

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Overview of the Capped Counter-guarantee

The credit risk protection shall be provided through a Counter-guarantee which shall be issued by EIF acting on behalf of the European Commission for the benefit of a [specify relevant Financial Intermediary] (the “Financial Intermediary”). It shall partly cover the credit risk associated to eligible transactions 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”).

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) 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 guarantee and shall cover losses (relating to unpaid principal and interest, further reduced by any recovered amounts) incurred by the Intermediary in respect of the guaranteed part of each defaulted eligible Intermediary Transaction up to the Counter-guarantee Cap Amount. For the purpose of alignment of interest, the Financial Intermediary will have to retain minimum 10% exposure to every Intermediary Transaction.

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. In parallel, the Sub-Intermediary shall retain the direct client credit relationship with each Final

Annex III to the Open Call for Expression of Interest to select Financial Intermediaries under Erasmus+ Master Loan Guarantee facility

Recipient. 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.

Complementarity with other financial instruments

- *Financial Instruments providing liquidity:* The guarantees provided under the Erasmus+ Master Loan Guarantee Facility will provide partial credit risk protection for a portfolio of Intermediary Transactions. If 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 LGF will be published at a later stage.

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