

REFERENCE NUMBER: **MDB/001/2019**

## CALL FOR SERVICE FOR THE IMPLEMENTATION OF THE FINANCIAL INSTRUMENT:

### FURTHER STUDIES MADE AFFORDABLE (FSMA)

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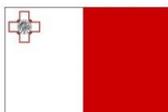
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Deadline for Submission: 26 July 2019 at 12.00 p.m. CET

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Clarifications shall be uploaded and will be available to view / download from  
**[www.mdb.org.mt](http://www.mdb.org.mt)**



Operational Programme II – European Structural and Investment Funds 2014-2020  
*“Investing in human capital to create more opportunities and promote the well-being of society”*

Project part-financed by the European Social Fund  
Co-financing rate: 80% European Union Funds; 20% National Funds



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## **Call for Service number MDB/001/2019 for the implementation of the Financial Instrument: Further Studies Made Affordable (FSMA)**

### **Objective**

The objective of this Call for Service (the “**Call**”) is to select one or more eligible Financial Institution/s licensed to operate under the Banking Act, Chapter 371 of the Laws of Malta for the implementation of the Further Studies Made Affordable (“**FSMA**”) Financial Instrument (“**FI**”). This FI is designed to improve access to finance for Eligible Students. The Financial Institution/s shall benefit from capital relief and loss protection via the provision of a capped guarantee on a portfolio of loans. The Portfolio shall be managed by the Financial Institution/s selected through this Call.

The FI is financed under the Operational Programme II (“**OPII**”) co-funded by the European Social Fund (“**ESF**”) Programme 2014-2020.

The implementation of the FI has been entrusted to the Malta Development Bank (“**MDB**”) through the Funding Agreement between the Managing Authority (“**MA**”) of the OPII, being the Planning and Priorities Co-ordination Division within the Ministry for European Affairs and Equality and MDB.

### **Introduction**

The European Union (“**EU**”) is committed to creating more and better jobs and a social inclusive society. These goals are at the core of Europe2020 strategy for generating smart, sustainable and inclusive growth in the EU. The ESF is playing an important role in meeting Europe’s goals in this regard by providing the financial support required, reducing the gap, and enabling more people in continuing their studies.

Malta is investing to improve and better match education and training systems and workforce skills to meet the changing demands of the labour market. ESF role in the matter is to provide support, helping people (the “**Eligible Students**”) to upgrade their academic endowments in order to get better jobs and ensure fairer living standards and job opportunities for all EU citizens.

Investing in human capital is a top priority for Malta, with focus on helping people to enter and remain successfully in the labour market and to improve their skills.

Malta is taking measures to improve its education and training systems in order to better equip jobseekers to meet changing market needs. There is a specific focus on providing a better standard of higher education.

The FI shall support the development of human capital and is aimed to meet the needs of Eligible Students interested in pursuing a study programme for accredited courses in Malta Qualifications Framework (“**MQF**”) levels 5, 6,7 and 8, as well as internationally-recognised certificates. Such Eligible Students will be entitled to receive support through this FI to cover academic fees and related study expenses as well as subsistence expenses to further their studies in Malta and abroad.

The selected Financial Institution/s will be expected to promote and provide the activities related to the provision and management of eligible loans (the “**Eligible Loans**”) to Eligible Students benefitting under the FSMA scheme. Such activities shall be carried out in accordance with the contractual agreement (the “**Operational Agreement**”) to be entered into by the MDB and the selected Financial Institution/s.

MDB was set up in terms of the Malta Development Bank Act (the “**MDB Act**”), 2017 (Act XXI of 2017, CAP 574) which was passed by Parliament on 5 May 2017 and came into force on 24 November 2017. The MDB commenced operations on 11 December 2017 when the MDB Board of Directors was appointed and held its first meeting.

In terms of article 6(70)(a)(iv) of the MDB Act, one of MDB’s objectives is to act as a vehicle to channel and manage aided financing authorised under EU financial instruments funded from the European Structural and Investment Funds (“**ESIF**”) including the ESF.

## **Part I: Description of the FI (Portfolio Guarantee and Interest Rate Subsidy)**

### **1 Rationale**

The purpose of the FI is to support Eligible Students by enhancing their access to bank loans. This will be done by providing credit risk protection (in the form of a portfolio capped financial guarantee) to the selected Financial Institution/s. The FI will thus mitigate the difficulties that Eligible Students face in accessing finance because of the lack of sufficient security in combination with the risk they represent.

### **2 The Portfolio Guarantee under the FI**

The Portfolio Guarantee (the “**Guarantee**”) shall be issued by the MDB to the benefit to the selected Financial Institution/s and the Eligible Students.

The Guarantee shall partly cover the credit risk associated to the underlying, new Eligible Loans to Eligible Students included in the guarantee portfolio (the “**Portfolio**”). Eligible Loans shall be covered by the MDB at a guarantee rate of 80% of each eligible loan subject to a maximum liability in respect of loan losses expressed as a guarantee cap amount (the “**Cap Amount**”) of a maximum of EUR 1.1 million calculated on a portfolio basis as 25% of the Portfolio (the “**Guarantee Cap Rate**”). The MA will reserve the right to increase the funding allocated to this FI.

The Eligible Student shall benefit from enhanced access to bank financing. Moreover, the selected Financial Institution/s shall demonstrate that the benefit of the Guarantee is fully passed on to the Eligible Student by offering a lower credit risk premium rate than normally charged as well as no security requirements. In addition, the Eligible Student shall benefit from zero interest payment during the moratorium period.

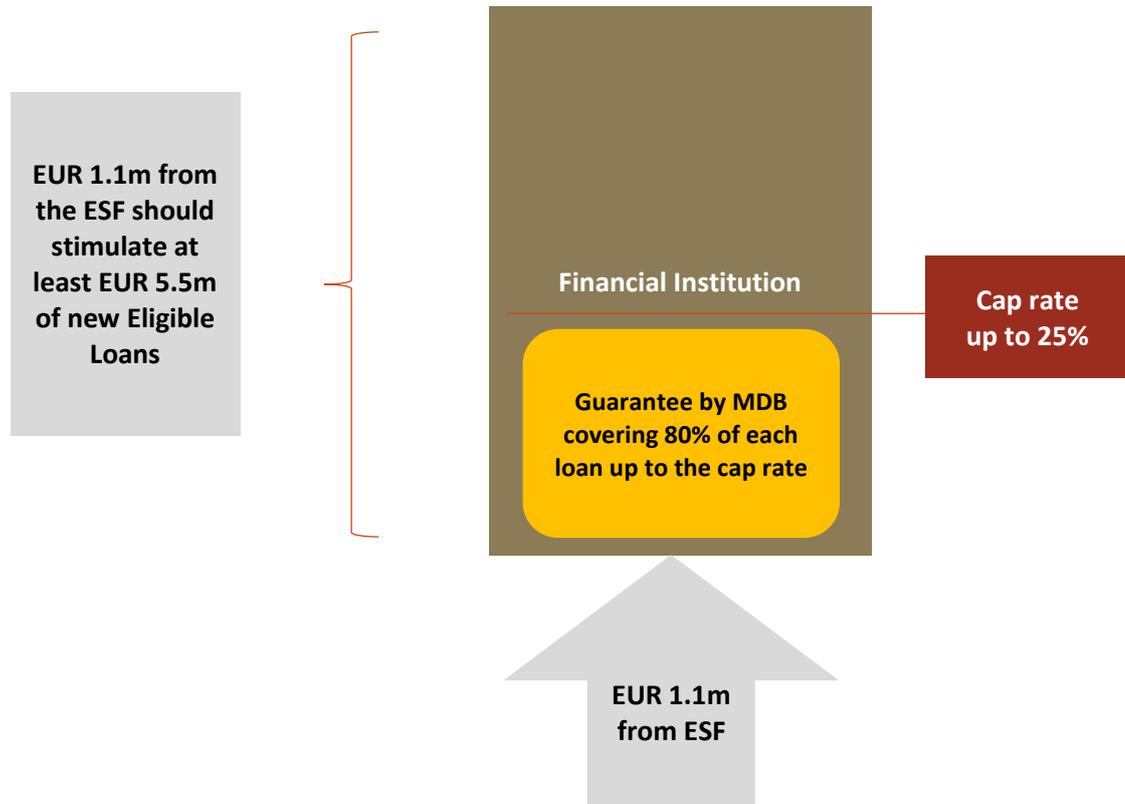
The duration of the Guarantee is for a maximum term of fifteen (15) years covering the full moratorium period of up to a maximum of five (5) years; and the loan repayment period of up to a maximum of ten (10) years following the moratorium period.

The Guarantee on Eligible Loans shall constitute a direct irrevocable and unconditional financial guarantee and shall cover losses relating to unpaid principal and interest incurred by the selected Financial Institution/s, until the “**date of default**” in respect of each defaulted Eligible Student Transaction up to the Cap Amount. The Guarantee shall not cover Student Transactions which become Non-Eligible Transaction because of an Exclusion.

Eligible Loans will be automatically covered by the Guarantee (up to the limits prescribed according to pre-defined eligibility criteria on a loan-by-loan basis and at portfolio level) following the submission by the selected Financial Institution/s of inclusion notices to the MDB on a monthly and quarterly basis as specified in the Operational Agreement.

No Guarantee Fee will be payable by the Financial Institution/s in respect of the Guarantee provided by the MDB covering Eligible Loans.

The structure of the Guarantee is illustrated below.



## Part II: Interest Rate Subsidy

In addition to gaining enhanced access to bank credit, the Eligible Student shall benefit from an Interest Rate Subsidy during the moratorium period. The interest element during the moratorium period of each Eligible Loan will be fully financed by the Interest Rate Subsidy provided by the FI. The interest is to be charged by the Financial Institution/s to the loan account on a monthly basis. The Interest Rate Subsidy shall be paid by the MDB to the selected Financial Institution/s in accordance with the terms specified in the Operational Agreement.

The maximum term of capital moratorium should cover the term of the course plus an additional twelve (12) months, subject to a maximum moratorium period of five (5) years.

## Part III: General features of the FI

The general characteristics of the FI are summarised below:

- Portfolio Guarantee of up to EUR 1.1 million covering 80% of each Eligible Loan with a cap rate of 25%. Expected volume of total Eligible Loans generated under the FI: EUR 5.5 million
- Full Interest Rate Subsidy during moratorium on Eligible Loans
- Maximum moratorium term is five (5) years covering the course term plus one (1) year.
- Minimum loan term is moratorium period plus two times the course period for capital and interest repayments.

- Maximum term of the loan is of fifteen (15) years from the first disbursement by the Financial Institution/s of the loan funds to the Eligible Student, covering the full moratorium period of up to a maximum of five (5) years and the loan repayment period of up to a maximum of ten (10) years following the moratorium period.

The full details on the general conditions of the FI are listed in **Part VIII: Operational provisions**

#### **Part IV: Size of the ESF allotted to the FI**

The initial fund allocated by the MA to this FI is set at an amount of up to EUR 2 million which is sourced from the ESF. Of this amount, EUR 1.1 million will be allotted to the Guarantee and EUR 900,000 to the Interest Rate Subsidy element.

The FI fund may be subsequently increased as necessary to a maximum of EUR 3 million. The allotment of the additional funding will be at the discretion of the MDB.

#### **Part V: Potential Applicants and the Role of Selected Financial Institution/s**

1. Potential Applicants are credit institutions that cater mostly for the domestic credit market and have branches in both Malta and Gozo.
2. Role of the selected Financial Institution/s – the origination, due diligence, documentation and servicing of the Eligible Loans shall be performed by the Financial Institution/s in accordance with its standard rules and procedures.
3. The selected Financial Institution/s shall have the sole direct client relationship with the Eligible Student.

#### **Part VI: Call for Service**

##### ***1. Call for Service Template***

A copy of the Call for Service form to be submitted by applicant is attached hereto as Appendix 1 and can also be found on the MDB website: <https://mdb.org.mt>

The Call for Service should include the Applicant's identification, the project description, the supporting documents, the declaration of absence of conflict of interest and the statements regarding situations of exclusion.

The Call for Service is to be accompanied by the Appendices 1A, 1B, 1C and 1D, also attached to this Call.

##### ***2. Requests for clarifications***

The Applicant may request clarifications regarding the Call for Service or the nature of the FI until no later than seventeen (17) calendar days before the Deadline. Such requests must indicate the Call for Service reference number MDB/001/2019 and the name of the Applicant and shall be submitted in English via e-mail to: [info@mdb.org.mt](mailto:info@mdb.org.mt)

Applicants requesting clarifications shall not receive individual replies. Instead, answers to all requests for clarification received within the relevant deadline will be published by the MDB on its website <https://mdb.org.mt>

MDB will, in principle, not contact any Applicant prior to the Deadline, unless it considers it necessary to clarify issues of a technical nature. In the event that the MDB discovers any errors, inaccuracies, omissions or any other type of clerical defect in the text for this Call for Service before the Deadline, the MDB will correct the text of the Call and will inform all potential applicants accordingly.

### **3. Submission of the Call for Service**

The Call for Service shall be submitted in English, on or before the Deadline **both** by (i) e-mail **and** (ii) hand or professional courier service.

Hard copies, which must include the reference number MDB/001/2019 and title of the call - Further Studies Made Affordable are to be addressed to:

#### **Call for Service Reference Number MDB/001/2019**

The Chief Executive Officer  
Malta Development Bank  
Pope Pius V Street  
Valletta VLT 1041

Electronic copies are to be sent to: [info@mdb.org.mt](mailto:info@mdb.org.mt) and the subject of the e-mail shall clearly indicate the reference number and title of the call.

The Call for Service sent by hand or professional courier service shall consist of a closed single package, and shall contain the Call for Service, together with its attachments, in paper form and in removable electronic storage medium (USB drive).

### **4. The timelines of the Call for Service**

Deadline for the submission of the Call	26 <sup>th</sup> July 2019 at noon
Deadline for the submission of queries related to the Call	10 <sup>th</sup> July 2019 end of business
Publication by MDB of the Applicant/s awarded the call/ MDB to send notification to the non-awarded Applicants	12 <sup>th</sup> August 2019 end of business
Deadline for the submission of Appeals by the non-awarded Applicants.	Ten (10) calendar days after publication of Applicant/s Award/Non-Award, tentatively 22 <sup>nd</sup> August 2019 end of business

The Deadlines referred to in the above table apply to the date of receipt by the MDB of **both** the soft copy and the hard copy of all the documentation requested in the Call.

The dates mentioned above may be changed at MDB's discretion, in which case any changes in the dates will be officially announced on MDB's website not less than two (2) working days in advance.

## **5. Amendments to Call for Service**

Prior to the Deadline and in the same manner as specified above, the Applicant may amend the Call for Service by clearly indicating the part to be changed or amended.

Prior to or after the Deadline and in the same manner as specified above, the Applicants may withdraw their Call for Service.

After the Deadline, an acknowledgement of receipt will be sent by the MDB to all Applicants via e-mail, which shall state the following:

- Unique proposal identifier (Call for Service by the Financial Institution number);
- Reference number of the Call for Service (MDB/001/2019);
- Confirmation that the Call for Service was received before the Deadline.

The acknowledgement of receipt shall not be construed as a declaration of completeness of the Call for Service and the Documents to be submitted therewith (namely Appendices 1A to 1D), nor any kind of assessment of the same.

## **6. Appeal**

Those Applicants, whose Call for Service is rejected, shall have the right to submit a written appeal by e-mail and registered mail or professional courier service, to the same address used for the submission of the Call for Service above, within ten (10) calendar days of receipt of the letter of rejection, tentatively by not later than 22<sup>nd</sup> August 2019. The Appeal must include a duly motivated justification, giving reasons why the Applicant does not agree with the decision taken by MDB and why the Applicant should therefore be re-considered. The Applicant is requested to submit any relevant documentation, if applicable, in support of the appeal.

## **Part VII: Selection process**

**The Financial Institution/s shall be selected based on an open, transparent, proportionate, non-discriminatory and objective selection procedure avoiding conflicts of interest, in line with the MDB's policies and procedures.**

The Call for Service shall be examined and ranked by the MDB using professional analysis and judgment avoiding conflicts of interest based on the Selection Criteria and the Award Criteria specified in Annex 1 and 2 in accordance with the Selection process which will be based on the procedures as outlined in Annex 2.

The MDB shall reject those Calls for Service which do not comply with the Selection Criteria. Financial Institutions whose application is rejected because of non-compliance with any of the elements reflected in the statements regarding situations of exclusion (Appendices 1C and 1D) may not present themselves for consideration in subsequent Calls for Service issued by the MDB unless it is specifically evidenced that the reason for the exclusion no longer exists.

The expiry of the Deadline shall not prevent the MDB, in limited cases if deemed necessary, from requesting and receiving from Applicants clarifications on issues of mere technical or formal nature, provided that such clarifications shall neither provide an opportunity to the respective Applicants to unduly improve their applications nor otherwise distort the competition between the Applicants.

Applicants which are not excluded according to the Selection Criteria will continue to be assessed in terms of the MDB’s selection process based on the Award Criteria. The further selection based on the Award Criteria assessment, and the due diligence process if any, will follow the standard procedures and guidelines applied by the MDB to its business. The Evaluation of proposals at this phase will be conducted under competitive terms and it is envisaged to select one or more Applicants. It is to be noted that in the context of the selection and due diligence process, the MDB may engage in negotiations with a view to specifically improve the access to finance for the benefit of the Eligible Students, subject that such negotiations will not change the ranking of the applicants as determined by the objectives Award Criteria as specified in Annex 2.

In any phase of the selection process, the MDB reserves full discretion to consider the Financial Institution/s who will be managing the scheme and no Applicant has any claim or other right or may expect to be ultimately selected. The non-selected Applicants are not entitled to any form of compensation for not being selected. The MDB will reserve the right to cancel the Call for Service at any time without notice. Any negotiation of terms and conditions of Operational Agreements shall by no means entail any obligation for the MDB to enter into such Operational Agreement with the relevant Financial Institution/s.

Those Applicants whose Call for Service is rejected, will be informed accordingly; the reason for their Call for Service being rejected will be clearly communicated to them upon request.

MDB will reserve the right to keep a reserve list of Financial Institutions as defined in note 1 of Annex 2.

**Part VIII: Operational provisions**

The selected Financial Institution/s shall be required to sign an Operational Agreement with the MDB and will be required to comply with European Anti-Fraud Office (OLAF) Regulation as may be amended from time to time and with the relevant monitoring, reporting, visibility and auditing obligations required by the EU regulations and ESIF management and control system. Kindly refer to (EU) no. 821/2014 for the application of Regulation (EU) no. 1303/2013<sup>1</sup>. Such obligations are briefly described in the relevant FI description documents and will be defined in the relevant Operational Agreement.

**General Definitions and Conditions of the FI:**

<b>FSMA</b>	means “Further Studies Made Affordable” launched by the MA under the OPII and ESF programmes in collaboration with the Ministry for Education and Employment in order to promote increased access to finance for Eligible Students to further their studies in Malta or abroad.
<b>ESF</b>	means the European Social Fund.
<b>MDB</b>	means the Malta Development Bank.

<sup>1</sup> 821/2014 - [Commission Implementing Regulation \(EU\) No 821/2014](#) of 28 July 2014 laying down rules for the application of Regulation (EU) No 1303/2013 as regards detailed arrangements for the transfer and management of programme contributions, the reporting on financial instruments, technical characteristics of information and communication measures for operations and the system to record and store data.

<b>Call for Service</b>	means a proposal sent by an Applicant in response to this Call for Service, within the Deadline, to be drafted in accordance with the Template attached hereto as Appendix 1.
<b>Selection Criteria</b>	means the criteria with which the Applicants must comply, and which are listed in <b>Annex 1</b> .
<b>Award Criteria</b>	means the award criteria assessment applied by the MDB with regard to the suitability of the Applicant for the purpose of implementing the proposed FI. These criteria are listed in <b>Annex 2</b> .
<b>Applicant</b>	means an entity applying to this Call as a potential Financial Institution.
<b>Operational Agreement</b>	means an agreement entered into between a Financial Institution and the MDB in connection with the Facility.
<b>Deadline for the submission of the Call of Service</b>	means 26 July 2019 or such different date as announced officially in MDB's website.
<b>Deadline for submission of Appeal</b>	means ten (10) calendar days from the date of the rejection letter to be sent by MDB or such different date as announced officially in MDB's website.
<b>Preferred tentative date for the launching of the FI</b>	means during the first week of October 2019 or such different date as may be decided in the Operational Agreement.
<b>Structure</b>	<p>The will be divided into two elements:</p> <ol style="list-style-type: none"> <li>1. <i>Guarantee element</i>: portfolio capped financial guarantee providing credit risk coverage on a loan by loan basis for a portfolio (the "Portfolio") of newly originated Eligible Loans. The guarantee shall cover losses incurred by the Financial Institution/s in respect of each defaulted Eligible Loan in accordance with the Guarantee Rate. Losses covered by the FI in respect of the Portfolio of Eligible Loans shall in aggregate not exceed the Cap amount agreed in the Operational Agreement between the MDB and the relevant Financial Institution/s.</li> </ol> <p><i>Interest rate subsidy element</i>: the interest rate subsidy will be utilised as a set off for all the interest incurred during the moratorium period of each Eligible Loan.</p>
<b>Currency</b>	The Cap amount on the guarantee shall be expressed in EUR. All amounts including interest payments to be paid to and by the MDB under the Guarantee shall be expressed in EUR.
<b>Governing Law</b>	The terms of the Guarantee Agreement are governed by the laws of Malta.
<b>Actual Portfolio Volume</b>	<i>Under the Guarantee</i> : The aggregate amount of the principal committed to be available under newly originated and disbursed

	<p>Eligible Loans included in the Portfolio, provided that, for the avoidance of doubt:</p> <ul style="list-style-type: none"> <li>i. If any Eligible Loan is prepaid and/or repaid, then this shall not reduce the Actual Portfolio Volume; and</li> <li>ii. If an Eligible Loan is excluded from the Portfolio as a result of the exclusion process described below, then such Eligible Loan value will not be taken into account for the calculation of the Actual Portfolio Volume; and</li> <li>iii. The Actual Portfolio Volume may in no circumstances exceed the Maximum Portfolio Volume.</li> </ul> <p><u>Full disbursement of the Eligible loans is to be made by latest 31 December 2023.</u></p> <p><u>If the Financial Institution/s benefiting from MDB’s guarantee has not disbursed the planned Maximum Portfolio volume to the Eligible Students by the end of the disbursement period, the Guaranteed amount shall be reduced proportionally.</u></p> <p><u>Interest rate subsidy:</u> The aggregate amount paid to cover the incurred interest on the Eligible Loans included in the Portfolio from time to time, will be made towards the full interest charged during the moratorium period subject to the terms and conditions of the moratorium.</p> <p style="text-align: center;"><i>Provided that, for avoidance of doubt:</i></p> <ul style="list-style-type: none"> <li><u>i.</u> <i>The Eligible Student will remain a student throughout the moratorium period of the loan.</i></li> <li><u>ii.</u> <i>The Eligible Loan or part thereof is made available to a person who is an Eligible Student.</i></li> <li><u>iii.</u> <i>Disbursements from the Eligible Loan are made for the purpose listed under the Eligible Use of the loans.</i></li> </ul> <p>Any interest rate subsidy claimed for a Non-Eligible Loan shall be refunded back to the MDB, with the relative amount deducted from the next interest payment made to the Financial Institution.</p> <p>The student will not be eligible to receive further support in the form of Interest Rate Subsidy from the month after s/he discontinues his/her studies.</p> <p><u>If the Financial Institutions/s benefiting from MDB’s guarantee has not disbursed the planned Agreed Portfolio volume to the Eligible Students (Final Recipients), the eligible expenditure relating to the Interest Subsidy shall be reduced proportionally.</u></p>
<p><b>Maximum Portfolio Volume</b></p>	<p>The maximum aggregate amount of newly originated and disbursed Eligible Loans to be covered by the Financial Instrument, as agreed in the Operational Agreement.</p>

<b>Guarantee</b>	<p>The guarantee is irrevocably and unconditionally issued on a first demand basis in favour of the Financial Institution.</p> <p><b><u>At any point in time, the aggregate amount which the MDB may be liable to pay pursuant to the Guarantee shall be an amount equivalent to the product of (a) the Actual Portfolio Volume; (b) the Guarantee Rate; (c) the Guarantee Cap Rate.</u></b></p>
<b>Guarantee Rate</b>	<p>The FI shall cover losses incurred by the Financial Institution/s in respect of each defaulted Eligible Loan in accordance with the Guarantee Rate. The Guarantee Rate shall be 80% of each Eligible Loan in the Portfolio.</p>
<b>Guarantee Cap Rate</b>	<p>The Guarantee Cap Rate is expressed as a percentage of the guaranteed part of the Actual Portfolio Volume.</p> <p>Losses covered by the Guarantee in respect of the Portfolio of Eligible Loans shall not in aggregate exceed the Cap Amount.</p> <p>The Guarantee Cap Rate is 25%.</p>
<b>Cap Amount</b>	<p>The maximum amount, expressed in EUR, as agreed in the Operational Agreement, which the MDB is obliged to pay under the Financial Instrument.</p>
<b>Guarantee Final Termination Date</b>	<p>The Guarantee will terminate on the earlier of: (i) six (6) months following the latest loan Maturity Date; (ii) the date on which an Early Termination (if any) has occurred and (iii) the date (if any) on which the MDB is no longer liable to effect further payments to the Financial Institution and has no further claims under the Guarantee.</p> <p>Upon termination of the Operational Agreement, the MDB will initiate negotiations with the Financial Institution to agree on the settlement of any outstanding rights and liabilities based, inter alia, on an estimate of future loss recoveries (including, for the avoidance of doubt, any recoveries arising under the right of clawback) and outstanding liabilities in relation to losses in light of the respective Cap Amount.</p>
<b>Guarantee Cover</b>	<p>Losses deriving from principal and interest unpaid at the time of default, excluding late payment fees, default interest, capitalised interests and fees. Losses should exclude any interest payments claimed/to be claimed from the interest rate subsidy, during the default period.</p> <p>The MDB will rank <i>pari passu</i> with the Financial Institution/s with respect to recoveries as further described in 'Servicing and Recoveries' below; recoveries paid to MDB shall be net of recovering/foreclosure costs.</p>
<b>Availability Period</b>	<p>Typically, a maximum of 42 months depending on the date of signature of the Operational Agreement but not later than 31 December 2023. During this period Eligible Loans may be included by the Financial Institution in the Portfolio for cover. Such inclusion of Eligible Loans shall occur automatically upon receipt by the MDB of an inclusion notice submitted by the Financial Institution on a monthly and</p>

	<p>quarterly basis. For the avoidance of doubt the Eligible Loans so included shall be deemed to be covered by the Guarantee from the date of the signature of such Eligible Loans.</p> <p>The underlying Eligible Loans to be covered by the Guarantee and interest rate subsidy shall be:</p> <ul style="list-style-type: none"> <li>(i) Eligible Loans sanctioned within the Availability Period; and</li> <li>(ii) Eligible Loans fully disbursed within the Availability Period, that is by not later than 31 December 2023</li> </ul> <p>This means that all Eligible Student Transactions must be fully disbursed by 31 December 2023. In the case where the course term goes beyond the 31 December 2023, the allocated loan funds need to be fully disbursed and placed in the student account against a 'hold' on the funds. The Financial Institution will continue to regularly disburse the funding in line with the held funds as permitted in the section – 'Size and drawings of Eligible Loans'.</p>
<p><b>Eligible Student (final recipient)</b></p>	<p><i>To be eligible for a loan, a Student shall satisfy one of the following conditions on the date of application:</i></p> <ul style="list-style-type: none"> <li>a) Is a Maltese citizen; <b>OR</b></li> <li>b) Is a national of an EU/EEA Member State or a family member of such EU/EEA national (as defined in SL460.17 and SL217.04 respectively for EU and EEA nationals), provided that such person has obtained permanent residence in Malta in accordance with SL460.17 and in SL217.04 respectively for EU and EEA nationals; <b>OR</b></li> <li>c) Is a national of an EU/EEA Member State who is in Malta exercising his/her Treaty rights as an employee, self-employed person or person retaining such status in accordance with SL460.17; <b>OR</b></li> <li>d) Is a third country national that has been granted long-term residence status in Malta under SL217.05.</li> </ul> <p>(note: in case of married couples where the Eligible Loan needs to be issued in the joint names under the Family Law, one of the applying parties needs to comply with at least one of the categories above).</p>
<p><b>Eligible Loans</b></p>	<p>The loan should be tied to pursuing a study programme which is an accredited course in MQF levels 5, 6, 7 and 8, as well as internationally-recognised certificates. The loans are to be made available for full time and part time studies.</p>
<p><b>Tenor of Eligible Loans</b></p>	<p>All loans will carry a moratorium period on capital repayments. The Moratorium on capital repayments should cover:</p> <p>The course period plus an additional one (1) year, subject to a maximum moratorium period of five (5) years.</p> <p>The moratorium period may be extended by a further period of not more than one (1) year, subject to the provision of evidence showing that:</p> <ul style="list-style-type: none"> <li>a) The course term has been extended; or</li> </ul>

	<p>b) The Eligible Student provides evidence of the need for a further period to complete the course.</p> <p>Notwithstanding under no circumstance should the moratorium period exceed the five (5) year term.</p> <p>The maximum loan term of each Eligible Loan should consist of:</p> <ul style="list-style-type: none"> <li>a) The moratorium period covering the term of the course, plus the additional one (1) year, maximum period of five (5) years; and</li> <li>b) Loan repayments not exceeding two times the course period subject to a maximum of ten (10) years.</li> </ul> <p>Maximum total loan period covering the moratorium period plus the loan and interest repayment period, shall not exceed fifteen (15) years from first loan disbursement by the Financial Institution to the Eligible Student.</p> <p>Loan repayments shall commence immediately after the moratorium period and shall be affected on a monthly basis.</p>
<p><b>Use of Eligible Loans</b></p>	<p>The Eligible Loan will specifically finance tuition fees, living expenses, accommodation fees, transport expenses, textbooks and related expenses.</p>
<p><b>Size and drawings of Eligible Loans</b></p>	<p>The Eligible Loan should cover the full costs of the course as per student budget. The annual cost requirements will be calculated as per annual budget estimates presented by the Eligible Student. (see sample of Student Budget as per <b>Attachment A to the Call</b>).</p> <p>No upfront contribution by the student is to be requested by the Financial Institution.</p> <p>No double funding should be allowed through the loan. If an Eligible Student benefits from the Students' Maintenance Grant Scheme operated by the Government of Malta, payments of tuition fees made through such grants should not be covered by the Eligible Loan amount.</p> <p>Maximum loan amounts under the FI is EUR 100,000 subject to:</p> <ul style="list-style-type: none"> <li>a) Course budget to be presented by the Eligible Student covering the costs for the course in line with the Transaction Eligibility Criteria;</li> <li>b) Prospective affordability of the repayments as assessed by the Financial Institution/s.</li> </ul> <p>Effective drawdowns are to be made in line with the Eligible Student's budgets subject to reasonable budget computation and terms above. All tuition fees and lodging should be paid against invoices, directly to the institution or landlord. Other drawdowns will not require evidence but will be allowed to the credit of the student's account, against budgets.</p> <p>For ease of guidelines all drawdowns against the loan are to be made in line with the cost payments exigencies (e.g. if the full course fees</p>

	need to be covered in the first semester or before the start date of the course, the Financial Institution/s will allow such payments).
<b>Latest Loan Maturity date</b>	Means the latest day on which Eligible Loan(s) included in the Portfolio are scheduled to be repaid by the Eligible Student in accordance with the original scheduled repayment provisions of the documentation governing such Eligible Loan agreements.
<b>Portfolio Trigger Event</b>	If the Financial Institution has not reached a minimum of 10% of the <u>volume of Eligible Student Transactions</u> (based on commitments) by the fifteenth (15 <sup>th</sup> ) month from signing of the Operational Agreement, MDB will consider the situation and may send a notice to the Financial Institution to early terminate the Availability Period on the date set out in such a notice.
<b>Other terms and conditions (if applicable)</b>	Other terms and conditions for the Eligible Loans originated under the FI should be applied by the Financial Institution in accordance with the policies submitted under the Call for Service.
<b>Collateral Requirements</b>	No additional collateral is to be requested from the Eligible Student in support of the Eligible loan.
<b>Default definition (applicable to Eligible Loans)</b>	<p>The applicable default definition is in line with the Capital Requirement Regulations. This means that a default occurs when:</p> <ul style="list-style-type: none"> <li>(i) The Financial Institution considers at any time (acting reasonably in accordance with its internal procedures) that the Eligible Student will be unlikely to meet its payment obligations under such loan transaction, <b>or</b></li> <li>(ii) The Eligible Student has failed to meet any payment obligation under the relevant loan which has continued for at least 90 consecutive calendar days.</li> </ul> <p>To cure a Transaction in Default as defined under point (i) and (ii) above, the terms of the Eligible Loan may be amended.</p> <ul style="list-style-type: none"> <li>(iii) The total permanent disability of the Eligible Student (unless there is a life cover and the repayments can be met from this source).</li> <li>(iv) The death of the Eligible Student (unless there is a life cover and in such cases the loan liabilities should be paid through the life cover held).</li> </ul>
<b>Loan Restructuring</b>	The Financial Institution may agree as it deems fit under its rules and regulations, and if it is a means to eliminate or reduce default, to the restructuring of an Eligible Loan, such that the amount of principal scheduled to be paid, and /or any interest amount due, by the Eligible Student is reduced, in order to improve the collectability of the claims arising from the relevant transaction.
<b>Servicing and Recoveries</b>	The Financial Institution shall perform the servicing of the Portfolio including monitoring and recovering actions.

	<p>Recoveries net of recovery costs (if any) are shared pro-rata between the MDB and the Financial Institution according to the Guarantee Rate.</p> <p>In case of Default, the Financial Institution is obliged to safeguard its position and that of the MDB and shall take the necessary precautions and procedures in line with its internal default recovery guidelines.</p>
<b>Guarantee Payment</b>	<p>Following a Default under an Eligible Loan complying with the provisions of the Operational Agreement and subject to receiving a valid guarantee call from the Financial Institution with respect to such Eligible Loan, the MDB shall make guarantee payments under the Financial Instrument within ninety (90) calendar days following receipt of such guarantee call.</p>
<b>Guarantee Fee</b>	<p>No Guarantee fee will be paid to the MDB on the guarantee amount.</p>
<b>Reutilisation</b>	<p>Amount made available upon repayment or part repayment of the Eligible Loans, can be made available again to Eligible Student's subject to terms under 'Availability Period'.</p>
<b>Cumulation</b>	<p>For ease of clarification, an individual can take up the Eligible Loan under this particular FI only once and even if the Eligible Loan is repaid the same Eligible Student cannot reapply for another Loan under the same manner, unless the Eligible Student applies for a loan for a different study course or for multiple levels of qualifications, subject to the maximum amount of Eligible Loan as per section 'Size and drawings of Eligible Loans'. Notwithstanding, the maximum term of the loans remains fifteen (15) years from the first disbursement by the Financial Institution under the first Eligible Loan made available to the Eligible Student.</p>
<b>Reporting</b>	<p>The Financial Institution shall provide the MDB with quarterly information in a standardised form and scope as defined by the MDB.</p> <p>An indicative reporting template is provided along this Call for information. The MDB is not bound to monitor or verify, and shall not be responsible for monitoring or verifying, the use of any amounts granted by the Financial Institution to the Eligible Student, in each case, under the Eligible Loans. Notwithstanding this, the MDB may, at any time, request information from the Financial Institution to enable the MDB to verify whether an Eligible Student Loan is an Eligible Loan and whether its inclusion in the Portfolio is in compliance with the terms of the Agreement.</p> <p>In case of a claim against the guarantee, the MDB has the right to request the Financial Institution to provide evidence showing procedures/attempts made to recover the default amounts.</p>
<b>Monitoring and Audit</b>	<p>The Financial Institution and the Eligible Student shall agree to allow and to provide access to documents related to the relevant Financial Instrument to the representatives of the Malta Government, The European Commission (including the European Anti-fraud Office (OLAF)), the European Court of Auditors, the MDB and any other authorised body duly empowered by applicable law to carry out audit</p>

	<p>and/or control activities. To that effect, the Financial Institution shall also include appropriate provisions in each agreement with the Eligible Students.</p> <p>The MDB may itself, or engage representatives to, inspect and audit the internal policies and procedures of the Financial Institution with respect to the Portfolio to ensure that the Portfolio is being operated in compliance thereof.</p>
<p><b>Events of Default under the Guarantee</b> <b>(applicable to the selected Financial Institution)</b></p>	<p>Standard events of default (typically: failure to pay, breach of agreement, illegality and bankruptcy). The occurrence of an event of default with respect to the Financial Institution would result in the termination of the Operational Agreement (such event, an 'Early Termination'). No payments will be made by the MDB if an Event of Default or potential Event of Default relating to the Financial Institution has occurred or is continuing. Such Events of Default also apply to the termination of the interest rate subsidy payments.</p>
<p><b>State aid Requirements</b></p>	<p>The FI is compliant with State aid rules.</p>
<p><b>Visibility</b></p>	<p>The Financial Institution shall carry out adequate marketing and publicity campaigns – as specified in the Operational Agreement – aimed at marketing the FI initiative known to the students in Malta.</p> <p>The selected Financial Institution will be contractually required to:</p> <ul style="list-style-type: none"> <li>– Label the Product: The name of the product (FSMA) should be clearly indicated.</li> <li>– Promote the product as the FI through its Website.</li> <li>– Display a promotional poster inside all branches promoting this FI.</li> <li>– Make at least two promotional publications in the three leading newspaper and social media promotion.</li> <li>– Make available promotional leaflets in all branches promoting this FI.</li> <li>– Make available promotional leaflets at the relevant campus.</li> </ul> <p>All documents concerning this FI, including amongst others, loan applications, loan agreements, promotional material to the students, etc. shall contain a statement mentioning that the Eligible Loan was made possible with the support of the Operational Programme II ("OPII") co-funded by the European Social Fund ("ESF") and the MDB. Appropriate text and logos will be provided to the selected Financial Institution during the contractual negotiations phase.</p> <p>Financial benefit: The financial benefit made possible through the FSMA Scheme should be identified at the time of signature of the loan contract and formally communicated to the Eligible Student. The financial benefit offered should also be used as a marketing tool by the Financial Institution.</p>

<p><b>Additional ESI Funds requirements</b></p>	<p>This FI is funded by Operational Programme II co-funded by ESF and is therefore subject to ESIF regulations and requirements, which can be found on the <a href="http://www.eufunds.gov.mt">www.eufunds.gov.mt</a> website (The ESF Rules and Regulations e.g. Monitoring and Audit, visibility, reporting, etc.). It should be noted however that more detailed information on actions necessary to ensure compliance of operations linked to this FI with all ESIF requirements (e.g. retention of documents, environmental protection, equality and non-discrimination) will be provided to and discussed with the selected Financial Institution during the contractual negotiations process.</p> <p>The FI is further subject to additional national ESI Funds requirements. National ESI Funds requirements may apply, <i>inter alia</i>, to any amendment of Operational Agreements which may, in particular, be necessary if the purpose, objective, eligibility conditions, timeframe, or the budget of the FI changes. Save as otherwise provided under relevant law, such changes in the FI would only apply as of the date of implementation of the additional requirements.</p>
<p><b>Transfer</b></p>	<p>Neither the MDB nor the Financial Institution shall be entitled to transfer any or all of its rights and obligations under the FI without the consent of the other party, provided that the MA shall in the event that the Funding Agreement by which the MDB was appointed as the entity to establish and operate the FI is terminated (for any reason whatsoever), would be at any time be entitled to transfer all or part of its rights and obligations under the FI to any person/entity. Appropriate arrangements will be put in place for these purposes.</p>
<p><b>Continuing Criteria</b></p>	<p>The FI shall apply only to Eligible Loans satisfying at all times certain criteria, including ensuring that no irregularity has occurred, where 'Irregularity' means the infringement of a provision of European Union law resulting from an act or omission by the Financial Institution and/or the Eligible Student which is the borrower of a loan which has, or would have, the effect of prejudicing the general budget of the European Union by charging on unjustified item of expenditure/ fee to the general budget.</p>
<p><b>Exclusion Process</b></p>	<p>a) At any time MDB shall have the right to verify whether a Financial Institution complies with "the <b>Eligible Loan</b>", "the <b>Eligible Student</b>" and "the <b>Continuing Criteria</b>" above.</p> <p>If the MDB considers that a Loan which has been included in the Eligible Portfolio does not comply with the Eligibility Criteria or any undertakings, requirements or requests, or if it becomes unlawful, the MDB may exclude such loan from the Portfolio. As a result, such excluded loans shall not be taken into account for the purpose of calculating the Actual Portfolio Volume under the Guarantee and no interest rate subsidy payment will be made available.</p> <p>b) If the Financial Institution becomes aware of the same matters above, the Financial Institution shall include such information in the immediate next Report to be delivered to the MDB.</p>

	<p>In each of the cases (a) and (b) the Eligible Loan shall be excluded from the Portfolio, and shall not:</p> <ul style="list-style-type: none"> <li>i) be covered by the Guarantee as from the date on which it became a Non-eligible Loan;</li> <li>ii) the interest rate subsidy paid towards the interest from the start of the loan will be refunded back to the MDB.</li> </ul> <p>However, if a loan included in the Portfolio becomes a Non-eligible Loan, as a result of any event or circumstance beyond the control of the Financial Institution and the Financial Institution can provide evidence to this effect, showing it has acted in good faith, the Eligible Loan remains covered by the Guarantee but:</p> <ul style="list-style-type: none"> <li>1. No further drawdowns should be allowed from the Eligible Loan; and</li> <li>2. If possible, the Financial Institution should take measures to accelerate the repayment of the Eligible Loan; and</li> <li>3. If possible, the Financial Institution should take measures to safeguard its position and that of MDB by requesting the Eligible Student to provide additional collateral;</li> <li>4. No further interest rate subsidy payment will be made.</li> </ul>
<b>Right of Clawback</b>	<p>In specified circumstances, the MDB will be entitled to be repaid by the Financial Institution/s, or to require the Financial Institution/s to request repayment from the relevant Eligible Student, as the case may be, of certain amounts, including any amounts paid by the MDB in excess of the Cap Amount and any excess amount paid by the MDB as a result of an exclusion of a loan from the Portfolio.</p>

**ANNEX 1 – SELECTION CRITERIA to Call for Service No. MDB/001/2019**

1. SELECTION CRITERIA		System of appraisal
		Yes/No
1.1	The Financial Institution is authorised to carry out the business of banking in Malta under the applicable regulatory framework.	
1.2	The Financial Institution has branches in Malta and Gozo.	
1.3	The Call for Service is prepared in accordance with Appendixes to the Call for Service. All necessary supporting documents are provided (in the form requested if specified).	
1.4	The Call for Service is duly signed.	
1.5	The Call for Service is submitted in English.	
1.6	The Call for Service is submitted by both registered mail and e-mail.	
1.7	The Call for Service is submitted within the Deadline.	
1.8	The Call for Services satisfies at least the criteria listed in Article 7 of Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014.	
1.9	The Call for Service addresses all the item of the FI, including any special condition set out in the relevant parts of the FI description.	
1.10	The Applicant is in agreement to be audited by MDB, Malta audit bodies, the Commission and the European Court of Auditors.	

**ANNEX 2 – AWARD CRITERIA to Call for Service No. MDB/001/2019**

<b>2. AWARD CRITERIA</b> <i>(refer to Appendix 1A attached with the Call for Service for List of Documents and information to be provided related to the hereunder criteria).</i>		<b>Max. Score</b>
2.1	The Financial Institution must prove to have the adequate capacity to implement the proposed FI by providing information on: <ul style="list-style-type: none"> <li>○ Its organisational structure and governance framework;</li> <li>○ General quality of the project proposal and implementation strategy as described in the Call for Service;</li> <li>○ Capability to build up the Portfolio of Eligible Loans.</li> </ul>	<b>28</b>  10 5 13
2.2	Pricing policy of the Financial Institution, to be charged under the FI, as submitted under the Call for Service. <ul style="list-style-type: none"> <li>○ Of which offer related to the proposed interest rates as specified in Appendix 1A Table 2 and according to the methodology explained in Note 1 below. For the avoidance of doubt, the interest rate is the final effective rate.</li> <li>○ Of which offer related to the proposed fees – as per Appendix 1A Table 3.</li> </ul> <p>Higher points will be given to the applicants offering the highest benefit to the Eligible Student.</p>	<b>40</b>  25 15
2.3	Detailed assessment of the Financial Institution’s financial standing with regards to capital adequacy, provisions, liquidity, other financial ratios, its capacity to service outstanding loan portfolio, the quality of its existing student portfolio and the rate of its non-performing loans, etc. Also, assessment of the Financial Institution’s organisational structure and corporate governance.	<b>9</b>
2.4	The quality of key financial ratios (a preliminary assessment of the financial standing and credit worthiness of the Financial Institutions will be performed based on key financial ratios calculated from the last three years audited financial statements to be submitted with this call).	<b>5</b>
2.5	Assessment of the administrative capacity of the Financial Institution: Quality of IT systems, reporting mechanism, monitoring procedures and controls and assessment of overall ability of the Financial Institution’s to comply with FI’s reporting and monitoring requirements.	<b>8</b>
2.6	Detailed assessment of the Financial Institution’s credit worthiness and risk management with regards to credit policy (internal procedures and guidelines), origination, risk assessment (rating/scoring), loan approval procedures, security requirement, recovery and reporting procedures, etc.	<b>10</b>

## EXPLANATORY NOTES RELATED TO THE EVALUATION OF THE AWARD CRITERIA

### **Note 1 – Method of evaluation:**

First stage: items 2.1 – 2.2 will be evaluated first. Applicants who score lower than 50 points will be automatically eliminated. From those Applicants who score 50 points or more, the two highest will qualify to the second evaluation phase.

Second Stage: items 2.3 – 2.6 will be subsequently evaluated. The MDB will select that Applicant with the highest score and initiate contractual negotiations accordingly. The MDB reserves the right to decide on the proposed allocation on the basis of the results of the assessment procedure.

To be noted that in the context of the selection and due diligence process, the MDB may engage in negotiations with a view specifically to improving access to finance for Eligible Students.

*Reserve list:* Those Applicants who score 85 or more points but are not selected for contractual negotiations of the Operational Agreement will form a reserve list.

In case more funding becomes available from the launch of the Call for Service , the MDB has the discretion to consider either (i) higher allocation to the Applicants with highest overall scores (i.e. those initially selected for contractual negotiation of Operational Agreement) or (ii) initiating contractual negotiations with any of the Applicant(s) included in the reserve list, taking into consideration the results of the evaluation procedure and the ranking formed.

If, for any reason, no Operational Agreement is signed with any of the initially selected Applicant(s), the MDB reserves the right to consider either (i) increasing the amount negotiated with the other Applicant(s) initially selected (in case more than one is selected) or (ii) approach the next scored Applicant inserted in the reserve list.

If the highest scored applicant/s indicate/s at signing of the Operational Agreement that it/they will not be able to build up the agreed portfolio volume, MDB will have the discretions to consider the next applicant/s on the list, based on the subsequent highest scoring.

### **Note 2 – Scoring of item 2.2**

All offers will be assessed individually for each financial parameter.

### **Note 3 – scoring of items 2.1, 2.3-2.6**

Score for item 2.1 will be awarded based on the initial qualitative analysis performed by the MDB. Score for items 2.3 – 2.6 will be awarded based on the detailed full diligence performed by the MDB.

### **Note 4 – Aggregate Results**

Third Stage: The aggregate results will define the score awarded for this Award criterion, in accordance with the following principle:

Rank 1: Awarded full points

Rank 2: Awarded 90% of the points

Rank 3: Awarded 80% of the points

Rank 4: Awarded 70% of the points

Subsequent rankings will apply the same logic with 10% marks being deducted for each lower ranking accordingly.

**APPENDIX 1 - Call for Service No. MDB/001/2019**

To:

**CALL FOR SERVICE**

Call for Service no. MDB/001/2019

Deadline for the submission of the Call for Service:

Call for Service for FI composing of a Portfolio Guarantee of maximum EUR 1.1 million representing 80% guarantee rate with a cap rate of 25% at Portfolio Volume together with a maximum amount of EUR 900,000 in Interest Rate Subsidy-

Applicant submitting the Call for Service \_\_\_\_\_ / \_\_\_\_\_  
(Bank name / Registration number)

Dear Sir or Madam,

Herewith we are submitting our Call for Service on behalf of (*Applicant name*) \_\_\_\_\_ in response to the Call for Service no. MDB/001/2019 in the framework of the FSMA initiative implemented by the MDB. Capitalised expressions utilised herein shall have the meaning attributed to them in the above-mentioned Call for Service.

The undersigned duly authorised to represent the (*Applicant name*) \_\_\_\_\_ is not in one of the situations which would exclude it from taking part in this Call for Service listed out in Appendices 4 and 5 to this Call for Service. The undersigned shall, upon request, provide all evidence to that extent.

Yours sincerely

Signature (s)

Stamp of the Applicant

Name and position in capitals:

Applicant's name:

Address:

Date (*Day/month/year*)

Appendices:

Appendix 1A List of Documents attached

Appendix 1B Declaration of Absence of Conflict of Interest

Appendix 1C Statement Regarding Situation of Exclusion 1

Appendix 1D Statement Regarding Situation of Exclusion 2: Declaration of compliance with Community and National Rules and Policies.

## APPENDIX 1A to the Call for Service No. MDB/001/2019

### LIST OF DOCUMENTS TO BE SUBMITTED

The Call for Service by the Financial Institutions with branches in Malta and Gozo should include:

#### a) Description of Applicant:

- i. Description of the Applicant's Institution (date of establishment, number of employees, shareholders etc.), legal status and applicable regulatory framework;
- ii. Geographical area of operations and branch network in Malta and Gozo;
- iii. Description of Applicant's governing and management bodies and corporate governance structure.
- iv. The Applicant is to provide full description of the procedures for approving, disbursing and monitoring of student loans.

#### b) Information on the Applicant's present activities:

- i. Commitment to student loans
  - a. Overall strategy of the Applicant in general and student loan lending strategy in particular, positioning vis-à-vis competitors in student lending segment, product range offered, expected impact of current market environment on student lending (e.g. tighter lending criteria, etc.)
  - b. Student lending onboard
- ii. Current pricing policy for comparable loans (in terms of maturity, purpose, etc.) to a similar target group, as per Table 1 below, including
  - a. Interest rate split into fixed and variable, base rate;
  - b. Up-front fees and any other non-interest payments;
  - c. Collateral requirements.

Table 1 - Current pricing policy

<i>Total of Value of loans awarded if available</i>	<i>Euro:</i>
<i>Interest</i> <input type="checkbox"/> <i>fixed</i> <input type="checkbox"/> <i>variable</i>	<i>Final effective rate</i>
<i>Average Fees per student loan</i>	<i>Euro:</i>
<i>Collateral</i>	<input type="checkbox"/> <i>Yes</i> <input type="checkbox"/> <i>No</i>

#### c) Information on the implementation of the FI by the Applicant:

- i. General investment methodology and business plan (e.g. How the FI will be promoted nationwide, including both Malta and Gozo, publicity strategy, procedures for allocation of loans, etc.);
- ii. Applicants are requested to specify the proposed size of the portfolio of Eligible Loans to be originated and disbursed during the Availability Period. Considering the guarantee, it is expected that the size of the portfolio will carry a minimum of EUR 5.5 million.

- iii. Lending criteria proposed front contribution, if any, and proposed pricing to be applied on the new loan portfolio under this Financial Instrument. These should be submitted in accordance with the table that follows and other terms and conditions to be applied to the loans under this Financial Instrument, taking into consideration the provisions of Annex 2 and the objective to provide better financing terms to the Eligible Students. The information submitted herein by the Applicant, as per Tables 2 to 5 below, will be assessed on a comparative basis according to the Award Criteria and will become a contractual obligation for the Applicant, if selected.

Table 2 - Proposed interest rate to be charged on the new Eligible Loans covered by the FI.

<b><i>Portfolio Volume of Loans to be awarded on the basis of <u>no</u> additional collateral requirements (save for life cover) (Guarantee of 80%, maximum Cap rate 25%.</i></b>	<b><i>EURO Denominated Portfolio Volume amount</i></b>
<b><i>Interest rate to be charged on the Eligible Loans, whether</i></b> <input type="checkbox"/> <i>fixed</i> <input type="checkbox"/> <i>variable</i>	<b><i>Final effective rate</i></b>

Particular consideration will be given to the benefit fully passed on to the Eligible Students in the form of reduction in interest rate on the loans supported by the Financial Instrument, taking into account:

- Guarantee on the Portfolio as described above which will reduce the RWA (Risk Weighted Asset) on this particular portfolio.
- The interest rate subsidy which will eliminate the risk on the interest payments during the moratorium period.

Table 3 – Fees to be applied on the new Eligible Loans covered by the FI

<b><i>Nature of fee</i></b>	<b><i>Value</i></b>	<b><i>Single Payment</i></b>	<b><i>Monthly</i></b>	<b><i>Annual</i></b>	<b><i>Comments, remarks</i></b>
Processing fee		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Administration fee		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Disbursement fee/outward payment fee/draft fee etc.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Commitment fee		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Fee for amendment of terms (if required)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Early repayment fee		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other fees, if any (please provide details)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

- iv. Confirmation or provision of the expected timing for the launch of the FI, upon signing of Operational Agreement if the first week of October 2019 cannot be considered as an appropriate launching date by the Financial Institution.
- v. Description of the origin of source used to finance the new loans guaranteed under the FI (e.g. Applicants own resources)
  - a. **Information on Applicant's IT systems, reporting mechanisms, monitoring procedures and controls, currently utilised in its normal activity (also to be utilised for implementation of the Financial Instrument);**
  - b. **Annual reports for the last three financial years, including audited financial statements (only in electronic format i.e. scanned copies of signed audited financial statements);**
  - c. **Certified copy of banking license or other requisite license or, if not available, other proof of the Applicant's authorisation allowing for the implementation of the FI in Malta;**
  - d. **Appropriate evidence of the representative's authorisation to act for and on behalf of the Applicant (signatory powers);**
  - e. **Declaration on absence of conflict of interest as per template provided in Appendix 1B, duly signed;**
  - f. **Statement regarding situation of exclusion – 1 as per template provided in Appendix 1C, duly signed;**
  - g. **Statement regarding situations of exclusion – 2 as per template provided in Appendix 1D: Declaration of compliance with Community and National rules and policies, duly signed.**

MDB will consider all those Applicants who satisfy the Selection Criteria list to move on to the second selection process that is the Award Criteria. At this stage the Applicants may be requested to submit additional information to complement their Call for Service before or during the due diligence process. This will indicatively include inter alia:

- A. Detailed information on the Applicant's operating principles and procedures applied to student lending:
  - 1) Origination;
  - 2) Risk assessment procedures (internal rating/scoring system/external system used such as CCR);
  - 3) Loan approval procedures;
  - 4) Monitoring and early warning signals;
  - 5) Recovering procedures (what steps are taken and when; which departments are involved);
  - 6) Risk management: methods utilised for loss forecasting, provisioning and credit risk management on portfolio level;
  - 7) Summary of changes to the Financial Institution's operating principles and procedures due to the current financial situation.
- B. Information on the Applicant's total lending portfolio over the last three (3) financial years:
  - 1) Composition and concentration of the outstanding loan portfolio;
  - 2) Non-performing loans (outstanding non-performing loans/outstanding loan amount) as of the end of each financial year and year to date data for the current year) for the past five (5) financial years – both in terms of number and volume; (such information is required on consumer credit facilities only divided into two sections – secured and unsecured) – both in terms of number and volume.
  - 3) Annual defaults of consumer credit facilities, net losses and bad debt provisions;
  - 4) Recoveries and recovery periods for consumer credit facilities.

**d) Wolfsberg Questionnaire:**

The Applicant is kindly requested to fill in the Wolfsberg Questionnaire which is available on the MDB's web site as **Attachment B to the Call**.

**e) Application Identification**

1.1 Application identification

INFORMATION REQUIRED	
APPLICANT'S NAME	
CONTACT DETAILS	Address: Telephone: Fax: Email:
COMMERCIAL REGISTER, ETC.- REGISTRATION DETAILS	Denomination of register: Date of registration: Country of Registration: Registration number:
VAT	Registration number: Or Statement of exemption issued by the national VAT authority dated ...../issued by ..... And enclosed under reference .....

1.2 Person authorised to submit the Call for Service on behalf of the Applicant and appropriate evidence of such authorisation.

INFORMATION REQUIRED	
TITLE	Mr/Mrs/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
CONTACT DETAILS	Address: Telephone: Fax: Email:
FUNCTION	

1.3 Contact person (if different from 1.2)

INFORMATION REQUIRED	
TITLE	Mr/Mrs/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
CONTACT DETAILS	Address:

	Telephone: Fax: Email:
FUNCTION	

**APPENDIX 1B to Call for Service No. MDB/001/2019**

**DECLARATION OF ABSENCE OF CONFLICT OF INTEREST**

The Applicant and the undersigned in his/her/their capacity as duly authorised representative(s) of the Applicant confirm to have read the European Commission Anti-Fraud Policy and declare not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the Operational Agreement and not to have granted nor to grant, not to have sought nor to see, not to have attempted nor to attempt to obtain, and not to have accepted nor to accept, any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal practice or involving corruption, either directly or indirectly, as an incentive or reward relating to signing of the Operational Agreement.

Furthermore, the Applicant and the undersigned in his/her/their capacity duly authorised representative(s) of the Applicant confirm that they do not have a direct or indirect interest that may affect the performance of the task assigned to the Applicant under the Call for Service no. MDB/001/2019.

Yours sincerely

Signature

Name and position in capitals:

Stamp of the Applicant

Applicant's name:

Address:

Date (*day/month/year*):

## APPENDIX 1C to Call for Service No. MDB/001/2019

### STATEMENT REGARDING SITUATIONS OF EXCLUSION - 1

The undersigned certifies/certify that the (Applicant) is not in any of the situations which would exclude it from taking part in this Call for Service and accordingly declared(s) that the (*Applicant*):

- i) Has never been the subject of a conviction by final judgment for one or more reasons listed below:
  - Participation in a criminal organisation, as defined in Article 2 (1) of the Council Joint Action 98/733/JHA<sup>2</sup>;
  - Corruption, as defined in the Council Act of 26 May 1997 and Article 3 (1) of the Council Joint Action 98/733/JHA;
  - Fraud within the meaning of Article 1 of the Convention drawn up on the basis of Article K.3 of the Treaty on European Union, on the protection of the European communities' financial interest<sup>3</sup>;
  - Money laundering as defined in the Directives 2005/60/EC<sup>4</sup> of 26 October 2005 and 2006/70/EC<sup>5</sup> of 1 August 2006, and Directive 2001/97/EC of 4 December 2001<sup>6</sup>;
- ii) Has not performed any act which may be qualified as illegal activity in the meaning of the term of the European Commission Anti-Fraud Policy;
- iii) Is not bankrupt or is being wound up, where its affairs are not being administered by the court, where it has not entered into an arrangement with creditors, where it has not suspended business activities or is not in any analogous situation arising from a similar procedure under national laws and regulations;
- iv) Is not the subject of proceedings for a declaration of bankruptcy for an order for compulsory winding up or administration by the court or of an arrangement with creditors or of any other similar proceedings under national laws and regulations;
- v) Is not 'a firm in difficulty' within the meaning of Article 2.1 of the Community guidelines on State aid for rescuing and restructuring firms in difficulty<sup>7</sup>;
- vi) No member of its senior management has been convicted as a consequence of a judgment which has the force of *res iudicata*, in accordance with the legal provisions of the country of any offence concerning its professional conduct;
- vii) No member of its senior management has been guilty of grave professional misconduct;

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<sup>2</sup> Joint Action of 21 December 1998 adopted by the Council on the basis of Article K.3 of the Treaty on European Union, on making it a criminal offence to participate in a criminal organisation in the Member States of the European Union (Official Journal of the European Union L351 of 29.12.1998), as amended from time to time

<sup>3</sup> Council Act 26 July 1995 drawing up the Convention on the protection of the financial interest of the European Communities (Official Journal of the European Union C316 of 27.11.1995), as amended from time to time

<sup>4</sup> Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (Official Journal of the European Union L309 of 25.11.2005), as amended from time to time

<sup>5</sup> Commission Directive 2006/70/EC of 1<sup>st</sup> August 2006 laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of 'politically exposed person' and the technical criteria for simplified customer due diligence procedures and for exemption on ground of a financial activity conducted on an occasional or very limited basis (Official Journal of the European Union L214 of 4.8.2006), as amended from time to time.

<sup>6</sup> Directive 2001/97/EC of the European Parliament and the Council of 4 December 2001 amending Council Directive 91/308/EEC on prevention of the use of the financial system for the purpose of money laundering (Official Journal of the European Communities L344 of 28.12.2001) as amended from time to time

<sup>7</sup> Communication from the Commission – Community Guidelines on State aid and restructuring firms in difficulty (Official Journal of the European Union C244 of 1.10.2004), as amended or substituted by future Community guidelines from time to time.

- viii) Has fulfilled obligations relating to the payment of social security contributions in accordance with the legal provisions of the county in which it is established;
- ix) Has fulfilled obligations relating to the payment of taxes in accordance with the legal provisions of the country in which it is established and in the countries where it operates, as applicable;
- x) Is not found to have provided serious misrepresentation in supplying the information required in accordance with the Call for Service or has supplied such information.

The Applicant and the undersigned in his/her/their capacity as duly authorised representative of the Applicant commit to provide all evidence to the above, upon request by the MDB.

Yours sincerely

Signature

Name and position in capitals:

Stamp of Applicant's

Applicant's name

Address:

Date (*day/month year*):

**APPENDIX 1D to Call for Service No. MDB/001/2019**

**STATEMENT REGARDING SITUATIONS OF EXCLUSION - 2**

The undersigned certifies/certify that the (Applicant) is not in any of the situations which would exclude it from taking part in this Call for Service and accordingly declared(s) that the (*Applicant*):

- i) Complies with all Community and National rules and policies in relation to Competition;
- ii) Complies with all Community and National rules and policies in relation to the goal of protecting and improving the environment and promoting sustainable development;
- iii) Complies with all Community and National rules and policies in relation to gender equality and non-discrimination;
- iv) Confirms its willingness and readiness to respect the information and publicity provisions applicable to this Financial Instrument.

Yours sincerely

Signature

Name and position in capitals:

Stamp of Applicant's

Applicant's name

Address:

Date (*day/month year*):