6. LENDING & PRICING POLICY (SUMMARY)

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Index

Document history:

Version	Date	Responsible	Event[1]	Remarks/Type of change(s)
0.1	26.07.2017	MO - HAJ	Creation	First draft
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[1] Events are: Creation, Rework, Review and Approval

1 Policy objective

The objective of the Lending Pricing Policy is to establish rules for setting the eligibility for EUROFIMA's equipment financing contracts and applicable pricing under these contracts. This policy complements the Capital Markets Policy and the Equipment Financing Policy.

2 Methodology

The Methodology for Lending & Pricing is based on Standard & Poor's latest Risk Adjusted Capital (RAC) Methodology used in Standard & Poor's Assessment of EUROFIMA's capital adequacy

3 Eligibility for EUROFIMA's equipment financing contracts

1. Use of Proceeds

   The EUROFIMA policy "7. EQUIPMENT FINANCING POLICY" provides in Section 2 "Governing principles" that: "Railway equipment acquired with a financing from EUROFIMA must be used for the provision of transport services that qualify as public service under applicable rules in the relevant EUROFIMA Contracting State."

   In the respective policy Section 3 "Equipment Eligibility" refers to that provision and specifies that: "In order to determine the existence of public service obligations, EUROFIMA will refer to applicable rules in the relevant EUROFIMA Contracting State, such as public service contracts or any other public interest mandate entrusted by or pursuant to law."

2. Eligible Guarantor

   For the purpose of this Policy an eligible Guarantor is (1) a Member State, guaranteeing the obligations of a Shareholder being a Borrower or (2) a Shareholder, guaranteeing the obligations of a Borrower not being a Shareholder and not being related to the Shareholder. For these Shareholders the conditions of Art. 9 of the EUROFIMA Statutes apply.

3. Minimum Rating Requirement

   Guarantors must maintain a minimum equity participation in relation to risk-weighted assets, with options for additional equity charges if the threshold is not met.

4 General pricing of EFC

The total pricing that EUROFIMA will charge on an EFC consists of the following elements:

1. Base Commission to cover general operational costs

   Charged to cover general operational costs, with a bonus for green-eligible assets.

2. Capital Charge to cover the Cost of Capital

   Applied to cover the cost of capital, calculated based on the RAC Risk Weight of the guarantor and other factors. If the Rating of the Guarantor changes during the term of the loan, the new Rating will be applied to calculate the Capital Charge from the date of the Rating change.

5 Concentration in the loan portfolio

An additional commission may be incurred if a transaction increases single-name concentration in the loan portfolio. This can include a concentration charge or costs for risk transfer instruments, depending on the impact on the adjusted RAC ratio.

6 Equity Charge

If a shareholder's equity participation is insufficient, a loan can still be contracted with an added equity charge. There are options for yearly equity charges or equity build-up payments over the loan's lifetime.

7 Risk Transfer instruments

Risk transfer instruments may be used to mitigate the impact of increased concentration in the loan book or to improve EUROFIMA's adjusted RAC ratio.

The costs associated with these instruments are generally charged to the borrower, except when used solely to improve the RAC ratio, in which case EUROFIMA bears the cost.

8 Appendices

Appendix 1: Terms and Explanations (not publicly disclosed)

Appendix 2: RAC Ratios and pricing examples per shareholder (not publicly disclosed)