EUROFIMA

ROLLING STOCK FINANCING

ANNUAL REPORT 2021

EUROFIMA
ROLLING STOCK FINANCING

European Company for the Financing of Railroad Rolling Stock

CONTENTS

EUROFIMA’s annual report covers the period from January 1 to December 31.
It is also available at www.eurofima.org

KEY FIGURES

Financial data: all amounts in million EUR
Railway equipment financed: in units

	2021	2020	2019	2018	2017
Balance sheet					
Total	15 909	17 009	16 114	15 819	17 003
Assets					
Liquid assets [1]	4 709	4 892	4 452	4 422	3 642
Equipment financing contracts	10 140	10 917	10 183	10 028	11 734
Derivative financial instruments	1 048	1 188	1 426	1 352	1 615
Liabilities					
Outstanding borrowings [2]	13 957	15 013	14 133	13 905	15 074
Derivative financial instruments	370	417	342	340	513
Equity					
Equity + Callable share capital	3 471	3 463	3 443	3 307	3 140
Net profit and appropriation to reserves					
Net profit for the financial year	22	24	23	14	15
Appropriation to statutory reserves	19	11	5	12	16
Ratios in %					
Total operating expense / Total operating income	27.4	26.9	29.0	34.1	36.7
Net profit / Average equity	1.4	1.6	1.5	0.9	0.9
(Equity + Callable share capital) / Outstanding borrowings	24.9	23.1	24.4	23.8	20.8
Estimated Basel III ratio	50.3	47.7	55.4	51.9	41.3
Borrowings and repayments during the financial year					
Borrowings	5 081	11 966	9 632	5 620	5 594
Repayments	5 953	11 154	9 725	6 515	6 689
Repayment rate in %	117	93	101	116	120
Railway equipment financed during the financial year					
Locomotives	110	232	81	0	0
Multiple-unit trains					
- Motor units	282	1 136	578	40	124
- Trailer cars	303	895	675	54	120
Passenger cars	176	314	29	45	80
Infrastructure equipment	0	40	82	48	0

[1] Cash and cash equivalents and financial investments
[2] Amounts due to credit institutions and customers and debts evidenced by certificates

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

REPORT OF THE BOARD OF DIRECTORS TO THE GENERAL ASSEMBLY

EUROFIMA European Company for the Financing of Railroad Rolling Stock is a supranational organization located in Basel, Switzerland. EUROFIMA fulfills a non-profit maximizing mission to support the development of public service passenger rail transportation in its Contracting States. EUROFIMA supports its shareholder railways in renewing and modernizing their equipment by providing competitive financings.

CONSTITUTION AND STATUTES

EUROFIMA was established on November 20, 1956, based on an international treaty (the "Convention") between sovereign States ("Contracting States"). It is governed by the Convention signed or adhered to by its Contracting States, its articles of association ("Statutes") and in a subsidiary manner by the law of the country in which it is located. It was originally founded for a period of 50 years. The decision taken by the extraordinary General Assembly of February 1, 1984, to extend this period for an additional 50 years, until 2056, was approved by all Contracting States. EUROFIMA's current shareholders are the railways/infrastructure managers of the Contracting States or the Contracting States themselves that are parties to the Convention.

The Statutes of EUROFIMA were amended in 2018. The amendments proposed by the Board intended to clarify the relevant conditions that public transport authorities and private transport operators must fulfil in order to be admitted as shareholders or to have access to loans from EUROFIMA – with an emphasis on the segment of public service contracts.

The amended Statutes were approved by the General Assembly of EUROFIMA on June 5, 2018 and became effective on October 5, 2018 after the review by the 25 Contracting States during a three-month period and based on the registration by the Commercial Register of Basel, Switzerland. By the approval of the amended Statutes, the shareholders and Contracting States reaffirmed EUROFIMA's treaty-based public interest mandate.

ACTIVITY

EUROFIMA finances railway equipment through borrowings or equity capital. EUROFIMA secures title to or obtains security interests deemed equivalent (in particular pledges) on or in respect of equipment. The general principles of EUROFIMA's activity are defined in an agreement (the "Basic Agreement") between the railways and EUROFIMA. The Basic Agreement remains valid for the entire duration of EUROFIMA's existence and can only be altered with the consent of all the railways and EUROFIMA. EUROFIMA's equity (paid in share capital and reserves) is primarily used for investments in liquid assets and, to a limited extent, for equipment financing contracts.

EQUIPMENT

EUROFIMA either holds title to the equipment until the financing has been completely reimbursed or it holds a direct or indirect security interest deemed equivalent, particularly pledges. The equipment is recorded in the company's register with its number and type. Each railway is responsible for maintaining the equipment. In case of damage or loss, the equipment must be replaced without delay and at the railway's expense. If a railway does not fulfill its obligations, EUROFIMA has the right to repossess the equipment to cover its exposure. The railway continues to assume responsibility for all contracts into which it has entered with the company. EUROFIMA has never experienced a loss due to the failure of a railway to assume its contractual obligations.

GUARANTEE RESERVE AND SUBSIDIARY SHAREHOLDER GUARANTEE

In the event of a default by a railway, the special guarantee reserve, as outlined in Article 29 of the Statutes, may be called upon. According to this article, the yearly allocation to the guarantee reserve corresponds to the balance of the annual profit, after allocation to the ordinary reserve of 5% of the net profit and the eventual payment of a dividend, statutorily limited to a maximum of 4% of the paid-in share capital.

In addition, pursuant to Article 26 of the Statutes, each Class A shareholder guarantees the fulfillment of all equipment financing contracts in proportion to its participation in EUROFIMA's Class A share capital and up to a maximum amount equal to its participation in EUROFIMA's subscribed Class A share capital. This subsidiary shareholder guarantee can only be called when (i) a railway and its guaranteeing Contracting State have not discharged obligations under equipment financing contracts and (ii) the guarantee reserve, as outlined by Article 29 of the Statutes, is not sufficient to cover the loss resulting from such non-payment. Pursuant to the amendment of the Statutes made in 2018 and referred to above, the Article 26 Guarantee will be discontinued in respect of loans provided by EUROFIMA on or after January 1, 2018. In respect of any loan provided by EUROFIMA prior to January 1, 2018, the Article 26 Guarantee will remain in full force and effect.

SHAREHOLDERS' DISTRIBUTION

Shareholder		Number of class A shares	In % of registered share capital	Subscribed share capital (in CHF) 2021	Subscribed share capital (in CHF) 2020	Callable share capital [1] (in CHF) 2021	Callable share capital [1] (in CHF) 2020
Deutsche Bahn AG	DB AG	58 760	22,60%	587 600 000	587 600 000	470 080 000	470 080 000
Société nationale SNCF	SNCF	58 760	22,60%	587 600 000	587 600 000	470 080 000	470 080 000
Ferrovie dello Stato Italiane S.p.A.	FS	35 100	13,50%	351 000 000	351 000 000	280 800 000	280 800 000
SNCB	SNCB	25 480	9,80%	254 800 000	254 800 000	203 840 000	203 840 000
NV Nederlandse Spoorwegen	NS	15 080	5,80%	150 800 000	150 800 000	120 640 000	120 640 000
RENFE Operadora	RENFE	13 572	5,22%	135 720 000	135 720 000	108 576 000	108 576 000
Swiss Federal Railways	SBB	13 000	5,00%	130 000 000	130 000 000	104 000 000	104 000 000
Luxembourg National Railways	CFL	5 200	2,00%	52 000 000	52 000 000	41 600 000	41 600 000
CP-Comboios de Portugal, E.P.E.	CP	5 200	2,00%	52 000 000	52 000 000	41 600 000	41 600 000
ÖBB-Holding AG	ÖBB	5 200	2,00%	52 000 000	52 000 000	41 600 000	41 600 000
Hellenic Railways	OSE	5 200	2,00%	52 000 000	52 000 000	41 600 000	41 600 000
Näringsdepartementet, Sweden		5 200	2,00%	52 000 000	52 000 000	41 600 000	41 600 000
Akcionarsko društvo Železnice Srbije	ŽS	2 800	1,08%	28 000 000	28 000 000	22 400 000	22 400 000
České dráhy, a.s.	ČD	2 600	1,00%	26 000 000	26 000 000	20 800 000	20 800 000
HŽ Putnički prijevoz d.o.o.	HŽ	2 122	0,82%	21 220 000	21 220 000	16 976 000	16 976 000
Hungarian State Railways Ltd.	MÁV	1 820	0,70%	18 200 000	18 200 000	14 560 000	14 560 000
Javno preduzeće Željeznice Federacije Bosna i Hercegovina d.o.o.	ŽFBiH	1 326	0,51%	13 260 000	13 260 000	10 608 000	10 608 000
Železničná spoločnosť Slovensko, a.s.	ŽSSK	1 300	0,50%	13 000 000	13 000 000	10 400 000	10 400 000
Slovenske železnice d.o.o.	SŽ	1 092	0,42%	10 920 000	10 920 000	8 736 000	8 736 000
Holding Balgarski Darzhavni Zheleznitsi EAD	BDZ	520	0,20%	5 200 000	5 200 000	4 160 000	4 160 000
Javno pretprijatie Makedonski Železnici-Infrastruktura	ŽRSM Infrastruktura	243	0,09%	2 430 000	2 430 000	1 944 000	1 944 000
Željeznički Prevoz Crne Gore AD	ŽPCG	156	0,06%	1 560 000	1 560 000	1 248 000	1 248 000
TCDD Taşımacılık A.Ş.	TCDD	104	0,04%	1 040 000	1 040 000	832 000	832 000
Železnici na Republika Severna Makedonija Transport AD - Skopje	ŽRSM Transport	61	0,02%	610 000	610 000	488 000	488 000
Danish State Railways	DSB	52	0,02%	520 000	520 000	416 000	416 000
Vygruppen AS	VY	52	0,02%	520 000	520 000	416 000	416 000
Total		260 000	100.00%	2 600 000 000	2 600 000 000	2 080 000 000	2 080 000 000

	Book value (in EUR) 2021	Book value (in EUR) 2020	Book value (in EUR) 2021	Book value (in EUR) 2020
Book value as at December 31	2 393 248 000	2 393 248 000	1 914 598 400	1 914 598 400

[1] As per Article 21 of the Statutes the callable share capital may be called in unconditionally at any time by decision of the Board of Directors.

STATE GUARANTEE

The obligations of a railway towards EUROFIMA benefit from a guarantee of the relevant Contracting State. Each Contracting State is either directly liable for, or, guarantees the obligations of any of its railway administrations under the equipment financing contracts and the obligations of its railway administrations in such railway's capacity as a shareholder of EUROFIMA (these include the callable capital and the subsidiary shareholder guarantee - the latter for all financings disbursed before January 1, 2018). Pursuant to the changes to the statutes in 2018, in certain circumstances, EUROFIMA could benefit from a guarantee of the local or regional government in lieu of the guarantee from the Contracting State.

Ratings of the Contracting States at December 31, 2021 and 2020

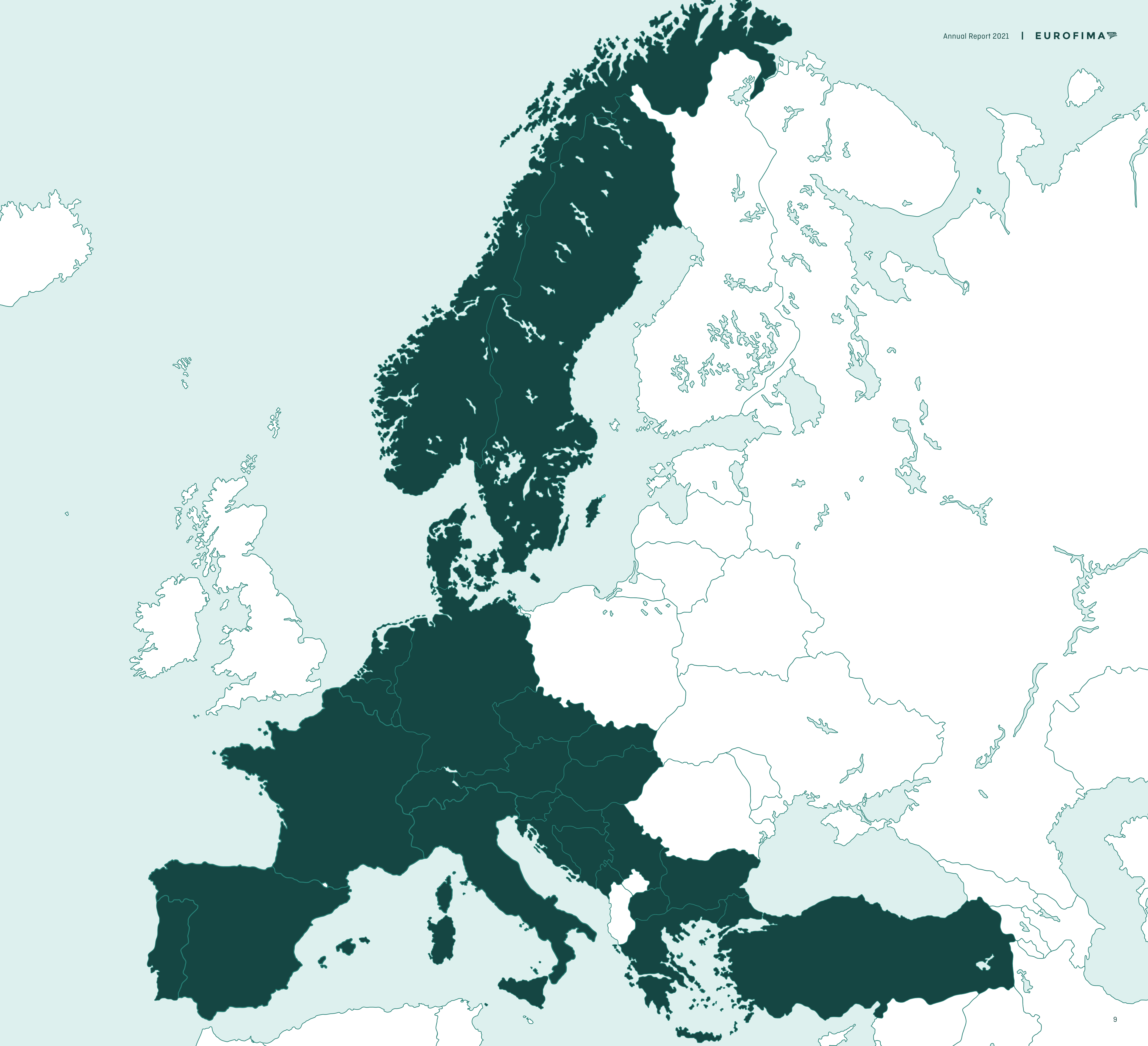
	2021 Standard & Poor's Corp.	2021 Moody's Investors Service Inc.	2020 Standard & Poor's Corp.	2020 Moody's Investors Service Inc.
Germany	AAA	Aaa	AAA	Aaa
France	AA	Aa2	AA	Aa2
Italy	BBB	Baa3	BBB	Baa3
Belgium	AA	Aa3	AA	Aa3
Netherlands	AAA	Aaa	AAA	Aaa
Spain	A	Baa1	A	Baa1
Switzerland	AAA	Aaa	AAA	Aaa
Luxembourg	AAA	Aaa	AAA	Aaa
Portugal	BBB	Baa2	BBB	Baa3
Austria	AA+	Aa1	AA+	Aa1
Greece	BB	Ba3	BB-	Ba3
Sweden	AAA	Aaa	AAA	Aaa
Serbia	BB+	Ba2	BB+	Ba3
Czech Republic	AA-	Aa3	AA-	Aa3
Croatia	BBB-	Ba1	BBB-	Ba1
Hungary	BBB	Baa2	BBB	Baa3
Bosnia and Herzegovina	B	B3	B	B3
Slovakia	A+	A2	A+	A2
Slovenia	AA-	A3	AA-	A3
Bulgaria	BBB	Baa1	BBB	Baa1
North Macedonia	BB-	-	BB-	-
Montenegro	B	B1	B+	B1
Turkey	B+	B2	B+	B2
Denmark	AAA	Aaa	AAA	Aaa
Norway	AAA	Aaa	AAA	Aaa

Rating of EUROFIMA at December 31, 2021

	Standard & Poor's Corp.	Moody's Investors Service Inc.	FitchRatings Inc.
Long term	AA	Aa2	AA
Short term	A-1+	P-1	F1+
Outlook	stable	stable	stable

EUROFIMA
ROLLING STOCK FINANCING

Contracting State	Member since
Austria	1955
Belgium	1955
Denmark	1955
France	1955
Germany	1955
Italy	1955
Luxembourg	1955
Netherlands	1955
Norway	1955
Portugal	1955
Serbia	1955
Spain	1955
Sweden	1955
Switzerland	1955
Greece	1957
Turkey	1957
Hungary	1991
Croatia	1993
Slovenia	1993
Bosnia and Herzegovina	1996
North Macedonia	1996
Bulgaria	1998
Slovakia	2000
Czech Republic	2002
Montenegro	2006



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Luxembourg - Source: AdobeStock

MESSAGE FROM THE CHAIRMAN

Stazione Mendrisio Binario, Switzerland - Source: SBB CFF FFS

MESSAGE FROM THE CHAIRMAN

The year 2022 has just begun and it is full of promises following the many achievements made last year. 2021 was not only the European Year of Rail, it was also the opportunity for EUROFIMA to celebrate the 65th anniversary of its founding as a public international body. Created by the signature of an International Treaty bringing together 25 sovereign States, EUROFIMA held its first constituent general assembly on November 20, 1956.

At a time when the focus is on measures to prevent and mitigate the effects of climate change, EUROFIMA's mission has never been more important. During the year, in spite of the important financial assistance from the States to support the passenger rail sector, which has been severely affected by the COVID-19 crisis, EUROFIMA has been able to satisfy all the funding requirements from its shareholders throughout Europe. Aiming to make railway transportation affordable to the general public, EUROFIMA is proud of its "non-profit maximizing" mission and its financial robustness that allows it to pass to its shareholders the very attractive rates that it sources on the capital markets. EUROFIMA is more than ever fully mobilized and determined to satisfy all the financing needs of its current shareholders and to seize opportunities from future shareholders.

EUROFIMA's contribution to the overall topic of sustainability and climate change lies in its DNA. As a 100%-climate aligned issuer, EUROFIMA's Sustainalytics ESG Rating ranks it among the top 10 issuers out of a universe of 14 000 companies. MSCI ESG has assigned a rating of AAA, the highest possible score, to EUROFIMA. Over the past year, EUROFIMA issued five green bonds. Up to date, a total of EUR 3 693 million green bond net proceeds have been fully allocated to fund electric passenger rail rolling stock, as per EUROFIMA's Green Bond Framework. The issuance on December 2, 2021 of an inaugural 10-year 200 million Swiss Franc green bond, demonstrated the very strong investor demand that enabled EUROFIMA to price with a negative new issue premium and a single digit greenium. To place sustainability even more at the core of its activities, EUROFIMA has launched a Sustainability Committee in March 2021, whose role is to raise awareness throughout the company about the importance of sustainability and to foster cross-unit collaboration.

The year 2021 also marked an important milestone for EUROFIMA as an employer. With its 28 highly educated, qualified and motivated professionals, EUROFIMA has started 2022 by changing its headquarters. After having spent more than 50 years in the beautiful, classified building called Ritterhof located in the old part of the city of Basel, EUROFIMA begins a new chapter of its history, by moving to the innovative Meret Oppenheim Hochhaus (MOH) designed by the famous architects Herzog & de Meuron. The MOH, property of its Swiss shareholder SBB, is ideally located at the Basel SBB station, and is a vibrant place to foster team work and innovative projects. By moving to its new premises, EUROFIMA is also making a step forward towards inclusion of people with physical disabilities.

The management and staff of EUROFIMA have once again shown strong determination and dedication to furthering the mission of EUROFIMA, as evidenced by the great results realized in 2021. In recognition of this commitment, the Board of Directors would like to extend its sincere thanks and appreciation for the achievements made during the year.

Ronald Klein Wassink
Chairman of the Board

Monte San Biagio, Italy - Source: Grigory Bruev, AdobeStock

CORPORATE GOVERNANCE

GOVERNING BODIES

As a public international body, EUROFIMA is governed first by its constitutive documents and only subsidiarily by Swiss law. Its constitutive documents are the Convention, the Statutes and the Basic Agreement. The organization's legal framework sets out the structure for EUROFIMA's governance. In addition to the constitutive documents, EUROFIMA's activities are governed by a set of policies, guidelines and rules of procedures adopted by the General Assembly, the Board of Directors or the Management. As a supranational organization, EUROFIMA is not subject to any national or international regulatory authority.

The Contracting States have reserved extensive corporate governance rights over EUROFIMA. The following changes to EUROFIMA's organization require the consent of the Contracting States: head office, objective, duration, conditions for admission of shareholders, quorums applicable to important shareholders' resolutions, equal voting rights of directors, all terms dealing with the shareholders' liability and the establishment of branches. EUROFIMA has to report annually on its development and its financial position to its Contracting States. Such reporting is done through the International Transport Forum, an intergovernmental organization within the OECD group.

EUROFIMA is governed and managed by the General Assembly, the Board of Directors and the Management.

GENERAL ASSEMBLY

The General Assembly convenes at least once annually. It approves the annual report of the Board of Directors, the audited financial statements, the appropriation of the annual surplus, the discharge of the acts of the Management and the Board of Directors, it appoints the External Auditor and approves the organization regulations. Decisions are taken by the majority of votes of the shares represented. However, in order to amend the Statutes, to reduce or to increase the subscribed share capital and redemptions of shares and conversions of shares, to transfer shares and subscription rights, to dissolve the organization, to appoint liquidators, to extend the organization's duration and to approve the maximum amount of borrowings, a supermajority representing at least seven-tenths of the subscribed share capital is required. The General Assembly decides upon any other questions which are submitted to it by the Board of Directors.

In 2021, the General Assembly convened on three occasions. The main topics examined by the General Assembly on which it took decisions were: the annual report and the appropriation of the 2020 surplus, the discharge of members of the Board of Directors and the Management for the financial year 2020, reappointment of the External Auditor for the financial year 2021, the maximum amounts of borrowings which may be concluded and the partial renewal of the Board of Directors.

BOARD OF DIRECTORS

The Board of Directors is responsible for EUROFIMA's strategy and its financial success. It sets the overall direction and assumes supervision and control of the organization and its Management.

It meets at least once quarterly. Each director has one vote. A majority of directors present or represented constitute a quorum. Decisions are taken on the basis of the majority of the directors present or represented except for the conclusion of borrowings where a three-fourths majority is required. In urgent cases, decisions may be reached according to a written procedure.

With the exception of certain reserved powers, the Board of Directors is authorized to entrust all or part of the management of the institution to one or several of its members ("representatives") or third persons who need not necessarily be directors ("members of the Management"). As a result, the executive management is delegated to members of the Management. In this regard, the General Assembly has established organization regulations determining the rights and responsibilities of the Board of Directors and the Management.

The Board of Directors mandates the Management to execute all equipment financing contracts and borrowings within the limits laid down by the General Assembly. It is responsible for the financial statements as well as the existence and maintenance of the internal control system on financial reporting. The Board of Directors is the competent body to call-in the not paid-in share capital.

The Board members, including the Chairman, Vice Chairmen and Vice Chairwoman are appointed by the General Assembly, with one Board member for each shareholder holding at least 2% of the share capital. They are appointed for a period of three years and are eligible for re-election. As at January 1, 2022, the Board of Directors consists of 12 members.

The Chairman calls the Board meetings with sufficient notice and draws up the agenda. Any other Board member has the right to call an additional meeting, if deemed necessary. Minutes are kept of the proceedings and decisions of the Board of Directors.

In order to ensure an efficient interaction with the Board of Directors, the meetings are also attended by the Management. The Chairman works with the Management in-between the meetings.

The Board of Directors established two advisory bodies: the Audit and Risk Committee and the Human Resources Committee

- The Audit and Risk Committee supports the Board of Directors in its comprehensive supervisory role with respect to financial control, risk control, audit and compliance management. In this respect, it oversees the activities of both Internal and External Audit. It consists of four Board members

- The mandate of the Human Resource Committee is to review, report on and, if required, make recommendations to the Board on matters relating to human resources and compensation policy, and to establish a plan of continuity and development of management for EUROFIMA. It consists of the Chairman of the Board and at least three and at maximum four other members of the Board as appointed by the Chairman of the Board.

The Board of Directors met on five occasions in 2021. On average, Directors' attendance was 83%. The main subjects examined by the Board of Directors on which it took decisions were: the quarterly financial reports, the annual financial statement, the annual budget, the general authorization to carry out borrowing transactions and associated treasury and derivative transactions, the annual report to the General Assembly, update and implementation of new policies, the report to the Governments parties to EUROFIMA's Convention, risk and capital adequacy and topics relating to Human Resource, assessment on EUROFIMA's current strategy and EUROFIMA's credit rating.

The members of the Board of Directors and its advisory bodies are listed on page 21.

MANAGEMENT

Under the authority of the Chief Executive Officer and the supervision of the Board of Directors, the Management is responsible for managing the business, overseeing the day-to-day operations of the organization, and preparing decisions for the Board of Directors. The Management consists of the Chief Executive Officer and the Chief Financial Officer.

The Management meets on a weekly basis and when required by the operations of the organization. In 2021, over 44 meetings were held. The Chief Executive Officer chairs the meetings of the Management. The members of the Management are appointed by the Board of Directors.

The members of the Management are listed on page 21.

Firenze, Italy - Source: Polonio Video - AdobeStock

CONTROLLING BODIES

EXTERNAL AUDIT

The External Auditor is appointed annually by the General Assembly in accordance with Article 10 of the Statutes.

The responsibility of the External Auditor is to audit the financial statements, to report the results of the audit to the General Assembly and to the Board of Directors, and to express an opinion concerning the financial statements. The External Auditor also verifies the existence of an internal control system designed for the preparation of the financial statements. The audit is carried out in accordance with Swiss Auditing Standards and International Standards on Auditing.

The amounts paid to the External Auditor are disclosed in note 7 to the financial statements.

INTERNAL AUDIT

The Internal Auditor reports to the Audit and Risk Committee of the Board of Directors. Based on its independent risk assessment, Internal Audit develops an internal audit plan which is reviewed and approved by the Audit and Risk Committee. Its audit scope includes, but is not limited to, EUROFIMA's risk management system, the internal control system, and the policies and procedures adopted by its governing bodies.

Further information on risk management is included in note 3 to the financial statements.

Zagreb, Croatia - Source: Markku Salo, CSC Archives

INTERNAL CONTROL

The objective of internal control is to ensure a proper functioning of business operations. EUROFIMA's internal control is focused on the financial reporting process and the management of risks. It covers the entire range of policies, procedures, systems and controls for managing and monitoring the organization's operations, risk exposure and financial reporting process.

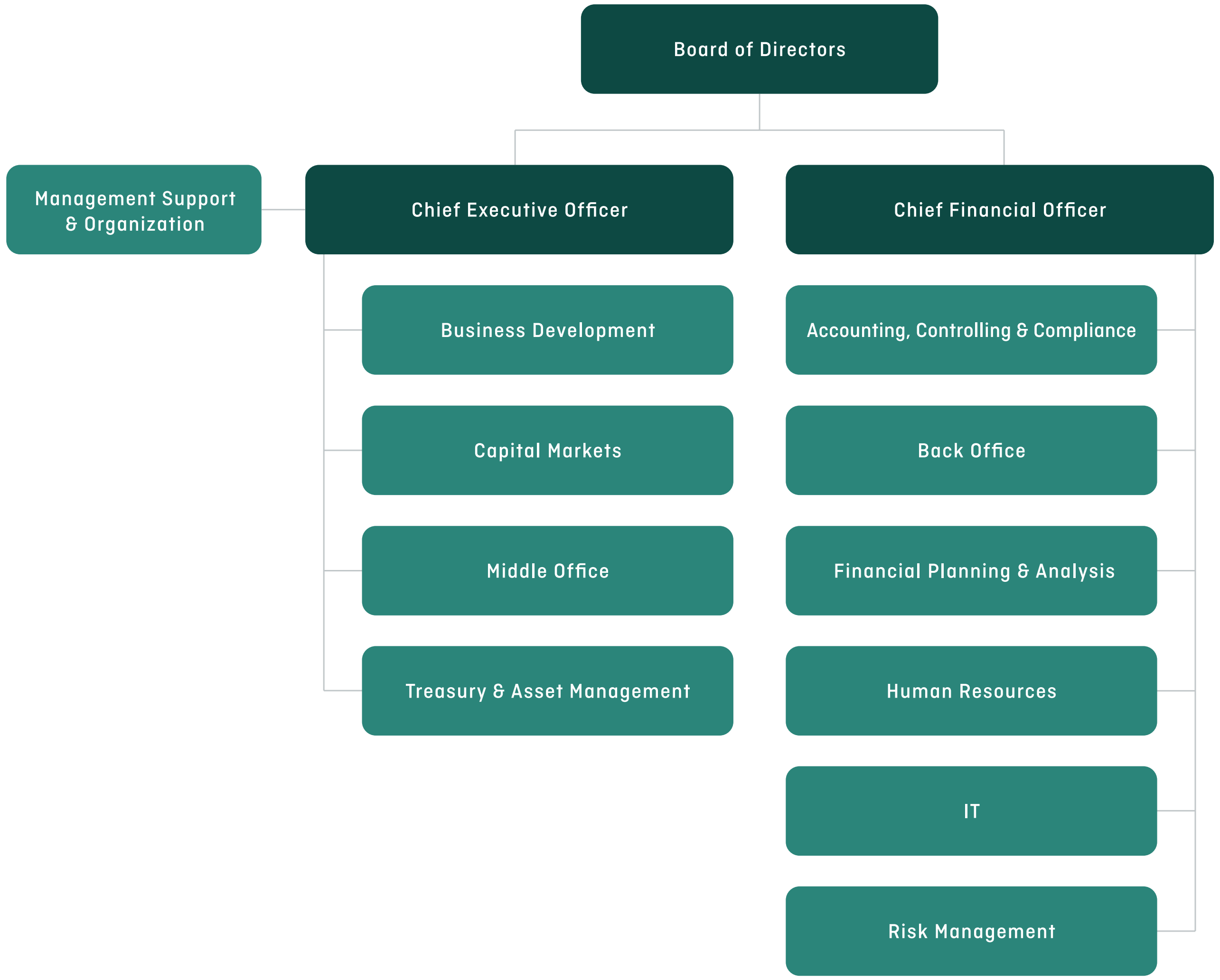
EUROFIMA strives for a balanced mix of both preventive and detective controls taking place at the process levels and at the entity level. The main principle for organizing EUROFIMA's workflows and reducing the risk of error or inappropriate actions is segregation of duties.

The ultimate responsibility for the existence and maintenance of the internal control system is with the Board of Directors. The Management is responsible for its implementation and execution. On behalf of the Board of Directors, the Audit and Risk Committee assesses the quality of the internal control system's performance over time.

The External Auditor is responsible for verifying the existence and the implementation of the internal control system on financial reporting. The Internal Auditor verifies the internal control system with periodic internal reviews of the organization's activities and ensures that they comply with the policies and procedures adopted by the governing bodies. Further information on risk management is included in note 3 to the financial statements.

No advance or credit is granted to members of EUROFIMA's administrative, managerial, and supervisory bodies and no commitment is entered into on their behalf by way of guarantees of any kind by EUROFIMA.

ORGANIZATIONAL CHART AS AT JANUARY 1, 2022



MEMBERS OF GOVERNING AND CONTROLLING BODIES AS AT JANUARY 1, 2022

BOARD OF DIRECTORS

Chairman

Ronald Klein Wassink [1][2]	(1966, NL)	Corporate Treasurer at NS Groep N.V., Utrecht

Vice Chairmen / Vice Chairwoman

Wolfgang Bohner [1][2]	(1962, DE)	Head of Finance and Treasury, Deutsche Bahn AG, Berlin
Ann Lauwereys [2]	(1967, BE)	Corporate Treasurer of SNCB, Brussels
Stefano Pierini [1]	(1965, IT)	Chief Finance & Investor Relations Officer, Ferrovie dello Stato Italiane S.p.A., Rome
Guillaume Hintzy [2]	(1974, FR)	Head of Finance & Treasury Division, SNCF Group, Paris

Members

Ana Maria dos Santos Malhó	(1972, PT)	Chief Financial Officer, CP-Comboios de Portugal, E.P.E., Lisbon
Lars Erik Fredriksson [2]	(1964, SE)	Investment Director, Division for State-Owned Enterprises, Ministry of Enterprise and Innovation, Stockholm
Athanasios Kottaras	(1973, GR)	Deputy Chief Executive Officer of OSE, Hellenic Railways, Athens
Teresa Torres Torres	(1959, ES)	Chief Financial Officer, RENFE Operadora, Madrid
Gernot Netinger	(1969, AT)	Head of Group Finance, ÖBB-Holding AG, Vienna
Marc Wengler [1]	(1967, LU)	Chief Executive Officer, Luxembourg National Railways, Luxembourg
Nicolas Zürcher	(1966, CH)	Head Corporate Finance, Swiss Federal Railways, Bern

Secretary

Monika Kottal	(1971, DE)	Organization, EUROFIMA

MANAGEMENT

Harry Müller	(1959, CH, DE)	Chief Executive Officer
Haldun Kuru	(1976, CH, TR)	Chief Financial Officer

[1] Member of the Audit and Risk Committee
[2] Member of the Human Resources Committee

STATUTORY AUDITOR

PricewaterhouseCoopers AG
St. Jakobs-Strasse 25
CH-4052 Basel
Tel: + 41 58 792 51 00

CHANGES IN THE BOARD OF DIRECTORS

The following members resigned in 2021:

Marta Torralvo Liébanas
Laurent Trévisani

Furthermore, the Secretary, Susanne Honegger, resigned in 2021. The outgoing members were sincerely thanked for their active service.

Mendrisio, Switzerland - Source: SBB CFF FFS

ACTIVITY REPORT

2021 activities

2021 results and outlook for 2022

2021 ACTIVITIES

The year 2021 continued to be strongly influenced by the COVID-19 pandemic and its impact on society, the capital markets and railway companies.

After 2020, which was characterized by strong demand for financing from EUROFIMA, the corresponding development in 2021 was less pronounced. This was mainly due to States supporting railway companies with financial resources to alleviate the negative financial impact of the pandemic and delays in the capital expenditures of many railways.

EUROFIMA continued to focus on its sustainability commitment in the past year and made great progress in this area, resulting in substantially improved ratings by the leading ESG rating agencies. EUROFIMA will continue to focus on this topic in the new year, in particular by further improving its external reporting and internal regulations.

Other highlights of the past year include the material upgrade of the IT infrastructure, and the preparatory activities for the upcoming move to new office premises in the city of Basel in 2022.

LENDING POLICY

EUROFIMA's core activity and public mission consist of supporting the development of rail transportation in Europe. The organization provides its shareholders with cost-effective, flexible, and tailored financing solutions to renew and modernize their railway equipment. The eligibility criteria and general procedures for granting this support are outlined in the constitutive documents (Basic Agreement, Convention, Statutes) as well as the Internal Policy Guide.

The conservative lending policy paired with the various layers of support granted in the constitutive documents result in a high quality and resilient loan portfolio, which has never suffered a loss in the entire history of EUROFIMA. To strengthen the focus on sustainable mobility solutions, EUROFIMA offers a pricing advantage for rolling stock that is operated with zero direct greenhouse-gas emissions (e.g., electrical, battery, or hybrid).

Requests for financing are evaluated by a thorough approval process consisting of three phases:

- *Internal due diligence:* EUROFIMA's internal teams appraise the economic, financial, legal, sustainable, and technical aspects of each railway project and evaluate any potential risk related to it. Particular emphasis is put on the technical, environmental and economic evaluation of the rolling stock that collateralizes the requested financing. If deemed necessary, external consultants are involved to support the internal due diligence.
- *Approval from governing bodies:* The General Assembly sets the amounts that can be borrowed and subsequently used for lending purposes. The Board of Directors sets the parameters for the Lending & Pricing Policy, the Management Committee approves the financing requests.
- *Monitoring:* Upon conclusion of the financing, EUROFIMA monitors the implementation of each railway project, the status of rolling stock collateral and any systemic risk that may deteriorate its position as lender.

LENDING ACTIVITY AND DISTRIBUTION OF EQUIPMENT IN 2021

EUROFIMA concluded 6 contracts with 4 shareholders (see table below), or their affiliates, and provided additional funds based on previous frame agreement contracts, for the financing of railway equipment. The railway equipment and the related financing amounts are as follows.

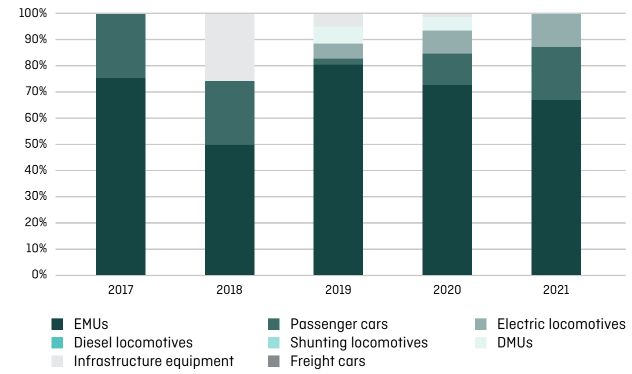
Equipment financed during the financial year 2021

Contracting State	Railway	Locomotives			Multiple-unit trains			Passenger cars		Freight cars	Infra-structure equipment	Financing (in million EUR)
		mainline		shunting	motor units		trailer cars	in fixed formation	not in fixed formation			
		diesel	electric		diesel	electric						
Luxembourg	CFL					6	3					24
Croatia [1]	HŽ					8	8					22
Italy	FS		110						176			250
Spain	RENFE					52	78					85
Switzerland	SBB					216	214					665
Total			110			282	303		176			1 046

EUROFIMA holds title or securities deemed equivalent (in particular pledges) to the railway equipment until the funds have been fully reimbursed. For the distribution of the railway equipment see page 25.

[1] Contract concluded 2020, with partial installments until 2022

With most of the funds being dedicated to electric multiple-unit trains and passenger cars, 2021 marked another example of EUROFIMA's commitment to fulfilling its public mission for sustainable mobility. EUROFIMA managed to raise a majority (96%) of these funds under the Green Bond Framework, which was updated in April 2021 and was recognized by Sustainalytics as fully aligned with the EU Taxonomy. EUROFIMA established two new green EUR lines maturing in April 2041 (EUR 250 million) and June 2028 (EUR 335.5 million), as well as an inaugural Swiss franc green bond maturing in December 2031 (CHF 200 million).



As at year end 2021, EUROFIMA had EUR 10.1 billion in development related loans outstanding, which are distributed among 12 Contracting States. The following table indicates the equipment of each shareholder, or their affiliates, to which the company holds title or in which it has direct or indirect security interests deemed equivalent, in particular pledges.

Equipment at December 31, 2021

Contracting State	Railway	Locomotives			Multiple-unit trains			Passenger cars		Freight cars	Infra-structure equipment	Total
		mainline		shunting	motor units		trailer cars	in fixed formation	not in fixed formation			
		diesel	electric		diesel	electric						
Austria	ÖBB		68	14	16	228	209	129	41		177	882
Belgium	SNCB		64	23	60	499	260		277		27	1 210
Croatia	HŽ					22	22					44
Denmark	DSB		44			20	10					74
France	SNCF					8	32					40
Greece	OSE		12		15		14					41
Italy	FS		561		58	242	219		1 417			2 497
Luxembourg	CFL					62	31		53			146
Portugal	CP				13	91	119					223
Serbia	ŽS		2		24							26
Spain	RENFE				86	1 012	979					2 077
Switzerland	SBB					887	985					1 872
Total		0	751	37	272	3 071	2 880	129	1 788	0	204	9 132

SUSTAINABILITY IN THE TRANSPORTATION SECTOR

Establishing a low-carbon future has become an increasingly important point of geopolitical focus. The COP21 conference in Paris in 2015 was an international cooperation milestone, where 196 representatives reached an agreement on the reduction of climate change. The center of the agreement focused on reducing global warming to less than two degrees Celsius compared to pre-industrial levels and on reaching zero net greenhouse gas emissions during the second half of the 21st century. On April 22, 2016, 174 countries signed this agreement and began to take steps to implement these measures into national legislation.

The goal of promoting sustainability is at the core of EUROFIMA's public mission. Supporting the growth and development of passenger rail transport is key to addressing the problem of CO_2 emissions attributable to the transportation sector. As countries across Europe work to meet the sustainability targets outlined by Europe 2020 and the COP21 agreement, EUROFIMA is determined to serve as a partner to its Contracting States in fulfilling their objectives.

Low energy demand and emission from rail transportation

On a global basis, the transport sector accounts for 29% of final energy use[1], which has risen significantly in the past decade mostly driven by road transportation. Rail transportation accounts for 8% of global passenger travel and 9% of freight activity but only 3% of transport energy use. On average, rail requires 12 times less energy and emits 7-11 times less GHGs per passenger - km travelled than private vehicles and airplanes, making it the most efficient mode of motorized passenger transport.

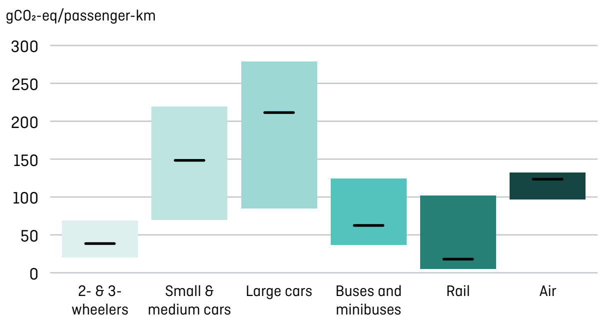
Rail is the most energy-efficiency means of motorized passenger transport due to unique characteristics: the large carrying capacity of trains compared to other modes, the high efficiency of electric motors and the efficiency of fuel use resulting from the very low resistance offered by the steel-to-steel interface between wheels and tracks.

The transport sector accounts for approximately 24% of direct CO_2 emissions from fuel combustion, or 7.9 giga-tons (Gt). Rail transport accounts for 89 million tons (Mt) of these CO_2 emissions, or

[1] https://www.iea.org/reports/rail

0.3% of total energy-related emissions[1]. On average, rail transport requires 12 times less energy and emits 7-11 times[2] less GHG per passenger-km travelled than private vehicles and airplanes, making it the most efficient mode of motorized passenger transport.

Well-to-wheel (wake/wing) GHG intensity of motorized passenger transport modes[3]



Growing electricity share

Today, three-quarters of passenger rail transport activity takes place on electric trains, which is an increase from 60% in 2000, with the rest served by trains using diesel fuel. These figures consider virtually all urban rail activity, all high-speed rail activity and most conventional rail activity. As rail is the only mode of transport widely electrified it is uniquely positioned to take advantage of the growing role that renewable forms of energy are playing in electricity mixes. Many railway operators also ensure that they source their energy from renewables. In Europe, rail companies purchase renewable energy certificates and guarantees of origin which on average, contributes to reducing specific passenger CO_2 emissions by over 15%, compared to electricity sourced directly from the national grids.

Focus on passenger rail transportation key for Net Zero alignment

Considering the low energy and CO_2 intensities of rail transport, shifting passenger activity from more intensive modes such as private cars and airplanes to rail is a key strategy for Net Zero alignment. Passenger rail networks are concentrated in a handful of regions and despite rapid global metro and high-speed rail system expansions in the past ten years, the share of rail in passenger transport remained roughly constant at just below 10% over the past two decades.

Given that the passenger rail share in total transport activity must reach at least 13% by 2030 to achieve Net Zero aims, targeted and more ambitious government policies, along with advances in rail modernization and digitalization, are needed to support rapid and widespread shift to rail.

Conventional rail companies will need to upgrade their rolling stock and further electrify services. Introducing energy efficiency measures would both reduce environmental impacts and improve economic viability. In addition, the adoption of digital technologies could optimize rail operations and integrate rail more comprehensively with other mobility services, making rail more accessible, convenient, and attractive. Digital tools are therefore important for improving operational and energy efficiency, cutting costs, and increasing revenues.

Alignment with the Net Zero Emissions Scenario pathway will require a faster shift from carbon-intensive modes such as private cars, trucks and airplanes to rail, and higher shares of low-carbon fuels in total rail subsector energy consumption by 2030. Although rail is already the most electrified transport subsector, now all new tracks on high-throughput corridors will have to be electric to achieve the Net Zero pathway. On rail lines where throughput is too low to make electrification economically viable, hydrogen or battery electric trains coupled with partial track electrification and well-located charging points will need to replace diesel trains.

SUSTAINABILITY AT EUROFIMA

EUROFIMA is committed to support the United Nations Sustainable Development Goals (SDG) based on its mission to provide attractive funding for passenger railway investments in the public transportation sector. EUROFIMA's financings directly support two of the SDG goals:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — Innovation and Infrastructure: efficient, clean, and environmentally sound mobility to enable development and employment

11 SUSTAINABLE CITIES AND COMMUNITIES — Sustainable Cities and Communities: social development via access to inclusive transportation and mobility in rapidly urbanizing cities

Green Bond Framework

EUROFIMA's Green Bond Framework is aligned with the Green Bond Principles established by the International Capital Markets Association (ICMA). Green Bonds are any type of bond instrument where the proceeds will be exclusively used to finance or refinance new or existing projects that meet the eligibility criteria defined in the issuer's Green Bond Framework.

The Green Bond Principles have been developed to set a common standard that enables capital-raising and investment for new and existing projects with environmental benefits. Through their four core components (i.e., Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, Reporting) the principles provide guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market. The principles cover the entire investment and issuance process and are intended for broad use by the different market participants as they:

- Provide guidance to issuers in structuring and launching a credible Green Bond,
- Support investors by promoting availability of the information they require to assess and estimate the environmental impact of their investments, and
- Assist underwriters by moving the market towards expected disclosures that will facilitate transactions.

Among the listed eligible Green Project categories from ICMA, EUROFIMA focuses mainly on the following environmentally sustainable benefits: clean transportation, energy efficiency and pollution prevention and control.

EUROFIMA published its first Green Bond Framework in November 2017 followed by an update in 2018. In 2021, a further update of the Green Bond Framework integrated the new regulations, and the updated framework was acknowledged by a Second Party Opinion of Sustainalytics to be fully aligned with the EU taxonomy. It is also recommended by ICMA, and the European Green Bonds standards (EUGBS) to have Green Bonds reviewed externally. These external reviews must be independent and aim at assessing and ensuring alignment of a Green Bond framework with the Green Bond Principles. Furthermore, the Green Bonds Principles advocate the public disclosure of external reviews. Following such an independent review by a leading international provider of environmental and social rating services, EUROFIMA set up internal Green Asset Risk Guidelines as part of its Capital Markets Policy to manage its risks related to the issuance of labeled bonds.

As of December 2021, the net proceeds of EUR 3 693 million of 9 outstanding Green Bonds were fully allocated to fund Electric Passenger Rail Transport Rolling Stock, as per EUROFIMA's Green Bond Framework. The Green Bond net proceeds were used to finance Electrical Multiple Unit trains (54%), coaches (15%), electric locomotives (17%) as well as high speed trains used on intercity traffic (14%). The geographical allocation was as follows: 38% of all financing was for rolling stock in Switzerland, 27% in Italy, 27% in Spain, 4% in Belgium, 2% in Denmark and 2% in Luxembourg.

EUROFIMA also published its second impact report covering all outstanding green bonds up to September 30th 2020, with a total of EUR 2 898 million of net proceeds allocated. Under scope 1, it reported 1 436 450 t CO_2 annual emissions reduced/avoided and 1 968 GWh annual energy savings.

Sustainable operations

EUROFIMA approaches sustainability from an inward-outward perspective. While it fulfills its public mission in supporting the development of a sustainable form of transport, EUROFIMA also aims to enact internal measures that ensure its business practices are in line with its mission to support a low-carbon future and social integration. Accordingly, EUROFIMA has internal policies and initiatives in place that support the following:

- _Environmental awareness:_ EUROFIMA promotes and encourages sustainable initiatives coming from its employees in the area of office management and supplies, mobility and waste management.
- _GHG emissions reduction:_ EUROFIMA is committed to contributing to the global fight against climate-change. The organization measures and reports publicly on its own emissions. Moreover, EUROFIMA promotes GHG emission reduction by: (1) promoting low-carbon transport by providing annual passes to all staff for local public transportation and an annual allowance for travelling by railway worldwide; (2) supporting green transportation by providing loans to the most sustainable transportation mode, (3) sourcing electricity from 100% renewable energy sources and (4) moving to more eco-friendly premises at the beginning of 2022.
- _Diversity:_ EUROFIMA fosters diversity in a broad range of characteristics among those are gender (21% female / 79% male), generations and age, nationalities (more than 55% are non-Swiss), cultural and linguistic background, as well as different educational qualifications and professional experiences.
- _Low employee turnover:_ EUROFIMA has a consistent record of low employee turnover with the average tenor of employment being 10 years as per end of 2021, and an overall turnover rate, which includes retirements, of 14% for 2021
- _Continuing education:_ EUROFIMA views education as a lifelong process and it has measures in place to encourage and to provide financial assistance to employees in advancing their professional competencies. Managerial and leadership development is adapted to the individual needs and trainings focusing on internal professional development are provided.
- _Fair compensation:_ EUROFIMA is very committed to rewarding performance and paying all our employees fairly. Our approach to compensation is not biased by gender, age, belief, sexual orientation, disability or cultural background. On a yearly basis, the compensation of every employee is reviewed to ensure equal pay for equivalent roles/experience and contribution to the company's success.
- _Work-life balance:_ EUROFIMA is open to provide flexibility to employees in terms of working hours per week. In 2021, this possibility was utilized by 3 part-time employees.
- _Employee survey:_ Striving to be amongst the "best places to work", employees answered an employee satisfaction survey in collaboration with Great Place to Work. The survey was followed by an employee offsite event to further improve employee cohesion.
- _Management objectives:_ The variable salary part for all members of the executive management is tied to ESG performance targets of the company, equally weighted across human capital development, environmental performance, responsible investing and ESG integration, as well as ethical behavior and governance.
- _Business behavior:_ In line with best practices, internal and external control systems are in place to ensure proper functioning of the business operations. In particular, EUROFIMA has Anti-Money Laundering and Anti-Financial Crime policies in conformity with applicable laws.
- _Compliance-related training:_ In 2021, 100% of the employees conducted an extensive compliance training, which is required by EUROFIMA's staff every year. In addition to business-related compliance topics such as anti-money laundering, anti-bribery & corruption and code of conduct, all employees completed an ESG training in 2021.
- _Workplace policies and practices:_ EUROFIMA is committed to promoting fair and equal treatment of all staff, supporting a working place where all employees are treated with dignity and respect, and maintaining a discrimination- and harassment-free environment. The foundation of these values is set out in EUROFIMA's Code of Conduct and Staff Regulations.

EUROFIMA is undergoing a major drive towards holistic sustainability, whereby all units in EUROFIMA are supporting the transformation dynamic.

Sustainability Committee

Aiming to strengthen the sustainability governance, EUROFIMA established in March 2021 a cross-unit Sustainable Committee with workstreams on lending and issuing practices, supply chain and procurement, ESG integration, reporting, communication and human resources. With the support and contribution of all employees, EUROFIMA phrased an opportunity statement that outlines the organizations intention to move EUROFIMA forward in a substantial way and to take advantage of opportunities arising

[1] https://www.iea.org/reports/tracking-rail-2020-2
[2] IEA (2021), Rail, IEA, Paris https://www.iea.org/reports/rail
[3] IEA, Well-to-wheel (wake/wing) GHG intensity of motorized passenger transport modes, IEA, Paris https://www.iea.org/data-and-statistics/charts/well-to-wheel-wake-wing-ghg-intensity-of-motorised-passenger-transport-modes

thanks to its leading role in sustainability practices. In addition, EUROFIMA wants to increase accountability and transparency, so it actively engaged with rating agencies, investors, and investees on the topic. Hence, EUROFIMA also adapted its new investor campaign "Invest in Sustainable Mobility" in order to emphasize the organization's focus on sustainability.

ESG ratings

In 2021, EUROFIMA managed to improve its ESG performance amongst top international rating service providers. The ratings, and the respective badges awarded to EUROFIMA, are presented below:

Sustainalytics: As of June 2021, Sustainalytics assessed EUROFIMA's ESG risk with a score of 5.2 (negligible risk). As a top performer among 14 000 companies worldwide, EUROFIMA was awarded with 3 badges: ESG Global 50 top rated, ESG industry top rated and ESG regional top rated.

SUSTAINALYTICS ESG GLOBAL 50 TOP RATED 2022
SUSTAINALYTICS ESG INDUSTRY TOP RATED 2022
SUSTAINALYTICS ESG REGIONAL TOP RATED 2022

MSCI ESG: In December 2021, MSCI ESG awarded EUROFIMA with its best rating 'AAA'.

MSCI ESG RATINGS AAA
CCC | B | BB | BBB | A | AA | AAA

ISS ESG: As of November 2021, ISS ESG assigned B- rating to EUROFIMA. Being among the top 10% in the sector Specialized finance, EUROFIMA was eligible for the 'prime' badge (i.e., best in class category).

Corporate ESG Performance
RATED BY ISS ESG
Prime

Luxembourg Green Exchange: Since 2020, EUROFIMA is assessed as Climate Aligned Issuer with a 100% alignment as per the Climate Bond Initiative methodology.

EUROFIMA as a sustainable and responsible investor

EUROFIMA further strengthened its leading role as a sustainable and responsible asset owner. Since the official signing of the UN-supported Principles for Responsible Investment (PRI) at the beginning of 2020, EUROFIMA has strictly integrated ESG considerations into its investment decision-making process. EUROFIMA's ESG investment framework is based on three pillars and is applied to 100% of EUROFIMA's investments.

Pillar 1	Pillar 2	Pillar 3
Norm-based screening (compliance with the UN Global Compact)	**ESG integration** (ESG targets on portfolio level)	**Engagement** (dialogue with investees and counterparties)

The first pillar represents a norm-based screening of the compliance with the United Nations Global Compact (UNGC). In the second, EUROFIMA sets ESG score targets for its portfolios based on a third-party assessment (i.e., ESG data from Sustainalytics). Finally, the third pillar is focused on investee engagements. As part of this pillar, the Investee Engagement Guidelines were internally developed and approved by the Management Committee by the end of 2021. The Treasury & Asset Management unit, with the assistance from the other units, will engage with the investees and counterparties following these guidelines moving forward. EUROFIMA frequently publishes relevant ESG activities including a portfolio overview with ESG performance metrics on its website.

CAPITAL MARKETS BORROWING STRATEGY

EUROFIMA's long-term borrowing operations serve both the core lending business and EUROFIMA's own liquidity requirements. This is fulfilled via bond issuances in the international capital markets. The long-term borrowing strategy for 2021 was based on three pillars.

- Euro-denominated issuances in green bond format to finance lending activities to railways
- US dollar-denominated issuances for internal liquidity requirements (no internal funding needs in 2021)
- Green bond issuances or private placements in Australian dollar, Swedish krona, and Swiss franc as opportunistic funding for lending activities to railways

EUROFIMA's position in the financial markets as a sustainable issuer was underlined by the fact that 96% of the long-term funding was issued with a green label. In 2021, EUROFIMA continued to see a very strong participation by ESG investors dominating its order books. The borrowing strategy continues to integrate the organization's strong ESG credentials and to issue, subject to eligible green assets, under the updated Green Bond Framework, which is fully aligned with the EU Taxonomy according to Sustainalytics. EUROFIMA is constantly integrating current best practices and trends in terms of sustainable finance in order to strengthen its leading position as a sustainable issuer.

BORROWING ACTIVITY IN 2021

Total issuance volume in the global Sovereign, Supranational and Agency (SSA) market amounted to USD 1.3 trillion in 2021 (-3% compared to 2020) with 39.5% (47.9% in 2020) for Sovereigns, 39.5% (31.3%) for Supranationals, and 21.0% (20.8%) for Agencies. In 2021, the Euro with USD 816 billion equivalent of issuance remained the key funding currency followed by the US dollar with USD 250 billion and the British pound with USD 104 billion equivalent of issuance. The slight reduction in total SSA issuance was driven by a 10% reduction in US dollar supply. All other currencies saw a net increase by 2%, reflecting the ongoing substantial public sector supply in response to the COVID-19 pandemic.

In this environment, EUROFIMA successfully raised a total of EUR 804 million equivalent in debt capital markets and EUR 4.3 billion equivalent in the money markets. Primary issuance of long-term debt in the capital markets focused on EUR and CHF, complemented with AUD transactions. In the commercial paper market, short-term issuance focused on USD with an average weighted tenor of around four months.

EUR funding activities started in April with a new 2041 green bond for a total volume of EUR 250 million. The transaction was more than four times oversubscribed, with strong participation from the green investor community. It was widely distributed amongst different investor types and geographies, mainly from Europe (83%). Asset managers bought 45%, central banks and official institutions 27%, banks 19%, and insurance companies 9%. In June 2021, EUROFIMA established another EUR 250 million green bond maturing in June 2028. As for the April 2041, the transaction generated notable interest from the ESG investor community, with 85% allocation to green accounts. The 2028 maturity was primarily bought by asset managers (69%) followed by central banks and official institutions (24%) and banks (7%). Geographically, European investors represented the lion share with 91%. The June 2028 line was further increased in December by EUR 85.5 million through a reverse enquiry from one investor.

After returning to the Swiss franc domestic market in 2020, EUROFIMA launched its inaugural green bond in Swiss franc in December 2021. The CHF 200 million zero-coupon bond maturing in December 2031 received remarkable interest from the Swiss ESG investor community and was mainly distributed to banks (36%) and asset managers (35%), followed by pension funds (17%) and insurance companies (12%).

In the Australian dollar domestic market, EUROFIMA established a new June 2035 line for AUD 50 million.

REDEMPTIONS IN 2021

Redemptions reached the equivalent of EUR 5 953 million, EUR 4 153 million of which were due to repayments of short-term borrowings.

Source: SBB CFF FFS

2021 RESULTS AND OUTLOOK FOR 2022

2021 RESULTS

EUROFIMA's net profit for the financial year amounted to EUR 22.0 million, EUR 2.5 million below the level of 2020 (EUR 24.5 million). The growth of net commission income from lending activities has been offset by the low interest rate environment reducing net interest income from treasury activities.

Income statement

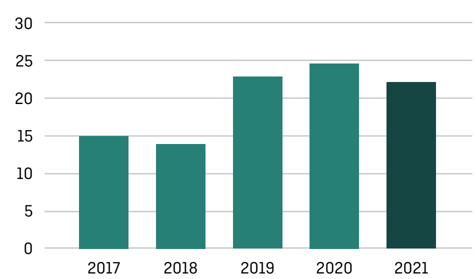
The 8% decrease in net interest income, from EUR 18.8 million to EUR 17.3 million, was the result of the low interest rate environment reducing returns on treasury portfolios.

Commission income and fees received increased to EUR 15.4 million compared to the previous year (EUR 13.4 million) due to the higher average asset level of the lending portfolio.

Net other operating income/(expense) reached a level of EUR -0.9 million (2020: EUR 2.9 million) and mainly consisted of net unrealized gains on financial assets due to changes in interest rates primarily offset by change to the expected credit loss allowance and remuneration fees incurred related to the LIBOR reform.

Total operating expenses, at EUR 8.3 million, were EUR 0.7 million lower than in the previous year (2020 EUR 9.0 million). due to lower compensation and benefits.

Net profit for the financial year
(in EUR million)

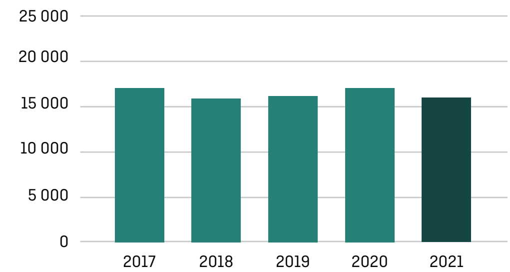


Balance sheet

EUROFIMA's balance sheet total decreased by EUR 1.1 billion (-6.5%) to EUR 15.9 billion. The decrease of the balance sheet total was a result of maturities in the lending portfolio.

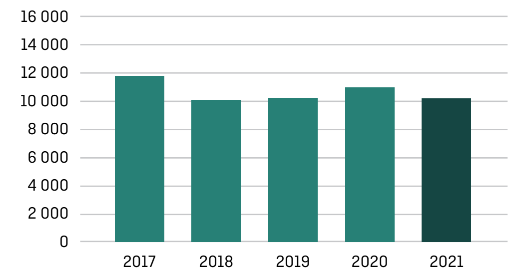
No impairments were recognized during the year. As at December 31, 2021, all assets were fully performing.

Total assets
(in EUR million)



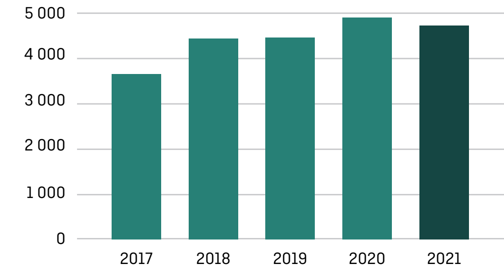
The loan book decreased by an amount of EUR 777 million (-7.1%) to a level of EUR 10.1 billion. Net redemptions of EUR 690 million and fair value changes of EUR 225 million were offset by exchange rate effects of EUR -138 million.

Equipment financing contracts
(in EUR million)



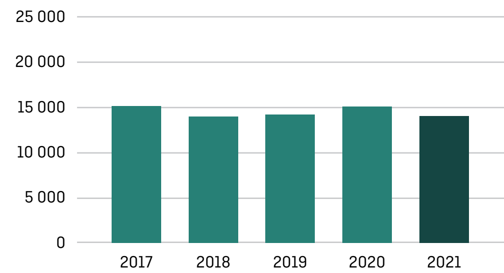
Liquid assets, consisting of cash and cash equivalents and financial investments, declined by EUR 183 million due to lower liquidity needs in the lending portfolio. The credit quality of liquid assets remained at a consistently high level.

Liquid assets
(in EUR million)



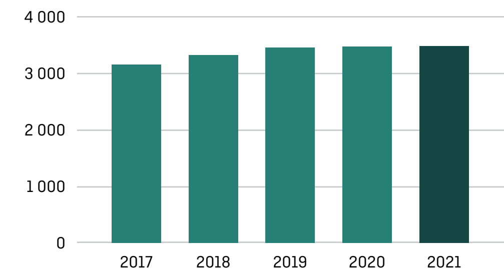
EUROFIMA's leverage, measured as the ratio of outstanding borrowings to the sum of equity plus callable capital, slightly decreased to a level of 4.0 per December 31, 2021 (2020: 4.3).

Outstanding borrowings
(in EUR million)



As per December 31, 2021 total equity amounted to EUR 1 556 million. After appropriation of the surplus, the statutory reserves and the fund for general risks amounted to EUR 1 064 million (2020: EUR 1 045 million).

Equity + Callable share capital
(in EUR million)



INVESTMENT OVERVIEW FOR 2022

2021 marks another very strong year in terms of investment performance. However, the outlook for EUROFIMA´s reinvestments continues to be hampered by the low and negative yield environment in the Euro. Particularly as positively yielding long-term investments for the paid-in shareholder capital, reserves and retained earnings (Equity Funded portfolio) mature and need to be reinvested at lower levels. Hence the market environment in 2022 remains challenging. The Funded Liquidity portfolio, which is funded in the money and capital markets, will continue to earn a substantial part of the organization's net interest income generated by the differential between EUROFIMA's funding costs and its short-term investments. The respective portfolio managers will continue to identify opportunities in the international fixed income markets to maintain the portfolio's strong contribution to EUROFIMA's overall profit. In the Margining portfolio, the focus is on an efficient management of the cash collateral received against the market values of all derivative instruments under Credit Support Annex (CSA) agreements.

With respect to environmental, social and governance (ESG) considerations, EUROFIMA will foster its leading position as a sustainable and responsible asset owner. As such, the portfolio managers will apply EUROFIMA's three-pillar ESG approach to all investment activities with i) a norm-based screening based on the compliance with the UN Global Compact ii) ESG integration at the portfolio level with ESG performance targets and iii) engagement according to the Investee Engagement Guidelines. 100% of EUROFIMA's assets are managed according to this internal ESG framework.

The outlook for financial markets in 2022 is dominated by two main themes which are the course of the COVID-19 pandemic and inflation, with government and central bank reactions to these phenomena sharply in focus. At the end of 2021, COVID-19 cases are increasing across the globe due to the Omicron variant which has led to increased restrictions in various countries. Inflation is rising in major economies as supply chain issues persist and commodity and raw material prices rise. The development of both inflation and the pandemic are set to dominate the outlook of 2022.

In the United States, inflation in 2021 has gathered pace and the Federal Reserve has signalled its intention for tighter monetary policy, including reduction in asset purchases and rate hikes, leaving no doubt that combating higher inflation is the priority. Other strong economic indicators include the U.S. labour market which is particularly tight and cannot be quickly resolved. The outlook for 2022 is for sustained U.S. inflation, and rising interest rates.

In the Eurozone, inflation was rising to well above the 2% target at the end of 2021. Despite this, the ECB has indicated that it is unlikely to increase interest rates in 2022 but will act swiftly if needed. Eurozone unemployment has fewer signs of labour shortages compared to the U.S. and the outlook is less bullish.

Switzerland has remained one of the most open economies during the pandemic and this is reflected in very low unemployment figures. Inflation in Switzerland is positive but low when compared to the U.S. and Eurozone. The CHF has strengthened against the EUR given the backdrop of inflationary pressures, whereby the CHF is regarded as a safe haven asset.

Milan, Italy - Source: AdobeStock

FINANCIAL STATEMENTS

INCOME STATEMENT

(amounts in EUR '000)	Notes	2021	2020
Interest income	4	301 866	353 556
Interest income calculated using the effective interest rate method	4	13 712	18 600
Interest and similar charges	4	-298 281	-353 315
Net interest income		**17 298**	**18 841**
Commission income and fees received	5	15 350	13 413
Commission expenses and fees paid	5	-1 431	-1 669
Net commission income		**13 919**	**11 744**
Net gains/(losses) on financial instruments	6	708	1 900
Credit impairment gains/(losses)	3	-575	1 047
Other operating income/(expense)		-1 026	-28
Net other operating income/(expense)		**-893**	**2 920**
Total operating income		**30 324**	**33 505**
General administrative expenses	7	-8 264	-8 943
Depreciation/amortization on fixed assets	13	-37	-69
Total operating expense		**-8 301**	**-9 012**
Net profit for the financial year		**22 023**	**24 493**

The accompanying notes form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

(amounts in EUR '000)	Notes	2021	2020
Net profit for the financial year		**22 023**	**24 493**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value adjustments on Fair Value through OCI financial assets	16	-3 068	19
Cost of hedging	16	-5 849	3 470
Items that will not be reclassified to profit or loss:			
Remeasurements on post-employment benefit liability	15, 16	1 239	1 090
Other comprehensive income for the financial year		**-7 678**	**4 580**
Total comprehensive income for the financial year		**14 345**	**29 072**

The accompanying notes form an integral part of the financial statements.

BALANCE SHEET

(amounts in EUR '000)	Notes	December 31, 2021	December 31, 2020
Assets			
Cash and cash equivalents	8	1 439 837	1 787 258
Financial investments	8	3 269 058	3 104 970
Placements with credit institutions		1 689 374	1 662 556
Debt securities		1 579 684	1 442 414
Equipment financing contracts	9	10 139 611	10 916 645
Derivative financial instruments	10	1 048 121	1 188 202
Other assets		6 535	6 666
Accrued income and prepaid expenses	12	5 428	5 180
Intangible fixed assets	13	0	37
Total assets		**15 908 591**	**17 008 959**
Liabilities			
Amounts due to credit institutions and customers	14	968 443	1 022 670
Debts evidenced by certificates	14	12 988 057	13 990 529
Debt securities in issue		10 890 307	12 115 641
Others		2 097 750	1 874 888
Derivative financial instruments	10	369 889	416 788
Other liabilities		21 594	25 542
Accrued expenses and deferred income		962	428
Post-employment benefit liability	15	3 307	5 006
Total liabilities		**14 352 251**	**15 460 964**
Equity			
Paid-in capital		478 650	478 650
Subscribed share capital		2 393 248	2 393 248
Callable share capital		-1 914 598	-1 914 598
Statutory reserves	16	776 924	758 199
Fund for general risks		287 531	287 242
Other reserves	16	-2 855	4 824
Retained earnings		16 091	19 082
Total equity		**1 556 340**	**1 547 995**
Total liabilities and equity		**15 908 591**	**17 008 959**

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

(amounts in EUR '000)	Subscribed share capital	Callable share capital	Statutory reserves	Fund for general risks	Other reserves	Retained earnings	Total
Balance at January 1, 2020	2 393 248	-1 914 598	747 062	285 742	244	16 805	**1 528 502**
Net profit for the financial year						24 493	**24 493**
Other comprehensive income for the financial year					4 580		**4 580**
Dividends						-9 579	**-9 579**
Appropriation of surplus			11 137	1 500		-12 637	**0**
Balance at December 31, 2020	**2 393 248**	**-1 914 598**	**758 199**	**287 242**	**4 824**	**19 082**	**1 547 995**
Balance at January 1, 2021	2 393 248	-1 914 598	758 199	287 242	4 824	19 082	**1 547 995**
Net profit for the financial year						22 023	**22 023**
Other comprehensive income for the financial year					-7 678		**-7 678**
Dividends						-6 000	**-6 000**
Appropriation of surplus			18 725	289		-19 014	**0**
Balance at December 31, 2021	**2 393 248**	**-1 914 598**	**776 924**	**287 531**	**- 2 855**	**16 091**	**1 556 340**

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

(amounts in EUR '000)	Notes	December 31, 2021	December 31, 2020
Cash flows from operating activities			
Disbursements of equipment financings		-1 523 785	-3 957 903
Repayments of equipment financings		2 281 214	3 175 084
Interest paid		-310 681	-380 830
Interest received		315 200	387 806
Commission and fees paid		-3 326	-2 307
Commission and fees received		15 168	12 346
Other operating cash flows paid		-18 762	-20 809
Other operating cash flows received		682	420
Net cash from operating activities		**755 711**	**-786 192**
Cash flows from investing activities			
Financial investments			
Purchases of debt securities		-425 656	-537 011
Redemptions of debt securities		230 742	405 849
Sales of debt securities		78 561	58 303
Placements with credit institutions		-2 560 497	-2 554 828
Repayments of placements with credit institutions		2 581 768	2 102 013
Other items			
Purchase and disposal of fixed assets		0	949
Net cash from investing activities		**-95 082**	**-524 725**
Cash flows from financing activities			
Issue of debt evidenced by certificates	14	5 061 785	11 319 790
Redemption of debt evidenced by certificates	14	-5 949 331	-10 331 616
Placements with credit institutions and customers	14	18 838	646 647
Redemptions of placements with credit institutions and customers	14	-3 597	-822 158
Cash flows from derivative financial instruments [1]		-33 199	56 789
Cash inflows from cash collaterals		162 980	452 110
Cash outflows from cash collaterals		-278 540	-94 130
Dividends paid		-6 000	-9 579
Net cash from financing activities		**-1 027 064**	**1 217 853**
Net foreign exchange rate difference		19 320	15 992
Credit impairment losses on cash and cash equivalents		-307	-242
Increase/(decrease) in cash and cash equivalents		**-347 421**	**-77 314**
Cash and cash equivalents at the beginning of the year		**1 787 258**	**1 864 572**
Cash and cash equivalents at the end of the period		**1 439 837**	**1 787 258**

The accompanying notes form an integral part of the financial statements.

[1] Presentation of the net cash flow from derivative financial instruments compared to previous years disclosure, where the cash flows of each leg of the derivatives (inflows EUR 45 017 million and outflows EUR 44 960 million) were disclosed separately.
The presentation of the net cash flows in 2021 provides reliable and more relevant information of the actual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

EUROFIMA "the entity" was established on November 20, 1956, as a joint stock company, based on an international treaty (the "Convention") between sovereign States. EUROFIMA is a single entity domiciled in Basel, Switzerland. The general principles of EUROFIMA's activity are defined in an agreement (the "Basic Agreement") between the railways and EUROFIMA. The Basic Agreement remains valid for the entire duration of EUROFIMA's existence and can only be altered with the consent of all the railways and EUROFIMA.

EUROFIMA finances railway equipment through borrowings in the international capital markets and through the use of a part of its equity. EUROFIMA either holds title to the equipment it finances until the financing has been completely reimbursed or it holds a direct or indirect security interest deemed equivalent, particularly pledges.

EUROFIMA's equity is primarily used for liquidity management purposes, i.e. investments in money market paper or bonds and, to a limited extent, for financing railway equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The financial statements of EUROFIMA have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income investments, derivative financial instruments and financial assets and liabilities designated at fair value through profit or loss, all of which have been measured at fair value.

2.2. Presentation of financial statements

The entity presents its balance sheet generally in order of liquidity.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only when there is a current legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation.

2.3. Significant accounting judgments and estimates

In preparing the financial statements, EUROFIMA is required to make certain critical accounting estimates and assumptions that affect the reported profits, financial position and other information disclosed in the financial statements. These estimates are based on available information and judgments made by EUROFIMA. Actual results in the future could deviate from such estimates and the difference may be material to the financial statements.

The most significant judgments and estimates are:

Fair values of financial instruments
Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data. Only in the very infrequent situation that observable market data is not available, judgment is required to establish fair values. Further information can be found in note 2.5.8.

Impairment losses on financial assets
EUROFIMA reviews its individually significant financial assets at least at each balance sheet date to assess whether there is objective evidence of impairment as a result of one or more events. When determining a potential impairment loss, EUROFIMA's judgment is required in the estimation of the amount and timing of future cash flows. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to an allowance for impairments.

Pension obligation
The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long–term nature of these plans, such estimates are subject to significant uncertainty. See note 15 for the assumptions used.

2.4. Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"), which is the Euro. The financial statements are presented in Euro ("the presentation currency").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions.

Monetary assets and liabilities denominated in currencies other than Euro are translated into Euro at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the translation of all assets and liabilities denominated in foreign currencies are recognized in the income statement under the heading 'Foreign exchange gains/(losses)'. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.5. Financial instruments

2.5.1. Initial recognition, subsequent measurement and derecognition

Regular way purchases are recognized and derecognized in the balance sheet on the trade date, i.e. the date that the entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the entity has transferred substantially all rights and rewards of ownership. Financial liabilities are derecognized when the obligations specified in the contract are discharged or have expired.

Financial instruments are initially recognized at fair value, plus, in the case of financial instruments not carried at fair value through profit or loss, transaction costs. Fair Value through OCI financial assets and financial instruments at fair value through profit or loss are subsequently carried at fair value. Financial assets and financial liabilities at amortized cost are carried at amortized cost using the effective interest rate method.

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise under the heading "net gains/(losses) on financial instruments".

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or differs based on a valuation technique whose variables include only data from observable markets, the entity immediately recognizes the difference between the transaction price and fair value (a "Day 1" profit or loss) in "net gains/(losses) on financial instruments". In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the income statement when the inputs become observable, or when the instrument is derecognized.

Unrealized gains and losses arising from changes in the fair value of Fair Value through OCI debt instruments, excluding foreign currency translation gains and losses, are recognized in other comprehensive income and are accumulated in the other reserves until such instrument is sold, collected or otherwise disposed of. Currency translation effects on Fair Value through OCI debt instruments are recognized in the income statement. Interest earned on Fair Value through OCI financial investments is recognized as other similar income and calculated in accordance with the effective interest rate method.

When debt securities classified as Fair Value through OCI are sold, collected, disposed of, or impaired, the unrealized gains or losses are included in the income statement.

2.5.2. Financial instrument categories

Amortized cost:
A financial asset is measured at amortized cost ("AC") if both of the following criteria are met:
- The asset is held to collect its contractual cash flows in accordance with the entity's business model for holding such assets; and
- The asset's contractual cash flows represent "solely payments of principal and interest" ("SPPI").

Fair Value through OCI:
A financial asset is measured at fair value through other comprehensive income ("FVOCI") if both of the following criteria are met:
- The objective of the business model is achieved both by collecting contractual cash flows and selling financial assets.
- The asset's contractual cash flows represent SPPI.

Fair Value through P&L:
The category Fair Value through P&L (FVPL) is the residual category if the instruments do not meet the criteria of FVOCI or amortized cost.

This particularly applies for the following instruments:
- Assets held for trading purposes;
- Derivatives
- If EUROFIMA applies the fair value option (FVO) to minimize an accounting mismatch.

A financial liability is measured at amortized cost, unless it is required to be measured at FVPL in line with the below guidance.

A financial liability is classified at FVPL when:
- It is held for trading;
- It is designated as such to eliminate an accounting mismatch
- or because it is managed on a fair value basis together with one or more assets and other liabilities; or
- The contract is a host to an embedded derivative that needs to be bifurcated.

2.5.3. Cash and cash equivalents

Cash and cash equivalents ("CCE") comprise cash deposits held at call with banks and other short-term investments with an original contractual maturity of three months or less, calculated from the date the placement or the acquisition was made. In the balance sheet, bank overdrafts are included in amounts due to credit institutions and customers. Cash deposits held at call are measured at amortized cost. Other short term investments that comprise cash and cash equivalents are measured either at fair value or at amortized cost.

2.5.4. Financial investments

EUROFIMA classifies its investments in the following categories: financial assets at fair value through profit or loss, at amortized cost and fair value through other comprehensive income. The classification depends on the purpose for which the investments were acquired. It determines the classification of its investments at initial recognition.

2.5.5. Equipment financing contracts

Equipment financing contracts are measured at amortized cost if the Fair Value Option is not applied. In most cases the equipment financing contract meets the criteria for applying the Fair Value Option and EUROFIMA designates the equipment financing contract irrevocably on initial recognition as financial asset at fair value through profit or loss. The matching of the equipment financing contracts, swaps and borrowings is one key criterion for the application of the Fair Value Option and for the designation at fair value of all involved financial instruments. However, EUROFIMA did not elect to apply the Fair Value Option to equipment financing contracts issued since January 1, 2020, but instead applies hedge accounting.

2.5.6. Derivative financial instruments

Derivative financial instruments are initially recognized in the balance sheet at fair value and are subsequently measured at fair value. They are recorded in the balance sheet as an asset in cases of positive fair value and as a liability in cases of negative fair value.

EUROFIMA only uses derivatives to effectively mitigate currency and exchange risks in accordance with its risk management policies. For financial instruments traded before January 1, 2020, the fair value option was applied, with which a natural hedge (offset) can be achieved. Due to the principle of cash flow matching, opposite changes in fair values of financial assets and liabilities and related derivative instruments tend to offset each other. As a result, an accounting mismatch is reduced. For financial instruments traded after January 1, 2020, hedge accounting was applied.

2.5.7. Amounts due to credit institutions and customers and debts evidenced by certificates

Outstanding borrowings are carried at amortized cost using the effective interest rate method if the Fair Value Option is not applied. In most cases, borrowings involved in the financing of railway equipment are designated as at fair value through profit or loss (see section above). The matching of the equipment financing contracts, swaps and borrowings is the reason for the designation at fair value through profit or loss of all involved financial instruments. However, EUROFIMA did not elect to apply the Fair Value Option to borrowings issued since January 1, 2020, but instead applies hedge accounting. Borrowings carried at amortized cost are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest rate method.

2.5.8. Determination of fair value

The fair values of liquid assets quoted in an active market are determined based on the instruments' quoted market prices or dealer price quotations, without any deduction for transaction costs. According to the fair value measurement hierarchy stated in note 17, these instruments are classified as "Level 1".

For all other financial instruments, EUROFIMA establishes the fair values by using valuation techniques. These may include the use of recent arm's length transactions, reference to other instruments that are substantially the same and a discounted cash flow model that maximizes the use of independently sourced market parameters, for example yield curves and currency rates. Most market parameters are either directly observable or are implied from instrument prices. The model may perform numerical procedures in the pricing, such as interpolation, when input values do not directly correspond to the most actively traded market trade parameters.

The valuation process involves the determination of future expected cash flows based on the contractual agreements and the computation of their present value using currently observable money market yield curves, swap yield curves and foreign exchange rates.

Valuation models and techniques are reviewed regularly for model performance and calibration. Current year valuation methodologies were consistent with the prior year unless otherwise noted.

As valuation techniques are used, the estimated fair value of financial instruments may not be realizable in the market and deviate significantly under different assumptions and parameters. If the measurement is mainly based on observable market data, the instruments are classified as "Level 2". In cases where fair value determination is not based on observable market data, the instruments are classified as "Level 3".

2.5.9. Impairment of financial assets

For financial assets classified at Fair Value through P&L, at each balance sheet date, EUROFIMA assesses whether there is objective evidence that a financial asset or a group of financial assets might be impaired.

Objective evidence may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganization; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Expected credit loss
For financial assets classified either as amortized cost or FVOCI an expected credit loss (ECL) model is applied. This model involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. The basis for calculation is the actual credit risk inherent in the instrument and the development of the credit risk since initial recognition. As long there is no significant increase (see criteria below) in credit risk and credit risk remains low, a 12-month ECL needs to be recognized. As soon there is a significant decrease in the credit quality the ECL is calculated on a lifetime.

	STAGE 1	STAGE 2	STAGE 3
Criteria	Financial instruments with low credit risk or those which did not deteriorate significantly since initial recognition.	Financial instruments which deteriorated significantly in credit quality since initial recognition but there is no objective evidence of a credit loss event for such instruments.	Credit-impaired financial instruments.
Accounting under IFRS 9	**12 months** expected credit losses are recognised.	**Life time** expected credit losses are recognised.	**Life time** expected credit losses are recognised.
	Interest income is calculated on the gross carrying amounts of the assets.	Interest income is calculated on the **gross** carrying amounts of the assets.	Interest income is calculated on the **net** carrying amounts of the assets.

2.6. Fixed assets

Fixed assets included the office equipment and other tangible and intangible fixed assets owned by the entity.

Tangible and intangible fixed assets are stated at historical cost less accumulated depreciation and amortization less any accumulated impairment in value. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement. Assets purchased at a price below EUR 20 000 are not recognized on balance, but expensed directly based on materiality.

Depreciation is calculated using the straight-line method to write down the cost of the fixed assets to their residual values over their estimated useful lives. The estimated useful lives are:

- Furniture, equipment and vehicles 2 to 10 years
- Computer hardware & licenses 3 to 5 years

2.7. Impairment of fixed assets

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the entity estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the income statement.

2.8. Post-employment benefit liability

Under IFRS, EUROFIMA's pension plan qualifies as a defined benefit plan. It is governed by Swiss law. The plan is a group administration plan managed and administered by a third party under contractual agreements with the entity. Plan assets held in trust are governed by Swiss regulations and practice, as is the nature of the relationship between the entity and the trustee. Contributions to the pension plan are paid by the employer and the employees.

The liability recognized in the balance sheet in respect of this defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in Swiss francs (the currency in which the benefits will be paid) and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in income.

Interest expense (income) on the net defined benefit obligation are presented in the income statement as part of the "interest and similar expenses" ("interest and similar income").

2.9. Provisions

Provisions are recognized when (i) the entity has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.10. Equity

The subscribed share capital is made up of 260 000 registered shares with a nominal amount of CHF 10 000 each, 20% of which is paid-in. The unpaid subscribed share capital may be called in unconditionally at any time by decision of the Board of Directors, as described in Article 21 of the Statutes.

The statutory reserves are made up of the ordinary reserve and the guarantee reserve. In the event of a default under an equipment financing contract, the guarantee reserve, as described in Article 29 of the Statutes, may be called upon.

The fund for general risks includes amounts which the entity decides to put aside to cover risks associated with equipment financing contracts and other financial operations, such as swaps, having regard to the particular risks attached to such operations.

The other reserves include the reserve for other value adjustments due to changes in the fair value of Fair Value through OCI financial assets and the elements of the cost of hedging approach. Furthermore, the other reserves include that part of other comprehensive income that is attributable to the entity's defined benefit pension plan.

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2.11. Dividends

Dividend distribution to the entity's shareholders is recognized as a liability after the dividends are approved by the General Assembly.

2.12. Accrued income, prepaid expenses, accrued expenses and deferred income

Accrued income and prepaid expenses comprise income related to the current financial year, to be received in a subsequent financial year, and expenditures, incurred during the financial year but relating to a subsequent financial year.

Accrued expenses and deferred income comprise expenses related to the current financial year, to be paid in a subsequent financial year and income received at or before the balance sheet date but relating to a subsequent financial year.

2.13. Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The below specific recognition criteria must also be met before revenue is recognized.

2.13.1. Interest and similar income and expense

The income from financial instruments classified at fair value through profit or loss is presented in interest income. The income from financial instruments classified at fair value through other comprehensive income and at amortized cost is presented in interest income calculated using the effective interest rate method and recorded using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The entity may act as an agent in a limited number of financing transactions. Where this is the case, only the net amount earned will be presented in interest income or other similar income.

2.13.2. Commission income and fees paid

Issuance fees and redemption premiums or discounts are accrued over the period to maturity of the related borrowings.

Any early redemption fees are recognized when a contract is early terminated.

Commission income on equipment financing contracts is recorded on an accrual basis.

2.13.3. Net gains/(losses) on financial instruments

The entity recognizes both realized and unrealized gains and losses on debt securities and other financial instruments including the results from the sale of fair value through other comprehensive income financial assets in net gains/(losses) on financial instruments.

2.14. Taxation

As a public international body set up by a large number of States, the entity benefits from comprehensive tax exemptions pursuant to the Additional Protocol to the Convention. In Switzerland, besides being exempt from any income and capital taxes otherwise levied on corporations, such provisions include the following privileges relevant to the capital market: exemption from stamp duties on any issuance of debt instruments by the entity and exemption of the entity's debt instruments issued outside Switzerland from turnover taxes, and finally exemption of debt instruments issued outside Switzerland from Swiss withholding taxes.

2.15. Segment reporting

EUROFIMA is a single entity without subsidiaries and operates as a one segment entity, which is in accordance with the internal reporting structure to the Management and the Board of Directors.

2.16. Related parties

Germany and France hold 22.6% of EUROFIMA's share capital each through their fully owned state railways DB AG and SNCF. Consequently, these countries qualify as related parties together with their railways.

EUROFIMA has identified members of the Board of Directors, the Management Committee and the Unit Heads as key management personnel.

2.17. Hedge accounting

Developments in the area of how financial instruments are valued and the discontinuation of LIBOR by the end of 2021 were set to impact the accounting methodologies historically applied by EUROFIMA. Therefore, the entity applies fair value hedge accounting from January 1, 2020 onwards.

EUROFIMA only uses interest rate swaps and cross-currency swaps in accordance with its risk management policies to mitigate the interest rate and foreign currency risks arising from its borrowing and lending activities.

At the inception of a hedge relationship EUROFIMA formally documents the risk management strategy and objectives for undertaking the hedge transaction, the type of the hedging relationship, the nature of the hedged risk(s), the identification of the hedged item and that of the hedging instrument(s), the hedge effectiveness and the expected causes for the hedge ineffectiveness.

The entity ensures that credit risk does not dominate the hedge relationship by designating as hedging instruments only swaps with counterparties with which a credit support annex collateral agreement has been signed. It also manages the market risk by conducting a micro-hedging strategy in which the cashflows of the swaps match those of related assets and liabilities; the hedge ratio is consistently 1:1 across all the hedge relationships.

All hedged items are classified at amortized cost. The changes in the fair value of the hedged items attributable to the hedge risk(s) are included in the income statement under the heading 'Net gains/(losses) on financial instruments'. Hedge ineffectiveness arises when the changes in the fair value of the hedging instrument do not match with the changes in the fair value of the hedged item attributable to the benchmark interest rate risk. The hedge ineffectiveness is also included in the income statement under the heading 'Net gains/(losses) on financial instruments'. The entity uses the 'cost of hedging' approach as introduced by IFRS 9 when hedging the foreign exchange spot risk. The changes in the fair value of the cross-currency swap attributable to the changes in the time value of the foreign currency basis spreads are deferred in other comprehensive income and are accumulated in the 'cost of hedging' reserve of the equity.

In the event of a discontinuation of a hedge relationship prior to the derecognition of the hedged item, the adjustment to the carrying amount of the hedged item is amortized and recognized in the income statement over its remaining life using the effective interest rate method. If a cross-currency swap was designated as belonging to the hedge relationship, any remaining deferral of the time value of the foreign currency basis spreads is released from the 'cost of hedging' reserve and recognized in the income statement.

2.18. Significant accounting changes, new standards, amendments and interpretations adopted by the entity

2.18.1. Interest Rate Benchmark Reform - Phase2, Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16

Interest benchmark reform amendments became effective from January 1, 2021.

The phase 2 amendments provide additional temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform, so that an entity does not have to discontinue hedge accounting solely because it makes changes required by the reform.

The effects of interest rate benchmark reform on the financial instruments and risk management strategy did not have a material impact on EUROFIMA's financial statements.

2.19. Standards issued but not yet effective

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. RISK AND CAPITAL MANAGEMENT

The identification, measurement, monitoring and control of risks are key management responsibilities. The principles and policies for risk management are established by the Board of Directors. The compliance with these guidelines and the implementation of controls are the Management's responsibility. Risk management within the entity is based on a risk management framework that provides the overarching principles for the risk management activities and incorporates the risk appetite as defined by the Board of Directors.

Within the normal course of its activities, EUROFIMA is exposed to a variety of financial risks, mainly credit risk, market risk and liquidity risk. EUROFIMA's risk management focuses on the unpredictability of financial markets and aims at minimizing potential adverse effects on its financial position and performance.

EUROFIMA's risk management seeks to appropriately identify, measure, monitor and report all types of risks inherent in the entity's operations. The risk management and control processes are reviewed and refined on a regular basis.

3.1. Managing financial risk

The Board of Directors approves the policies regulating the entity's capital market, lending and treasury activities. These policies cover the management of credit risk, market risk and liquidity risk. In this regard, systems and procedures are in place to control and report on the main financial risks. Exposure to credit risk, market risk and liquidity risk is controlled by a system of pre-approved risk limits. Such limits are reviewed and adjusted periodically in light of external developments and experience. Compliance with established limits and policies is monitored by middle office and accounting, controlling and compliance unit which are independent from the units carrying out the transactions. The results of such compliance checks are periodically reviewed by the internal and/or external audit.

On a quarterly basis, the Board of Directors receives from the Management both a risk report and a status report on the financial results of the entity. The risk report provides the Board of Directors with the status of various quantitative risk parameters, including a mapping of risks in a risk matrix where these risks are assessed for their likelihood of occurrence and potential impact.

Quantitative key financial risk figures that are regularly monitored and reported upon are, among other things, the following:

- Credit risk:
  - Credit risk concentration/Credit exposure per consolidated obligor
  - Breakdown of assets per external credit rating provided by various rating agencies
  - Composition of the derivatives book and the collateral coverage
  - Risk weight of assets

- Market risk:
  - Sensitivity analysis, with a specific focus on long-term financial assets and financial assets classified as "at fair value through other comprehensive income".
  - Interest rate reset risk analysis
  - Net foreign currency position

- Liquidity risk:
  - Debt service coverage ratio
  - Liquidity stress tests
  - Liquidity forecasts

- Equity risk:
  - Basel III ratio
  - Leverage and capitalization ratios

The Management also provides the Board of Directors with regular updates on key financial risk issues and other significant events deemed appropriate or requested.

A review of the major risks which could affect the entity's balance sheet and income statement is included in the agenda of every quarterly Board meeting. The latest assessment of risks by the Board of Directors was performed on March 15, 2022.

EUROFIMA is an end-user of derivative financial instruments. It does not perform any proprietary trading activities and uses derivative financial instruments solely for hedging of market risk exposures. It predominantly uses interest rate and cross currency swaps. It does not use any credit derivatives.

3.2. Credit risk

Credit risk is the risk of financial loss resulting from a counterparty failing to honor its payment obligation. Credit risk is the main financial risk in EUROFIMA's operations. It primarily originates from EUROFIMA's core lending activities. EUROFIMA is also exposed to credit risk from treasury investments held to manage its liquidity and market risks.

EUROFIMA follows a prudent approach towards credit risk. Policies approved by the Board of Directors set out minimum credit quality levels for counterparties on the basis of the ratings attributed to counterparties and/or instruments by the rating agencies Standard & Poor's and Moody's. Furthermore, other observable information is used to assess and monitor the credit risk.

Individual counterparty limits are set and reviewed on a monthly basis by the Management. Credit exposure is reported to the Board of Directors quarterly on an obligor basis, i.e. the exposure to connected individual counterparties is consolidated. The entity's maximum exposure to credit risk, before taking into account any collateral or other credit enhancements, is represented by the carrying amounts of its financial assets.

As at December 31, 2021, all financial assets were fully performing (2020: fully performing). No amount was overdue as per December 31, 2021 (2020: none).

Equipment financing contracts
For each financial year, the General Assembly determines the maximum amount of borrowings which may be concluded for the purpose of equipment financing. The Board of Directors decides a financing budget within such maximum amount. Financing limits can be adjusted within a financial year in response to credit relevant developments.

Besides the state guarantee and the Shareholder's Guarantee, equipment financing contracts are secured by railroad rolling stock. The entity either holds title to equipment or has a direct or indirect security interest deemed equivalent, in particular pledges, until all contractual obligations are fulfilled. Where rolling stock provided as collateral does no longer meet the requirements laid down in the financing contract, it is substituted. The collateral is administered by the entity. The regular verification of technical and accounting information assures that the entity keeps track of the rolling stock collateral and initiates collateral substitutions in a timely manner.

Moreover, EUROFIMA may engage independent experts to support its recurring technical and economic evaluations of the rolling stock collateral and to perform onsite examinations as necessary. In its years of operation, EUROFIMA has never needed to take physical possession of any rolling stock collateral or to redeem a pledge.

Pursuant to Article 26 of the Statutes, each shareholder guarantees the fulfillment of all equipment financing contracts on a pro rata basis of its participation in EUROFIMA's subscribed share capital and up to a maximum amount equal to its participation in EUROFIMA's share capital. Such shareholder guarantee can only be called where (i) a railway and its Contracting State have not discharged obligations under equipment financing contracts and (ii) the guarantee reserve, as stipulated by Article 29 of EUROFIMA's Statutes, is not sufficient to cover the loss resulting from such non-payment. The Shareholders' Guarantee was discontinued as from January 1, 2018; it will not apply to any equipment financing contract concluded by the Company on or after January 1, 2018.

The credit risk inherent in the portfolio of equipment financing contracts is reviewed and monitored on an ongoing basis. A breakdown of the equipment financing contracts by counterparty and by credit rating is provided in note 9.

Derivatives
The net positive replacement value of derivatives concluded with financial counterparties amounted to EUR 951 million as at December 31, 2021 (2020: EUR 1 055 million). The International Swaps and Derivatives Association ("ISDA") Master Agreement is the entity's preferred agreement for documenting derivatives activity. It provides the contractual framework within which the over-the-counter products are concluded, and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other contractually defined termination events occur.

In order to reduce the credit exposures of derivatives, EUROFIMA has entered into ISDA Master Agreements with one-way and two-way credit support annex (CSA) collateral agreements with most derivative counterparties. One-way CSA agreements require that security collateral be posted by the derivative counterparty once the exposure exceeds a contractually defined threshold. Securities received as collateral are held on an account to which the entity holds legal title. Two-way CSA agreements require that cash collateral be posted either by EUROFIMA or by the derivative counterparty depending on whether the exposure is positive or negative.

The net fair value of the collateral received by EUROFIMA under its CSA's as at December 31, 2021, amounted to EUR 651 million (2020: EUR 731 million). As at year end 2021, 82% of the net positive replacement value of all derivatives concluded with financial counterparties was covered by collateral (2020: 82%). This collateral consisted exclusively of cash and bonds issued by governments with a high credit rating. All derivatives are valued at their net present value and the positions per counterparty are monitored on a daily basis.

Liquid assets
Liquid assets comprise of cash and cash equivalents and financial investments. For investments in securities with maturities greater than one year, the minimum rating at the time of purchase is A-/A3 (based on Standard & Poor's and/or Moody's ratings) or similar credit quality. For instruments maturing in less than one year, a prerequisite minimum rating is A-1/P-1 or similar credit quality.

The breakdown by rating of the financial investments is provided in note 8. 42% of the liquid assets, that were rated neither by Standard & Poor nor by Moody's, were deposits and debt securities issued by Swiss cantonal banks as at December 31, 2021. 53% of the remaining part was rated at least Aa- by fedafin.

Expected credit loss allowance
For each financial instrument in the business model classified as "at amortized cost" and as "at fair value through other comprehensive income" an expected credit loss (ECL) needs to be recognized. The basis for calculation is the actual credit risk inherent in the instrument and the development of the credit risk since initial recognition. As long there is no significant increase in credit risk and credit risk remains low, a 12-month ECL needs to be recognized. As soon as there is a significant decrease in the credit quality the ECL is calculated on a lifetime basis. The drop in the internal credit rating of the financial assets by two or more notches since initial recognition is one of the main indicators that is used to assess the significance of the deterioration of the credit quality. The assessment of the stage an asset is in is purely based on the change in the probability of default and does not reflect the expected recovery.

The expected credit loss allowance for a financial asset is calculated by multiplying the present value of all of its contractual cash flows by the respective loss given default (LGD) and probability of default (PD) for either 12 months or its remaining lifetime. EUROFIMA uses its own internal risk management model to determine the PD and LGD associated to a financial asset.

12-month expected credit losses are those that result from default events on the financial instruments that are possible within 12 months after the end of the reporting period. It covers the potential cash shortfall over the lifetime of an instrument that can be caused by events over the next 12 months. Lifetime expected credit losses are those that result from all possible default events over the remaining life of the financial instrument.

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(amounts in EUR '000) Credit grade	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Cash and cash equivalents				
Investment grade	1 114 765	0	0	1 114 765
Special monitoring	0	0	0	0
Default	0	0	0	0
Financial investments				
Investment grade	3 245 296	0	0	3 245 296
Special monitoring	0	0	0	0
Default	0	0	0	0
Equipment financing contracts				
Investment grade	3 364 196	0	0	3 364 196
Special monitoring	30 230	0	0	30 230
Default	0	0	0	0
Gross carrying amount	**7 754 487**	**0**	**0**	**7 754 487**
Expected credit loss allowance	-1 359	0	0	-1 359
Carrying amount	**7 753 128**	**0**	**0**	**7 753 128**

December 31, 2020

(amounts in EUR '000) Credit grade	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Cash and cash equivalents				
Investment grade	1 291 673	0	0	1 291 673
Special monitoring	0	0	0	0
Default	0	0	0	0
Financial investments				
Investment grade	2 977 991	0	0	2 977 991
Special monitoring	0	0	0	0
Default	0	0	0	0
Equipment financing contracts				
Investment grade	2 608 624	0	0	2 608 624
Special monitoring	0	0	0	0
Default	0	0	0	0
Gross carrying amount	**6 878 288**	**0**	**0**	**6 878 288**
Expected credit loss allowance	-784	0	0	-784
Carrying amount	**6 877 503**	**0**	**0**	**6 877 503**

A part of the loan book (EUR 3 394 million) was measured at amortized cost as at December 31, 2021. Part of these assets were disbursed to railways with a low credit quality. However, their credit quality did not decrease significantly since the initial recognition of the related assets. As a result, the 12-month expected credit loss of these assets are recognized.

3.3. Market risk

Market risk is the risk that movements in market factors, including foreign exchange rates and interest rates, will reduce the income and value of the entity's portfolio of financial instruments. The entity does not invest in equity instruments. In its core activities, EUROFIMA is exposed to foreign exchange and interest rate fluctuations primarily from the fact that debt is often issued in a currency and with interest rate structures differing from those of the equipment financing contracts. Without hedging, this would result in currency and interest rate mismatches between assets and liabilities. The key risk management principle adopted by EUROFIMA in its lending portfolio is a systematic hedging of such mismatches so that the potential adverse effect of foreign exchange and interest rate fluctuations is effectively reduced to nil. In order to hedge such mismatches, EUROFIMA enters into interest rate and currency swaps. These instruments are used within the ambit of economic micro-hedging with their cash flows matching those of related assets and liabilities. As a result, the currency and interest rate profile of the borrowings is matched with the profile of equipment financing contracts. The hedging for very short-term money market instruments may not be fully effective for tactical asset allocation purposes.

A residual exposure to market risk mainly arises almost exclusively from the investment of the funded liquidity and the investment of the entity's own equity. EUROFIMA applies a framework of limits to control and manage such residual market risk exposure. Investments of the funded liquidity and of the equity are exposed to changes in market interest rates. Firstly, the future interest income derived from such investments is influenced by the level of market interest rates prevailing at the time of their investment or reinvestment. Secondly, the institution's net profit and equity (in case of investments classified as "at fair value through profit or loss" or "at fair value through other comprehensive income" are also affected by the fluctuations in the fair value of such investments caused by changes in market interest rates and credit spreads. EUROFIMA measures its exposure to interest rate risks through sensitivity analysis. Such an analysis indicates the sensitivity of the fair value of financial instruments classified as "at fair value through profit or loss" and "at fair value through other comprehensive income" to parallel shifts in all yield curves.

A parallel shift in the yield curve by 100 bps for each respective currency would have had the following impact on the entity's equity and net profit, based on all positions the entity had:

Sensitivity to changes in interest rates

	December 31, 2021		December 31, 2020	
(amounts in EUR million)	Impact on equity	Impact on net profit	Impact on equity	Impact on net profit
+100bps	-5.8	-0.3	-11.5	-2.0
-100bps	5.8	0.2	12.4	2.3

The interest rate sensitivity in the other comprehensive income is due to the debt securities classified as "at fair value through other comprehensive income" and, to a lesser extent, due to the adoption of the cost of hedging approach under hedge accounting. EUROFIMA measures and manages its foreign exchange risk in terms of the difference between assets and liabilities per currency on a daily basis. It aims at keeping such foreign exchange risk as close as possible to zero. Future net interest income and commission income in foreign currencies are not hedged. As at December 31, 2021, the counter value in Euros of all net foreign exchange positions amounted to EUR 0.1 million (2020: EUR 0.4 million).

The tables below show the net foreign currency position of the main currencies at each balance sheet date:

December 31, 2021

(amounts in EUR million)	CHF	USD	AUD	SEK	GBP	Other	Total
Assets							
Liquid assets	1 849	234	0	0	0	50	2 133
Equipment financing contracts	3 012	387	0	0	0	0	3 399
Derivative financial instruments	1 567	1 074	631	0	258	278	3 809
Other assets	1	0	0	0	0	0	1
Accrued income and prepaid expenses	2	0	0	0	0	0	2
Fixed assets	0	0	0	0	0	0	0
Total assets	**6 431**	**1 695**	**631**	**0**	**258**	**327**	**9 343**
Liabilities and equity							
Borrowings	2 826	3 110	1 115	288	258	403	8 001
Derivative financial instruments	3 603	-1 414	-484	-288	0	-76	1 340
Other liabilities & Post-employment benefit liability	1	0	0	0	0	0	1
Accrued expenses and deferred income	0	0	0	0	0	0	0
Reserve for Fair Value through OCI financial instruments	1	0	0	0	0	0	1
Total liabilities and equity	**6 431**	**1 695**	**631**	**0**	**258**	**327**	**9 343**
Net currency position	**0**	**0**	**0**	**0**	**0**	**0**	**0**

December 31, 2020

(amounts in EUR million)	CHF	USD	AUD	SEK	GBP	Other	Total
Assets							
Liquid assets	1 969	150	0	0	0	0	2 118
Equipment financing contracts	2 817	370	0	0	0	0	3 187
Derivative financial instruments	304	110	995	302	268	329	2 310
Other assets	1	0	0	0	0	0	1
Accrued income and prepaid expenses	1	0	0	0	0	0	1
Fixed assets	0	0	0	0	0	0	0
Total assets	**5 093**	**629**	**995**	**302**	**268**	**329**	**7 618**
Liabilities and equity							
Borrowings	2 904	3 328	1 153	302	268	410	8 367
Derivative financial instruments	2 173	-2 700	-158	0	0	-81	-766
Other liabilities & Post-employment benefit liability	15	0	0	0	0	0	15
Accrued expenses and deferred income	0	0	0	0	0	0	0
Reserve for Fair Value through OCI financial instruments	2	0	0	0	0	0	2
Total liabilities and equity	**5 093**	**629**	**995**	**302**	**268**	**329**	**7 617**
Net currency position	**0**	**0**	**0**	**0**	**0**	**0**	**0**

3.4. Liquidity risk

Liquidity risk is the risk that the entity is unable to meet, from available funds, all payment obligations as they fall due, or will have access to such funds only at disproportionate cost.

The main objective of liquidity management is to make sure that EUROFIMA can meet its payment obligations punctually and in full. The planning of liquidity takes into account all known future cash flows, especially the need to service debts, disbursements and repayments from equipment financing contracts as well as cash flows from derivative financial instruments. The projected liquidity position is reported and monitored daily.

The tables below show the undiscounted contractual cash flows of the entity's financial assets and liabilities. The entity's derivatives are generally gross settled instruments. Therefore, the entity shows the contractual cash inflows and outflows of these gross settled derivatives on a gross basis.

For floating rate instruments, the entity used the implied forward rates at the balance sheet date to calculate the future cash flows.

Maturity analysis December 31, 2021

(amounts in EUR million)	Cash collateral[1]	0 - 6 months	6 - 12 months	1 - 2 years	2 - 3 years	3 - 5 years	5 - 10 years	More than 10 years	Total	Difference to book value	Book value
Assets											
Liquid assets	135	2 545	619	101	139	320	719	154	4 732	-24	4 709
Equipment financing contracts	0	495	821	1 059	872	1 684	3 395	1 985	10 311	-171	10 140
Other financial assets	0	12	9	12	11	19	35	21	120	-108	12
Total	**135**	**3 052**	**1 450**	**1 172**	**1 022**	**2 023**	**4 149**	**2 160**	**15 163**	**-303**	**14 860**
Liabilities											
Borrowings	-665	-2 416	-880	-1 746	-1 278	-2 064	-3 351	-1 900	-14 301	345	-13 957
Other financial liabilities	0	-22	0	0	0	0	0	0	-22	0	-22
Total	**-665**	**-2 438**	**-880**	**-1 746**	**-1 278**	**-2 064**	**-3 351**	**-1 900**	**-14 323**	**345**	**-13 978**
Cash flows from gross settled derivative assets											
Contractual amounts receivable	0	667	33	1 187	1 454	1 389	1 637	613	6 981		
Contractual amounts payable	0	-560	-7	-1 055	-1 187	-916	-1 442	-664	-5 830		
	0	**107**	**26**	**132**	**268**	**473**	**195**	**-50**	**1 151**	**-103**	**1 048**
Cash flows from gross settled derivative liabilities											
Contractual amounts receivable	0	2 208	84	518	713	1 110	2 274	1 415	8 321		
Contractual amounts payable	0	-2 324	-27	-559	-571	-1 214	-2 489	-1 449	-8 634		
	0	**-116**	**56**	**-41**	**142**	**-104**	**-216**	**-34**	**-312**	**-58**	**-370**
Net during the period	-530	606	652	-483	154	328	778	175	**1 679**		
Cumulative net during period	**-530**	**76**	**727**	**244**	**398**	**726**	**1 504**	**1 679**			

[1] daily margining

Maturity analysis December 31, 2020

(amounts in EUR million)	Cash collateral [1]	0 - 6 months	6 - 12 months	1 - 2 years	2 - 3 years	3 - 5 years	5 - 10 years	More than 10 years	Total	Difference to book value	Book value
Assets											
Liquid assets	143	2 970	578	155	82	283	536	143	4 889	3	4 892
Equipment financing contracts	0	558	1 256	1 141	1 038	1 514	3 647	1 668	10 820	96	10 917
Other financial assets	0	12	10	13	11	17	31	15	109	-97	12
Total	**143**	**3 539**	**1 844**	**1 310**	**1 130**	**1 814**	**4 213**	**1 826**	**15 819**	**2**	**15 821**
Liabilities											
Borrowings	-723	-1 805	-1 601	-1 612	-1 694	-1 937	-4 056	-1 604	-15 033	20	-15 013
Other financial liabilities	0	-26	0	0	0	0	0	0	-26	0	-26
Total	**-723**	**-1 830**	**-1 601**	**-1 612**	**-1 694**	**-1 937**	**-4 056**	**-1 604**	**-15 058**	**20**	**-15 039**
Cash flows from gross settled derivative assets											
Contractual amounts receivable	0	1 102	715	275	690	2 036	2 801	413	8 033		
Contractual amounts payable	0	-991	-649	-128	-558	-1 665	-2 276	-485	-6 752		
	0	**111**	**66**	**148**	**132**	**371**	**525**	**-72**	**1 281**	**-93**	**1 188**
Cash flows from gross settled derivative liabilities											
Contractual amounts receivable	0	1 466	641	570	971	844	576	251	5 320		
Contractual amounts payable	0	-1 527	-703	-666	-1 047	-771	-711	-274	-5 699		
	0	**-61**	**-61**	**-96**	**-76**	**73**	**- 134**	**-23**	**-379**	**-38**	**-417**
Net during the period	-580	1 759	247	-251	-508	321	548	127	**1 662**		
Cumulative net during period	**-580**	**1 178**	**1 425**	**1 175**	**667**	**988**	**1 536**	**1 662**			

[1] daily margining

EUROFIMA maintains a pool of liquidity and spreads the maturities of its placements taking into account the forecasted liquidity needs. The pool of liquidity is invested in highly rated debt instruments and placements with credit institutions.

EUROFIMA has access to a repo trading platform, where it can enter into repurchase transactions. This access provides it with a strong and proven liquidity back-up facility should liquidity concerns arise. EUROFIMA has introduced limits as to the minimum level of repo eligible securities it needs to hold at any point in time.

EUROFIMA applies several liquidity risk measures, including stress tests. EUROFIMA strives to secure a level of net liquidity that meets its liquidity targets for a period of 12 months under stressed economic conditions. To compute such liquidity targets, credit risk haircuts are applied to all maturing assets and liquidity risk haircuts to all securities that are assumed to be sold. Furthermore, EUROFIMA is assumed to have no access to the financial markets for the same period of time (together called "stressed economic conditions").

3.5. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events.

EUROFIMA continuously identifies, assesses, and manages operational risk in order to minimize potential adverse impacts. The key operational risk management principles are laid out in the operational policies and guidelines. They comprise of, among other things, the internal control system, the limit system, the IT management policy, the public communication policy and the security directives. EUROFIMA's systems of internal control, checks and balances, segregation of duties and supervision are designed to cover the most significant aspects of operational risk. Emphasis is placed on the continuous upgrading of information systems, business continuity planning, and the cross-training and development of staff.

3.6. Capital Management

As a supranational institution, EUROFIMA is not subject to regulatory capital requirements. However, the adequacy of the capital base is assessed and monitored monthly and reported to the Board of Directors quarterly.

The Basel III capital ratio is one of the tools used to estimate the capital requirements for each major risk. The Standardized Approach is adopted to calculate the capital requirement for the credit risk and the Basic Indicator Approach is adopted to estimate the operational risk charge.

The most important ratios that are monitored by the Management and reported to the Board of Directors with respect to the entity's capital are the following:

(ratios in %)	December 31, 2021	December 31, 2020
Non-investment grade exposure from equipment financing contracts/equity [1]	9.8	10.4

[1] Equity and callable share capital AAA/AA and Aaa/Aa

4. NET INTEREST INCOME

Net interest income

(amounts in EUR '000)	2021	2020
Cash and cash equivalents	903	451
Financial investments	35	0
Equipment financing contracts	93 003	109 970
Derivative financial instruments	207 865	243 048
Other interest income	60	87
Total interest income	**301 866**	**353 556**
Cash and cash equivalents	934	1 256
Financial investments	4 417	8 278
Equipment financing contracts	4 256	6 412
Other interest income	4 105	2 654
Total interest income calculated using the effective interest rate method	**13 712**	**18 600**
Cash and cash equivalents	-4 074	-4 876
Financial investments	-6 389	-4 689
Equipment financing contracts	-27 255	-20 973
Amounts due to credit institutions and customers	-10 864	-12 760
Debt evidenced by certificates	-201 564	-257 340
Debt securities in issue	-188 705	-235 092
Others	-12 859	-22 248
Derivative financial instruments	-48 092	-52 593
Other interest expenses	-41	-84
Total interest and similar charges	**-298 281**	**-353 315**
Net interest income	**17 298**	**18 841**

Net interest income presented per financial instrument category

(amounts in EUR '000)	2021	2020
Derivatives	159 773	190 454
Assets designated at fair value through profit or loss	72 149	87 480
Fair Value through OCI	1 032	3 042
Financial assets at amortized cost	-6 941	5 469
Liabilities designated at fair value through profit or loss	-197 368	-251 606
Financial liabilities at amortized cost	-11 285	-15 910
	17 360	**18 928**
Other interest income	29	13
Other interest expenses	-92	-100
Net interest income	**17 298**	**18 841**

5. NET COMMISSION INCOME

(amounts in EUR '000)	2021	2020
Commission on equipment financing contracts - designated at fair value through profit or loss	8 839	10 222
Commission on equipment financial contracts - amortized cost	6 511	3 191
Commission expenses and fees paid	-1 431	-1 669
Net commission income	**13 919**	**11 744**

6. NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS

(amounts in EUR '000)	2021	2020
Gains/(losses) on the sale of Fair Value through OCI financial assets	939	571
Gains/(losses) on derivative financial instruments	-271 642	-8 317
Gains/(losses) on financial assets designated as at fair value through profit or loss	-189 241	-5 064
Gains/(losses) on financial liabilities designated as at fair value through profit or loss	385 226	45 358
Fair value adjustments on financial assets at amortized cost under hedge accounting	-35 031	-6 341
Fair value adjustments on financial liabilities at amortized cost under hedge accounting	110 456	-24 307
Net gains/(losses) on financial instruments	**708**	**1 900**

7. GENERAL ADMINISTRATIVE EXPENSES

(amounts in EUR '000)	2021	2020
Personnel costs	-4 276	-4 995
Social security	-369	-466
Defined benefit pension plan income/(costs)	-596	-681
Office premises costs	-370	-429
Other general administrative expenses	-2 651	-2 372
Total general administrative expenses	**-8 264**	**-8 943**

The item «Other general administrative expenses» includes in its majority IT related expenses, legal counsel fees, representation expenses and independent auditors fees.

Auditing and additional fees

The external auditor charged the following fees for professional services rendered for the financial year:

(amounts in EUR '000)	2021	2020
Audit services	-158	-199
Audit-related services	-58	-47
Total	**-216**	**-245**

Audit services are defined as the standard audit work performed each year in order to issue an opinion on the entity's financial statements.

Audit-related Services include those other assurance services provided by the independent auditor but not restricted to those that can only be provided by the auditor signing the audit report. They comprise amounts for services such as audits of IT infrastructure and consultation regarding accounting topics.

8. LIQUID ASSETS

The portfolio of liquid assets is composed of and measured as follows:

(amounts in EUR '000)	December 31, 2021	December 31, 2020
Cash at banks	63 469	151 957
Collaterals	135 253	143 241
Placement with credit institutions	1 689 374	1 662 556
Debt securities - bonds	1 579 684	1 442 414
Other liquid assets	1 241 115	1 492 060
Total liquid assets	**4 708 895**	**4 892 228**

of which

Cash and cash equivalents at fair value	325 378	496 058
Cash and cash equivalents at amortized cost	1 114 459	1 291 200
Total cash and cash equivalents	**1 439 837**	**1 787 258**

Financial investments at fair value	232 928	554 953
Financial investments at amortized cost	3 036 131	2 550 017
Total financial investments	**3 269 058**	**3 104 970**

Credit rating structure of liquid assets

Below, the liquid assets are shown with their long-term rating (amounts in EUR '000). If a specific rating is not available, the issuer or the guarantor rating is applied, whichever is stronger.

EUROFIMA groups the Standard & Poor's ratings as follows: AAA, AA for ratings from AA+ to AA-, A for ratings from A+ to A-, BBB for ratings from BBB+ to BBB-, and <BBB for ratings below BBB-.

EUROFIMA groups the Moody's ratings as follows: Aaa, Aa for ratings from Aa1 to Aa3, A for ratings from A1 to A3, Baa for ratings from Baa1 to Baa3, and <Baa for ratings below Baa3.

Cash at banks

Standard & Poor's	December 31, 2021	December 31, 2020
AAA	1	1
AA	554	455
A	62 889	151 459
BBB	25	42
<BBB	0	0
N.R.	0	0
Total	**63 469**	**151 957**

Moody's	December 31, 2021	December 31, 2020
Aaa	8	5
Aa	53 296	151 453
A	9 592	7
Baa	25	42
<Baa	0	0
N.R.	547	450
Total	**63 469**	**151 957**

Placement with credit institutions

Standard & Poor's	December 31, 2021	December 31, 2020
AAA	43 253	50 803
AA	674 367	543 187
A	140 873	103 277
BBB	0	0
<BBB	0	0
N.R.	830 881	965 288
Total	**1 689 374**	**1 662 556**

Moody's	December 31, 2021	December 31, 2020
Aaa	0	0
Aa	318 044	423 508
A	178 298	79 188
Baa	0	0
<Baa	0	0
N.R.	1 193 033	1 159 859
Total	**1 689 374**	**1 662 556**

Debt securities - bonds

Standard & Poor's	December 31, 2021	December 31, 2020
AAA	240 753	270 673
AA	604 964	570 761
A	343 934	231 934
BBB	0	0
<BBB	0	0
N.R.	390 033	369 046
Total	**1 579 684**	**1 442 414**

Moody's	December 31, 2021	December 31, 2020
Aaa	478 415	501 007
Aa	499 290	533 985
A	303 550	161 299
Baa	0	0
<Baa	0	0
N.R.	298 429	246 123
Total	**1 579 684**	**1 442 414**

Other liquid assets and collaterals

Standard & Poor's	December 31, 2021	December 31, 2020
AAA	16 858	0
AA	269 160	310 339
A	807 246	1 045 202
BBB	940	7 840
<BBB	0	0
N.R.	282 165	271 920
Total	**1 376 368**	**1 635 301**

Moody's	December 31, 2021	December 31, 2020
Aaa	2 379	0
Aa	319 856	526 062
A	660 514	794 278
Baa	0	0
<Baa	0	0
N.R.	393 619	314 960
Total	**1 376 368**	**1 635 301**

Liquid assets neither rated by Standard & Poor's nor Moody's

	December 31, 2021	December 31, 2020
Cash at banks	0	0
Placement with credit institutions	475 412	591 431
Debt securities - bonds	75 016	48 033
Debt securities - other	0	0
Other liquid assets	159 086	79 634
Total	**709 514**	**719 099**

Liquid assets neither rated by Standard & Poor's nor Moody's consisted of fixed income instruments issued by Swiss local authorities, cantonal banks and public sector entities.

9. EQUIPMENT FINANCING CONTRACTS

Equipment financing contracts were concluded exclusively with shareholders and their guaranteed affiliates.

(amounts in EUR '000)	December 31, 2021	December 31, 2020
Equipment financing contracts at fair value	6 745 491	8 308 249
Equipment financing contracts at amortized cost [1]	3 394 120	2 608 396
Total equipment financing contracts	**10 139 611**	**10 916 645**

[1] Thereof TEUR 2 646 152 designated for fair value hedge accounting (2020: TEUR 1 959 473)

Credit rating structure of equipment financing contracts

The equipment financing contracts are shown with the long-term rating of the respective member State (amounts in EUR '000).

EUROFIMA groups the Standard & Poor's ratings as follows: AAA, AA for ratings from AA+ to AA-, A for ratings from A+ to A-, BBB for ratings from BBB+ to BBB-, and <BBB for ratings below BBB-.

EUROFIMA groups the Moody's ratings as follows: Aaa, Aa for ratings from Aa1 to Aa3, A for ratings from A1 to A3, Baa for ratings from Baa1 to Baa3, and <Baa for ratings below Baa3.

Standard & Poor's	December 31, 2021	December 31, 2020
AAA	3 335 285	3 338 335
AA	2 816 718	3 490 257
A	1 652 508	1 932 134
BBB	2 182 551	1 994 967
<BBB	152 549	160 952
N.R.	0	0
Total	**10 139 611**	**10 916 645**

Moody's	December 31, 2021	December 31, 2020
Aaa	3 335 285	3 338 335
Aa	2 816 718	3 490 257
A	0	0
Baa	3 780 378	3 908 971
<Baa	207 230	179 082
N.R.	0	0
Total	**10 139 611**	**10 916 645**

Distribution of equipment financing contracts

(amounts in EUR '000)						Principal at December 31, 2021	
Contracting State	Railway	Principal at January 1, 2021	Exchange rate difference	Financing	Redemptions	EUR	%
Germany [1]	DB AG [1]	200 000	0	0	-200 000	0	0.0%
France [1]	SNCF [1]	117 500	0	0	0	117 500	1.2%
Italy	FS	1 725 100	0	250 000	0	1 975 100	19.9%
Belgium	SNCB	1 766 505	22 547	24 072	-218 502	1 594 621	16.1%
Spain	RENFE	1 888 100	0	85 500	-289 500	1 684 100	17.0%
Switzerland	SBB	2 799 860	114 169	1 168 002	-1 055 764	3 026 267	30.6%
Serbia	ŽS	31 843	1 252	0	-3 073	30 022	0.3%
Luxembourg	CFL	130 000	0	24 000	0	154 000	1.6%
Austria	ÖBB	1 303 329	0	0	-410 500	892 829	9.0%
Portugal	CP	250 000	0	0	-100 000	150 000	1.5%
Greece	OSE	106 100	0	0	0	106 100 [2]	1.1%
Croatia	HŽ	17 160	0	40 040	0	57 200	0.6%
Denmark	DSB	116 813	0	0	-3 875	112 938	1.1%
Total principal		**10 452 309**	**137 968**	**1 591 614**	**-2 281 214**	**9 900 677**	**100.0%**
Difference to book value		464 336				238 935	
Total book value		**10 916 645**				**10 139 611**	

(amounts in EUR '000)						Principal at December 31, 2020	
Contracting State	Railway	Principal at January 1, 2020	Exchange rate difference	Financing	Redemptions	EUR	%
Germany [1]	DB AG [1]	200 000	0	0	0	200 000	1.9%
France [1]	SNCF [1]	216 580	0	0	-99 080	117 500	1.1%
Italy	FS	1 236 647	848	640 000	-152 396	1 725 100	16.5%
Belgium	SNCB	1 883 519	-26 143	114 114	-204 985	1 766 505	16.9%
Spain	RENFE	1 535 100	0	828 200	-475 200	1 888 100	18.1%
Switzerland	SBB	2 453 742	1 058	2 163 428	-1 818 368	2 799 860	26.8%
Serbia	ŽS	39 605	158	0	-7 920	31 843	0.3%
Luxembourg	CFL	130 000	0	0	0	130 000	1.2%
Austria	ÖBB	1 547 609	0	15 000	-259 280	1 303 329	12.5%
Portugal	CP	250 000	0	100 000	-100 000	250 000	2.4%
Greece	OSE	106 100	0	0	0	106 100 [2]	1.0%
Slovakia	ŽSSK	24 106	0	0	-24 106	0	0.0%
Croatia	HŽ	0	0	17 160	0	17 160	0.2%
Slovenia	SŽ	29 743	174	0	-29 917	0	0.0%
Denmark	DSB	40 688	0	80 000	-3 875	116 813	1.1%
Total principal		**9 693 438**	**-23 903**	**3 957 901**	**-3 175 127**	**10 452 309**	**100.0%**
Difference to book value		489 369				464 336	
Total book value		**10 182 807**				**10 916 645**	

[1] Germany and France hold 22.6% of EUROFIMA's share capital each through their fully owned state railways DB AG and SNCF and are thus related parties together with their railways
[2] all of which assumed by Republic of Greece.

10. DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2021			December 31, 2020		
(amounts in EUR '000)	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Cross currency swaps	951 890	-234 770	6 418 087	1 047 941	-301 436	6 364 179
Interest rate swaps	92 497	-124 978	5 970 565	136 360	-72 452	6 396 051
Currency swaps	3 733	-10 141	2 106 930	3 901	-42 896	2 181 522
Forward foreign exchange	0	0	0	0	-4	778
Total	**1 048 121**	**-369 889**	**14 495 583**	**1 188 202**	**-416 788**	**14 942 530**

Derivative financial instruments are carried at fair value net per contract.

In accordance with its risk management policy, EUROFIMA uses derivatives for risk mitigation purposes only. Where hedged positions are not valued at fair value, the "fair value option" is applied to accurately reflect the effects from the economic hedging performed by the entity in the income statement.

Derivatives most commonly used by the entity are:

Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate and foreign currency rate.

Forward contracts

Forward contracts are contractual agreements to buy or sell a specified financial instrument, currency or interest rate at a specific price and date in the future. Forwards are customized contracts transacted over–the–counter.

11. OFFSETTING

The entity offsets amounts in the balance sheet when a legal right of offset exists and the parties involved intend to settle the cash flows on a net basis or settle the asset and liability simultaneously. Under some contracts, the entity has only a conditional right of set-off, for example in the case of a default of a counterparty. Even though such contractual arrangements limit the credit risk to the entity, amounts that can only be netted conditionally are not offset in the balance sheet.

The table below shows the collateral held and conditional netting for different positions:

	December 31, 2021		December 31, 2020	
(amounts in EUR '000)	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Amount presented in the balance sheet	1 048 121	-369 889	1 188 202	-416 788
Value of derivatives to be offset in case of default of a counterparty	97 125	-97 125	133 660	-133 660
Coverage by cash and securities held or pledged as collateral	779 097	-128 714	861 415	-117 493
Net amount	**171 899**	**-144 050**	**193 127**	**-165 635**

12. ACCRUED INCOME AND PREPAID EXPENSES

(amounts in EUR '000)	December 31, 2021	December 31, 2020
Commissions on equipment financing contracts	5 428	5 180
Total accrued income and prepaid expenses	**5 428**	**5 180**

13. TANGIBLE AND INTANGIBLE FIXED ASSETS

(amounts in EUR '000)	Land and buildings	Hardware, vehicles and other equipment	Software and licenses	Total
January 1, 2020				
Cost	0	323	3 595	3 918
Accumulated depreciation/amortization	0	-323	-3 489	-3 812
Net book value	**0**	**0**	**106**	**106**
January 1, 2020	**0**	0	106	106
Additions	0	0	0	0
Disposals	0	0	0	0
Foreign currency translation - Cost value	0	0	0	0
Foreign currency translation - Accumulated depreciation/amortization	0	0	0	0
Depreciation/amortization	0	0	-69	-69
December 31, 2020	**0**	**0**	**37**	**37**
December 31, 2020				
Cost	0	323	3 595	3 918
Accumulated depreciation/amortization	0	-323	-3 558	-3 881
Net book value	**0**	**0**	**37**	**37**
January 1, 2021	**0**	**0**	**37**	**37**
Additions	0	0	0	0
Disposals	0	0	0	0
Foreign currency translation - Cost value	0	0	0	0
Foreign currency translation - Accumulated depreciation/amortization	0	0	0	0
Depreciation/amortization	0	0	- 37	-37
December 31, 2021	**0**	**0**	**0**	**0**
December 31, 2021				
Cost	0	323	3 595	3 918
Accumulated depreciation/amortization	0	-323	-3 595	-3 918
Net book value	**0**	**0**	**0**	**0**

In December 2019 EUROFIMA has committed itself to an office building lease which will commence in January 2022 with a lease term of 10 years.

The present value of all future cash outflows from this lease contract are estimated at around EUR 2.4 million.

14. BORROWINGS

EUROFIMA's borrowings comprise of the following

(amounts in EUR '000)	December 31, 2021	December 31, 2020
Amounts due to credit institutions and customers	968 443	1 022 670
Loans	302 989	299 379
Collaterals	665 454	723 292
Debt evidenced by certificates	12 988 057	13 990 529
Debt securities in issue [1]	10 890 307	12 115 641
Others	2 097 750	1 874 888
Total borrowing	**13 956 500**	**15 013 199**

[1] Thereof TEUR 3 494 904 designated for fair value hedge accounting (2020: TEUR 2 928 876)

Borrowings per financial instrument category

(amounts in EUR '000)	December 31, 2021	December 31, 2020
Borrowings at fair value through profit or loss	7 605 923	9 385 495
Borrowings at amortized cost	6 350 577	5 627 704
Total borrowings	**13 956 500**	**15 013 199**

The entity's borrowings are not subject to any financial covenants.

Maturity structure of borrowings

(amounts in EUR '000)	December 31, 2021	December 31, 2020
0-6 months	2 416 132	1 804 760
6-12 months	880 311	1 601 212
1-2 years	1 746 351	1 612 398
2-3 years	1 277 840	1 694 071
3-5 years	2 063 965	1 937 414
5-10 years	3 350 679	4 056 133
More than 10 years	1 900 469	1 603 563
Cash Collateral	665 454	723 292
Total principal	**14 301 201**	**15 032 844**
Total borrowings principal	14 301 201	15 032 844
Difference to book value	-344 701	-19 645
Total borrowings	**13 956 500**	**15 013 199**

The maturity structure is based on the contractual settlement dates of the borrowings.

Debt securities in issue - listed bonds

			December 31, 2021		December 31, 2020	
Maturity	Interest rate in %	Year of issuance	Principal in issue currency '000	Book value in EUR '000	Principal in issue currency '000	Book value in EUR '000
AUD						
30.03.2022	6.000	2007	200 000	131 577	200 000	137 285
19.12.2025	3.900	2015	500 000	349 108	500 000	370 148
13.01.2027	2.600	2016	325 000	219 601	325 000	232 656
21.05.2029	3.350	2018	500 000	353 851	500 000	381 783
30.12.2030	1.600	2020	50 000	29 858	50 000	31 557
CAD						
30.03.2027	4.550	2007	300 000	239 634	300 000	237 903
CHF						
30.06.2021	0.625	2014	0	0	280 000	261 321
22.05.2024	3.000	2007	600 000	636 768	600 000	634 628
15.05.2026	3.000	2006	1 000 000	1 119 408	1 000 000	1 121 510
28.04.2027	0.125	2020	200 000	193 166	200 000	185 292
04.02.2030	2.875	2005	450 000	544 275	450 000	551 364
22.12.2031	0.000	2021	200 000	189 707	0	0
EUR						
27.10.2021	4.000	2009	0	0	1 000 000	1 044 676
15.11.2022	3.125	2010	800 000	828 700	800 000	858 343
25.04.2023	0.250	2016	800 000	808 567	800 000	815 698
28.06.2023	2.050	2013	15 000	15 707	15 000	16 124
28.07.2023	3.250	2010	50 000	53 568	50 000	55 585
09.02.2024	0.250	2018	500 000	506 709	500 000	512 958
28.07.2026	0.000	2019	300 000	296 773	300 000	302 168
23.06.2028	0.010	2021	335 500	330 875	0	0
20.05.2030	0.100	2018	750 000	722 133	750 000	748 611
15.10.2030	FRN	2015	80 000	81 098	80 000	81 231
10.10.2034	0.150	2019	1 380 000	1 316 648	1 380 000	1 398 447
23.04.2041	0.500	2021	250 000	240 557	0	0
GBP						
07.06.2032	5.500	2001	150 000	258 403	150 000	268 396
SEK						
04.12.2024	0.100	2020	550 000	52 664	550 000	54 493
03.12.2025	0.213	2020	1 000 000	95 328	1 000 000	99 372
27.11.2028	0.490	2020	1 500 000	139 859	1 500 000	148 547
USD						
15.11.2021	FRN	2018	0	0	610 000	499 788
11.03.2022	FRN	2019	600 000	527 201	600 000	491 561
16.11.2023	0.375	2020	700 000	608 564	700 000	574 195
Total listed bonds				**10 890 307**		**12 115 641**

Debt evidenced by certificates - other

(amounts in EUR '000)	December 31, 2021	December 31, 2020
Unlisted stand-alone issues	143 089	150 084
Unlisted issues under the Programme for the Issuance of Debt Instruments	313 258	285 907
Commercial paper	1 641 403	1 438 896
Total	**2 097 750**	**1 874 888**

Reconciliation of liabilities arising from financing activities

(amounts in EUR '000)	Long-term borrowings	Short-term borrowings	Total
December 31, 2019	12 462 389	1 670 583	14 132 971
Issues / placements	3 350 071	8 616 367	11 966 437
Redemptions	-2 776 544	-8 377 231	-11 153 775
Foreign exchange movements	-142 258	-128 802	-271 059
Fair value changes	-42 647	381 272	338 625
December 31, 2020	12 851 011	2 162 188	15 013 199
Issues / placements	822 469	4 258 154	5 080 623
Redemptions	-1 800 231	-4 152 697	-5 952 928
Foreign exchange movements	282 194	90 956	373 150
Fair value changes	-505 800	-51 745	-557 544
December 31, 2021	11 649 643	2 306 857	13 956 500

15. POST-EMPLOYMENT BENEFIT LIABILITY

EUROFIMA participates in a group administration post-employment benefit plan in Switzerland. The plan qualifies as a defined benefit plan under IFRS. The entity has a full insurance coverage solution with a Swiss insurer. The insurance coverage is not taken into account in the below computations.

The amount recognized in the balance sheet for this defined benefit pension plan is determined as follows:

(amounts in EUR '000)	December 31, 2021	December 31, 2020
Present value of funded obligations	15 558	18 322
Fair value of plan assets	-12 251	-13 316
Liability recognized on the balance sheet	3 307	5 006

The movement in the net defined benefit obligation over the year is as follows:

(amounts in EUR '000)	Present value of funded obligation	Fair value of plan assets	Total
January 1, 2020	19 077	-12 806	6 271
Service cost for the year 2020	976	0	976
Interest expense/(income)	19	-13	6
	20 072	-12 819	7 253
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	0	-64	-64
Experience (gains)/losses	-134	0	-134
(gain)/loss from change in demographic assumptions	0	0	0
(gain)/loss from change in financial assumptions	-892	0	-892
	-1 026	-64	-1 090
Past service costs and settlements			
Contributions by:			
Employer	0	-825	-825
Participants	695	-695	0
Benefit payments	-1 100	1 088	-12
Past service cost	-319	0	-319
Foreign currency translation	0	0	0
December 31, 2020	18 322	-13 316	5 006

(amounts in EUR '000)	Present value of funded obligation	Fair value of plan assets	Total
January 1, 2021	18 322	-13 316	5 006
Service cost for the year 2021	932	0	932
Interest expense/(income)	38	-28	10
	19 292	-13 343	5 948
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	0	-45	-45
Experience (gains)/losses	-673	0	-673
(gain)/loss from change in demographic assumptions	-640	0	-640
(gain)/loss from change in financial assumptions	119	0	119
	-1 194	-45	-1 239
Past service costs and settlements			
Contributions by:			
Employer	0	-923	-923
Participants	735	-735	0
Benefit payments	-2 801	2 795	-6
Past service cost	-473	0	-473
Foreign currency translation	0	0	0
December 31, 2021	15 558	-12 251	3 307

Allocation of plan assets

Plan assets are comprised of the following:

(in %)	December 31, 2021	December 31, 2020
Fixed interest, cash and cash equivalents, time deposits	56.8	57.9
Mortgages and other claims on nominal value	9.2	8.2
Equities and units in investment funds	9.8	11.8
Private equity and hedge funds	0.0	0.0
Investment in participations and associated companies	1.1	0.7
Real estate	21.4	20.3
Other investments	1.6	1.1
Total	100.0	100.0

Significant assumptions

Significant assumptions applied in the calculation of the defined benefit liability:

	December 31, 2021	December 31, 2020
Discount rate	0.2%	0.2%
Pension growth rate	0.0%	0.0%
Salary growth rate (including inflation)	1.0%	1.2%
Retirement age		
Men	65	65
Women	64	64
Demographic assumptions	bvg 2020 GT	bvg 2015 GT

Sensitivity analysis

The sensitivity of the liability recognized for the post employment benefit plan to changes in the principal assumptions is depicted in the table below. The present value of funded obligations and service cost are recalculated to include the effect from the changed assumption:

(amounts in EUR '000)	Change in assumption	December 31, 2021 Recalculated present value of funded obligations	December 31, 2021 Recalculated service cost	December 31, 2020 Recalculated present value of funded obligations	December 31, 2020 Recalculated service cost
Discount rate	+50 basis points	15 323	906	16 973	1 063
	-50 basis points	17 645	1 070	19 944	1 279
Salary increase	+50 basis points	16 505	999	18 484	1 187
	-50 basis points	16 316	965	18 235	1 142
Life expectancy	+1 year	16 650	994	18 677	1 180
	-1 year	16 154	968	18 022	1 144

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

Other information

The expected contribution to the post-employment benefit plan to be paid by EUROFIMA for the year ending December 31, 2022, amounts to EUR 772 727.

The projected benefits that are expected to be paid for the following years are as follows:

(amounts in EUR '000)	December 31, 2021
2022	563
2023	617
2024	2 619
2025	1 370
2026	729
2027-2031	3 979

The weighted average duration of the defined benefit obligation is 13.9 years.

16. EQUITY

Statutory reserves and fund for general risk

(amounts in EUR '000)	December 31, 2021	December 31, 2020
Ordinary reserve	76 369	75 144
Guarantee reserve	700 555	683 055
Total statutory reserves	**776 924**	**758 199**

According to Article 29 of the Statutes, 5% of the annual profit is to be allocated to the ordinary reserve until the ordinary reserve has reached 20% of the paid-in share capital.

In the event of a default by a railway, the guarantee reserve, as outlined in Article 29 of the Statutes, may be called upon. According to this article, the yearly allocation to the guarantee reserve corresponds to the balance of the annual profit, after allocation to the ordinary reserve of 5% of the net profit and the eventual payment of a dividend, statutorily limited to a maximum of 4% of the paid-in share capital, unless the General Assembly decides otherwise.

Other reserves

The other reserves contain the reserve for Fair Value through OCI financial instruments and the reserve for remeasurements on the entity's defined benefit pension plan and cost of hedging reserve.

Reserve for Fair Value through OCI financial instruments

(amounts in EUR'000)	
January 1, 2020	**5 187**
Changes in fair value	591
Reclassification to income statement	-571
Foreign currency translation	0
December 31, 2020	**5 206**
Changes in fair value	-3 068
Reclassification to income statement	0
Foreign currency translation	0
December 31, 2021	**2 138**

Reserve for remeasurements of the post-employment benefit liability

(amounts in EUR'000)	
January 1, 2020	**-4 943**
Actuarial gains & losses	1 026
Return on plan assets	64
Foreign currency translation	0
December 31, 2020	**-3 852**
Actuarial gains & losses	1 194
Return on plan assets	45
Foreign currency translation	0
December 31, 2021	**-2 613**

Cost of Hedging

(amounts in EUR '000)	
January 1, 2020	**0**
Change in Cost of Hedging	3 470
December 31, 2020	**3 470**
Change in Cost of Hedging	-5 849
December 31, 2021	**-2 379**

Further information can be found in note 2.17.

17. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

The table below shows the allocation of the entity's financial instruments to the different financial instrument categories and to the different fair value levels. Furthermore, the fair value for all instruments is disclosed, including those measured at amortized cost.

The three-level hierarchy used for financial instruments measured at fair value is the following:
Level 1: quoted prices in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: inputs for the asset or liability that are not based on observable market data

	Financial instrument categories						Fair value level		
(amounts in EUR million)	DFVPL	FVPL	FVOCI	AC	Carrying amount December 31, 2021	Fair value December 31, 2021	Level 1	Level 2	Level 3
Financial assets									
CCE at amortized cost	0	0	0	1 114	1 114	1 114	0	1 114	0
CCE at fair value	325	0	0	0	325	325	0	325	0
Financial investments at amortized cost	0	0	0	3 036	3 036	3 031	1 340	1 691	0
Financial investments at fair value	25	0	208	0	233	233	233	0	0
Derivative financial instruments - assets	0	1 048	0	0	1 048	1 048	0	1 048	0
EFC contracts at amortized cost	0	0	0	3 394	3 394	3 431	0	3 431	0
EFC contracts at fair value	6 745	0	0	0	6 745	6 745	0	6 745	0
Other financial assets	3	0	0	9	12	12	0	12	0
Total assets					**15 909**	**15 940**	**1 573**	**14 367**	**0**
Financial liabilities									
Borrowings at amortized cost	0	0	0	6 351	6 351	6 420	0	6 420	0
Borrowings at fair value	7 606	0	0	0	7 606	7 606	0	7 606	0
Derivative financial instruments - liabilities	0	370	0	0	370	370	0	370	0
Other financial liabilities	0	0	0	22	22	22	0	22	0
Total liabilities					**14 348**	**14 417**	**0**	**14 417**	**0**

	Financial instrument categories						Fair value level		
(amounts in EUR million)	DFVPL	FVPL	FVOCI	AC	Carrying amount December 31, 2020	Fair value December 31, 2020	Level 1	Level 2	Level 3
Financial assets									
CCE at amortized cost	0	0	0	1 291	1 291	1 283	0	1 283	0
CCE at fair value	496	0	0	0	496	496	0	496	0
Financial investments at amortized cost	0	0	0	2 550	2 550	2 578	1 003	1 575	0
Financial investments at fair value	129	0	426	0	555	555	465	90	0
Derivative financial instruments - assets	0	1 188	0	0	1 188	1 188	0	1 188	0
EFC contracts at amortized cost	0	0	0	2 608	2 608	2 632	0	2 632	0
EFC contracts at fair value	8 308	0	0	0	8 308	8 308	0	8 308	0
Other financial assets	3	0	0	9	12	12	0	12	0
Total assets					**17 009**	**17 053**	**1 468**	**15 585**	**0**
Financial liabilities									
Borrowings at amortized cost	0	0	0	5 628	5 628	5 691	0	5 691	0
Borrowings at fair value	9 385	0	0	0	9 385	9 385	0	9 385	0
Derivative financial instruments - liabilities	0	417	0	0	417	417	0	417	0
Other financial liabilities	0	0	0	26	26	26	0	26	0
Total liabilities					**15 456**	**15 519**	**0**	**15 519**	**0**

There were no transfers between any of the levels of the fair value hierarchy during the year 2021 (2020: none)

DFVPL	Financial instruments designated at Fair Value through profit or loss by the company
FVPL	Held for Trading: Fair Value through profit or loss
FVOCI	Fair Value through OCI
FLAC	Financial liabilities at amortized cost
AC	Financial instruments at amortized cost

Financial assets and liabilities designated at fair value through profit or loss

Financial assets designated at fair value through profit or loss
The carrying amount at December 31, 2021, of financial assets designated at fair value through profit or loss was EUR 253 million higher (2020: EUR 439 million higher) than the contractual amount at maturity. The change in fair value of financial assets designated at fair value through profit or loss that is attributable to changes in credit risk for the year 2021 amounts to EUR 8 million loss (2020: EUR 33 million gain).

Financial liabilities designated at fair value through profit or loss
The carrying amount at December 31, 2021, of financial liabilities designated at fair value through profit or loss was EUR 407 million higher (2020: EUR 2 807 million higher) than the contractual amount at maturity. The change in fair value in financial liabilities designated at fair value through profit or loss that is attributable to changes in credit risk for the year 2021 amounts to EUR 3 million loss (2020: EUR 49 million loss).

18. HEDGE ACCOUNTING

EUROFIMA designates fair value hedges as part of an overall risk management strategy that incorporates the use of derivative instruments to minimize fluctuations in earnings that are caused by interest rate volatility associated with equipment financing contracts and long-term debt instruments.

For instruments traded before January 1, 2020 and for which hedge accounting was not applied but that were economically hedged, the company has generally elected the Fair Value Option.

Hedging instruments and hedged items

Equipment financing contracts

(amounts in EUR '000)	December 31, 2021	December 31, 2020
Hedging instruments		
Nominal amount		
Derivative financial instruments	-2 646 152	-1 959 473
Carrying amount		
Derivative financial instruments	-45 111	-33 618
Change in net fair value		
Derivative financial instruments	-9 736	-33 618

Debt securities in issue

(amounts in EUR '000)	December 31, 2021	December 31, 2020
Hedging instruments		
Nominal amount		
Derivative financial instruments	3 494 904	2 825 189
Carrying amount		
Derivative financial instruments	-39 538	28 934
Change in net fair value		
Derivative financial instruments	-75 826	28 934

The critical terms of the hedged items and hedging instrument perfectly or almost perfectly match. As a result, the ineffectiveness is considered insignificant and therefore has no material impact on the income statement.

Further information can be found in note 2.17.

19. RELATED PARTIES

Transactions and outstanding balances with related party shareholders (DB AG and SNCF) are disclosed in Note 9 - Equipment financing contracts.

Salaries and other benefits paid to key management personnel are included within general administrative expenses and amounted to EUR 2.9 million in 2021 (2020: EUR 3.6 million).

There are no outstanding amounts due to key management personnel at year end 2021 (2020: none).

20. POST BALANCE SHEET EVENTS

There were no material events subsequent until the approval of the financial statements for issue that have not been disclosed elsewhere in the financial statements.

Upon proposal from the Management, the Board of Directors adopted the Financial Statements on March 15, 2022, and authorized their submission to the General Assembly for approval on the same date. The General Assembly approved the financial statements.

21. COVID-19

COVID-19 is not expected to have a significant impact on the entity. Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern.

We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our personnel (such as social distancing and working from home) and securing the supply of materials that are essential to our operations. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without threatening the health of our personnel.

22. PROPOSED APPROPRIATION OF THE SURPLUS

The net profit for the financial year 2021 of EUR 22 023 076 equals the surplus to be distributed. In accordance with Article 29 of the Statutes, the Board of Directors proposes the following allocation of the surplus to the General Assembly:

	EUR
Appropriation to the ordinary reserve	1 102 000
Dividend of 1.2% (statutory maximum is 4%) on the paid-in share capital of CHF 520 million	6 000 000
Appropriation to the guarantee reserve	14 500 000
Appropriation to the fund for general risks	421 076

The Board of Directors proposes that the General Assembly meeting on March 15, 2022 approve an ordinary dividend distribution of EUR 6.0 million which represents the Euro equivalent of 1.2% of the paid-in share capital of CHF 520 million (CHF 6.2 million) as per the balance sheet date. Dividends are declared and paid in Euros. Due to potential foreign exchange movements between balance sheet and General Assembly date as well as statutory limits, the paid dividend amount will be capped at the Euro equivalent of 4% of the paid-in share capital of CHF 520 million (CHF 20.8 million) as per the date of the General Assembly.

Zagreb, Croatia - Source: AdobeStock

AUDITOR'S REPORT

EUROFIMA European Company for the Financing of Railroad Rolling Stock
Basel

Report of the statutory auditor
to the General Assembly

on the financial statements 2021

pwc

Report of the statutory auditor

to the General Assembly of EUROFIMA European Company for the Financing of Railroad Rolling Stock

Basel

Report on the audit of the financial statements

Opinion

We have audited the financial statements of EUROFIMA European Company for the Financing of Railroad Rolling Stock, which comprise the income statement and statement of comprehensive income for the year ended 31 December 2021, the balance sheet as at 31 December 2021, the statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 34 to 71) give a true and fair view of the financial position of EUROFIMA European Company for the Financing of Railroad Rolling Stock as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with the international Convention for the establishment of the Company and the Statutes.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: EUR 79'500'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matters the following areas of focus have been identified:

- Valuation of level 2 financial instruments
- Derivative financial instruments and hedge accounting

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	EUR 79'500'000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We have applied this benchmark based on our analysis of the common information needs of users of the financial statements. As there is no profit maximization and no distribution of retained earnings, we believe that total assets are an important metric for the financial performance of the company and it is a generally accepted benchmark.

We agreed with the Audit and Risk Committee that we would report to them misstatements above EUR 3'975'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of level 2 financial instruments

Key audit matter	How our audit addressed the key audit matter
As described in Note 17 to the financial statements, the majority of financial assets and liabilities are recorded at fair value in the statements of financial positions. As at 31 December 2021, EUR 8.1 billion or 51 % (assets) and EUR 8.0 billion or 56 % (liabilities) of the financial instruments are held at fair value and classified as level 2 instruments in accordance with IFRS 13. We focused on this area because of the complexity of the valuation models used to fair value the financial instruments. We identified and assessed the following risks that could result in inaccurate fair values:	We assessed and tested the design and existence of the key controls related to financial reporting including the process over contract approval, the control over accuracy of contract components in the system, and the control over the review of the models and model parameters. Additionally, we performed on a sample basis the following: • We performed an independent recalculation using our own model of fair value valuation for a sample of financial instruments categorized as level 2 instruments covering the relevant supported features such as the appropriate valuation model, adequate parameters and correct calculations.

• EUROFIMA uses a number of model types to value its level 2 financial instruments. Model deficiencies or inaccurate model parameters could lead to material differences. • Whilst the majority of the model inputs used to price financial instruments are observable, there are indirectly observable inputs, which could lead to valuation variances. On a financial instrument basis these variances are negligible; however once extrapolated over the entire population of financial instruments they could lead to material differences. See notes 2.5 and 17 to the financial statements on pages 40 - 42 and 68 – 69.	• We tested the market input data (interest rates, foreign exchange rates) with external information and challenged the indirectly observable inputs for market consistency with observable market data and/or instrument prices. • We checked sensitivities to changes in interest rates and yield curves of currencies for all instruments in the sample that are booked under fair value. We consider management's approach for the valuation of level 2 financial instruments as acceptable.

Derivative financial instruments and hedge accounting

Key audit matter	How our audit addressed the key audit matter
EUROFIMA's core activity and public mission consists of supporting the development of rail transportation in Europe by providing its shareholders, 26 national railway operators, and other railway bodies with cost-effective financing to renew and modernize their railway equipment (equipment financing contracts). Those contracts (including derivatives) represent EUR 11.2 billion or 70 % of the assets. The borrowing operations (consisting of debts evidenced by certificates, including derivatives), which represent EUR 13.4 billion or 93% of the liabilities as at December 31, 2021, provide long-term funds via bond issuances in the international capital markets, to support EUROFIMA's core lending business and liquidity position. Derivative financial instruments are used to manage and hedge the interest rate and foreign currency exchange risks in the borrowing operations. Many of these instruments are designated in a fair value hedge relationship and qualify for hedge accounting under IFRS 9. We focused on this area because it represents the core activity of EUROFIMA and the complexity related to hedge accounting under IFRS 9 is significant. We identified and assessed the following risk that could lead to inaccurate financing matters: • The hedging relationships do not qualify for hedge accounting. • The risk components for financial instruments and financial items are not adequately recognized and designated as the hedged instrument and hedged item. • The hedging relationships may be ineffective and result in mismatches between assets and liabilities and cause undesirable volatility in the Income Statement. See notes 2.17 and 18 to the financial statements on pages 45 and 70.	We assessed and tested the design and existence of the key controls related to financial reporting and hedge accounting. Additionally, we performed the following: • Obtaining an understanding EUROFIMA's risk management strategy, objectives and policies in respect of hedging activities and testing key controls for the use, the recognition and the measurement of derivative financial instruments. • Review master hedge documentation for consistency with accounting requirements under IFRS 9. • Assessing, on a sample basis, whether hedging instruments and hedge items designated by EUROFIMA qualify for hedge accounting. • Testing, on a sample basis, the appropriateness of the hedge documentation. • Verify that the effective portion of the gains or losses on the hedging instrument and the hedged item are properly presented in the Financial Statements and that the ineffective portion of a hedge is recognized in the Income Statement. • Reconciling derivative financial instruments data to third party confirmations. • Considering the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting. The procedures that we carried out and described above gave us sufficient audit evidence to address the aforementioned risks.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the financial statements of EUROFIMA European Company for the Financing of Railroad Rolling Stock and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS, the accounting and valuation principles described in the annual report, the requirements of the International Convention for the establishment of the Company and the Statutes, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 SCO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Stefan Wüest	Marco Tiefenthal
Audit expert Auditor in charge	Audit expert

Basel, 15 March 2022

Firenze, Italy - Source: Polonio Video, AdobeStock

Seville, Spain - Source: AdobeStock

MILESTONES IN DEVELOPMENT

MILESTONES IN DEVELOPMENT

1957	First issue in Swiss francs
1961	First issue in Dutch guilders
1962	First share capital increase from 50 to 100 million Swiss francs
1964	First issue in Deutsche Mark
1967	First issue in US dollars
1970	Second share capital increase from 100 to 300 million Swiss francs
1971	First issue in French francs
	First issue in Luxembourg francs
1972	First issue in Belgian francs
1976	Third share capital increase from 300 to 500 million Swiss francs
1978	First issue in Yen in the "Samurai" market
1979	First issue in Austrian shillings
1982	First issue in Sterling
1984	Extension of the duration of the company for another 50 years, until 2056
	Fourth share capital increase from 500 to 750 million Swiss francs
1986	First issue in Italian lira
1987	EUROFIMA opens the Spanish "Matador" market
	First issue in Australian, Canadian and New Zealand dollars
1989	First issue in Swedish krona
	First issue in Portuguese escudos
1990	Fifth share capital increase from 750 to 1 050 million Swiss francs
1992	Admission of the Hungarian State Railways (MAV)
1993	Sixth share capital increase from 1 050 to 2 100 million Swiss francs
1994	Admission of the Croatian (HŽ) and the Slovenian (SŽ) Railways
1995	First issue in Hong Kong dollars
1996	Admission of the Railways of Bosnia and Herzegovina (ŽBH) and the Railways of the Former Yugoslav Republic of Macedonia (CFARYM)
1997	First issue in South African rand
	Seventh share capital increase from 2 100 to 2 600 million Swiss francs
1998	First issue in Czech koruna
	First issue in Polish zlotys
	First issue in Greek drachmas
1999	First issue in euro
	Admission of the Bulgarian State Railways (BDZ)
2001	Admission of the Railways of the Slovak Republic (ŽSSK)
	First domestic "Kangaroo" issue in Australian dollars
2002	First issue in Norwegian krona
	Admission of the Railways of the Czech Republic (ČD)
2004	First US dollar 1 billion benchmark issue
2005	First issue in Mexican pesos
	First issue in Turkish lira
	First domestic "Maple" issue in Canadian dollars
2006	First issue in Icelandic krona
2007	First Swiss franc 1 billion benchmark issue
2008	First domestic "Kauri" issue in New Zealand dollars
	First issue in the Japanese "Uridashi" market
2010	First euro 1 billion benchmark issue
2013	First US dollar FRN 1 billion benchmark issue
2017	First issue in Socially Responsible Investment (SRI) format
2018	Completion of the strategy project "Project Horizon"
	Amendment to EUROFIMA's Statutes
	Opening for new shareholders and customers
	Inaugural Green Bond in the volume of EUR 500 million
2019	Implementation of the new strategy leading to a steady development of the loan book
	Second Green Bond issuance in the volume of EUR 500 million
2020	First significant increase in the loan book since the global financial crisis of 2008
	Official signatory of the UN Principles for Responsible Investments (PRI)
	3rd and 4th EUR denominated Green bonds with combined outstanding EUR 2.9 billion
	Publication of the 1st Green Bond Impact report
	Inaugural Green Bond in Swedish krona
2021	Acknowledgement of Climate Bond Initiative as a 100%-climate aligned issuer
	Launch of Sustainability Committee to emphasize EUROFIMA's commitment towards sustainability
	First EU Taxonomy aligned issuer in the transportation sector
	Official signatory of the UN Global Compact, the world's largest corporate sustainability initiative
	EUROFIMA's Sustainalytics ESG Rating among the top 10 issuers out of 14 000
	Inaugural Green Bond in Swiss francs

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Arts-Square.com

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