EUROFIMA

ROLLING STOCK FINANCING

ANNUAL REPORT 2018

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: amounts in million CHF
Railway equipment: in units

	2018	2017	2016	2015	2014
Balance sheet					
Total	17 817	19 897	20 900	22 801	26 089
Assets					
Liquid assets [1]	4 980	4 262	3 624	3 916	4 305
Equipment financing contracts	11 295	13 731	14 377	15 508	18 275
Derivative financial instruments	1 523	1 890	2 884	3 361	3 493
Liabilities					
Outstanding borrowings [2]	15 662	17 639	18 400	20 164	23 300
Derivative financial instruments	383	600	817	1 023	1 186
Equity					
Equity + Callable share capital	3 724	3 712	3 695	3 677	3 664
Net profit and appropriation to reserves					
Net profit for the financial year	16	17	21	29	33
Appropriation to statutory reserves	14	18	24	28	30
Ratios in %					
Total operating expense / Total operating income	39.1	41.0	37.1	16.1	20.4
Net profit / Average equity	1.0	1.0	1.3	1.8	2.1
(Equity + Callable share capital) / Outstanding borrowings	23.8	21.0	20.1	18.2	15.7
Borrowings and repayments during the financial year					
Borrowings	6 451	6 261	6 474	5 210	3 700
Repayments	7 478	7 486	7 953	7 205	6 240
Repayment rate in %	116	120	123	138	169
Railway equipment financed during the financial year					
Locomotives	0	0	49	43	15
Multiple-unit trains					
- Motor units	40	124	637	264	199
- Trailer cars	54	120	612	133	268
Passenger cars	45	80	158	277	16
Freight cars	0	0	0	7	0
Infrastructure equipment	48	0	0	0	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 fulfils 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 of the Contracting States 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 were reviewed by the 25 Contracting States during a three-month period from June 26, 2018 to September 26, 2018. On October 5, 2018, the Swiss Department of Foreign Affairs notified the Contracting States that the review period had ended and that, as no objection was raised, the amended Statutes could come into force. On October 9, 2018, the Commercial Register of Basel, Switzerland informed EUROFIMA that the amended Statutes were registered and thereby became effective. 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. After appropriation of the 2018 surplus, the guarantee reserve reached CHF 731.2 million.

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) 2018	Subscribed share capital (in CHF) 2017	Callable share capital [1] (in CHF) 2018	Callable share capital [1] (in CHF) 2017
Deutsche Bahn AG	DB AG	58 760	22.60%	587 600 000	587 600 000	470 080 000	470 080 000
SNCF Mobilités	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	MŽI	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
Makedonski Železnici-Transport AD	MŽT	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
Norwegian State Railways	NSB	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

[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 recent changes to the Statutes, 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, 2018 and 2017

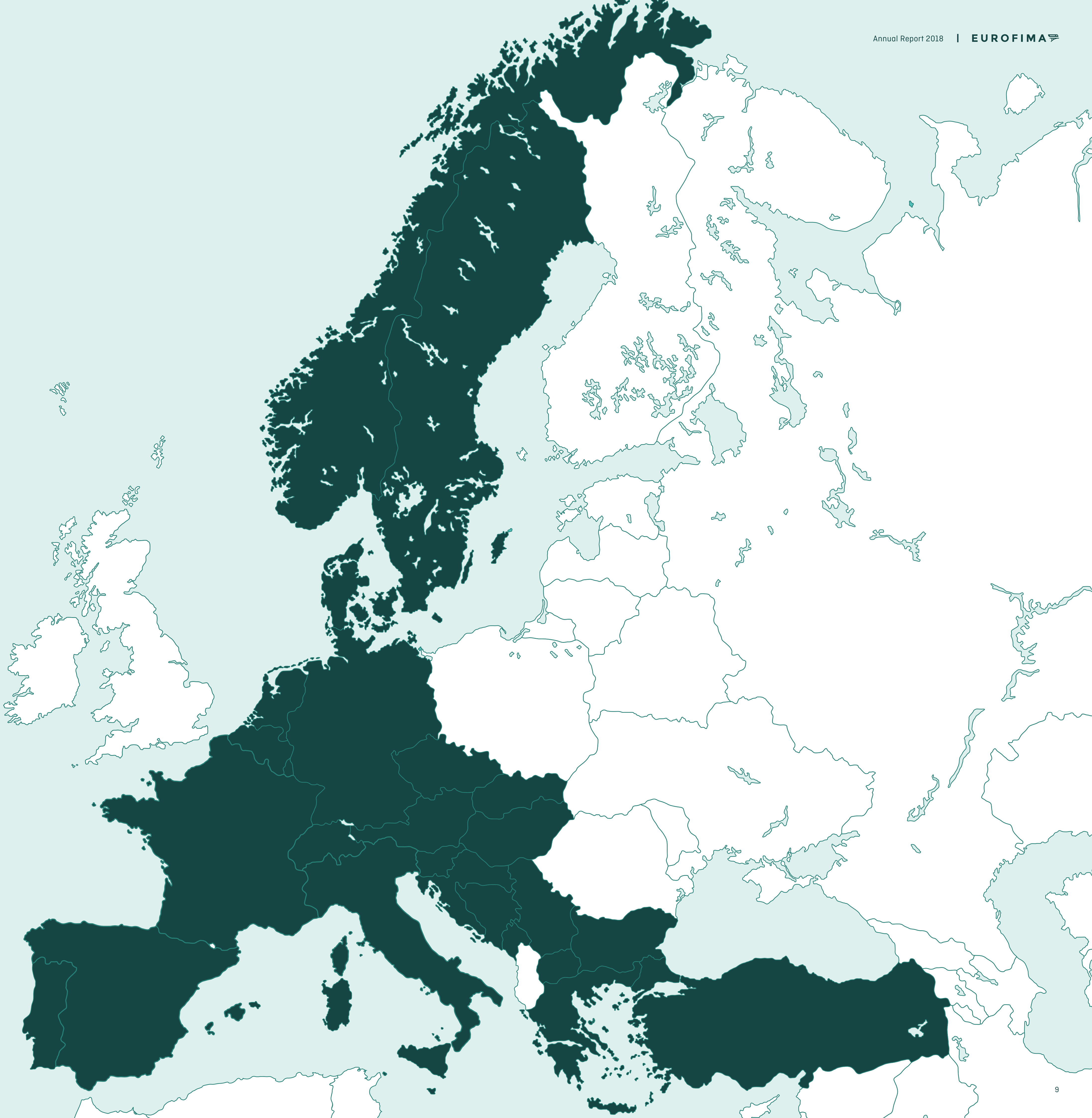
	2018 Standard & Poor's Corp.	2018 Moody's Investors Service Inc.	2017 Standard & Poor's Corp.	2017 Moody's Investors Service Inc.
Germany	AAA	Aaa	AAA	Aaa
France	AA	Aa2	AA	Aa2
Italy	BBB	Baa3	BBB	Baa2
Belgium	AA	Aa3	AA	Aa3
Netherlands	AAA	Aaa	AAA	Aaa
Spain	A-	Baa1	BBB+	Baa2
Switzerland	AAA	Aaa	AAA	Aaa
Luxembourg	AAA	Aaa	AAA	Aaa
Portugal	BBB-	Baa3	BBB-	Ba1
Austria	AA+	Aa1	AA+	Aa1
Greece	B+	B3	B-	Caa2
Sweden	AAA	Aaa	AAA	Aaa
Serbia	BB	Ba3	BB	Ba3
Czech Republic	AA-	A1	AA-	A1
Croatia	BB+	Ba2	BB	Ba2
Hungary	BBB-	Baa3	BBB-	Baa3
Bosnia and Herzegovina	B	B3	B	B3
Slovakia	A+	A2	A+	A2
Slovenia	A+	Baa1	A+	Baa1
Bulgaria	BBB-	Baa2	BBB-	Baa2
FYR Macedonia	BB-	-	BB-	-
Montenegro	B+	B1	B+	B1
Turkey	B+	Ba3	BB	Ba1
Denmark	AAA	Aaa	AAA	Aaa
Norway	AAA	Aaa	AAA	Aaa

Rating of EUROFIMA at December 31, 2018

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

EUROFIMA
ROLLING STOCK FINANCING

Country	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
FYR Macedonia	1996
Bulgaria	1998
Slovakia	2000
Czech Republic	2002
Montenegro	2006



Kindly provided by SNCB, Belgium

MESSAGE FROM THE CHAIRMAN

Black Forest - Schwarzwald, Germany - Source : AdobeStock

MESSAGE FROM THE CHAIRMAN

Increasing global tensions marked the year 2018. The international financial markets witnessed those strains with an end of year that was particularly volatile and bearish for bonds, equities and raw materials. Therefore, 2019 is set to be a challenging year with evidence pointing at a slowing world economy while the European outlook suggests growth will be closer to 1% than 2%, without considering the so far unknown impact of Brexit.

Besides financial, political and social pressures, climate change issues have sparked disastrous consequences from severe floods and fires to ecological emigration, which can no longer be ignored. The UN climate conference (COP24) in Katowice, Poland, concluded with the adoption of a clear rulebook aimed at implementing the 2017 Paris Agreement on climate change across the world.

Railway transportation for goods and passengers is increasingly understood as a vital tool for modern societies to tackle the negative environmental effects of increasing transport and mobility. Within the railway sector, efforts to replace diesel engines with alternative energy sources, requires investments to further modernize railway fleets and enhance efficiency. EUROFIMA, as a European supranational organization of 25-Contracting States, is dedicated to providing attractive, long-term financing for these important investments.

In such a challenging environment, EUROFIMA was able to successfully finalize its strategy project, "Project Horizon", which aimed at clarifying the relevant conditions that public transport authorities and private transport operators must fulfil in order to be admitted as additional shareholders and/or to gain access to loans from EUROFIMA. Following the consecutive changes to its Statutes in October 2018, EUROFIMA has opened its shareholdership to a wide range of organizations, for those who meet the statutory conditions. Such will be summarized by the term "railway organizations" and will include sovereign states, regional states and public railway authorities to rolling stock companies, railway infrastructure managers and railway operators owned by public or private shareholders.

The roll-out of the 4th Railway package of the European Commission in the Member States of the European Union is a challenge and an opportunity for all active parties in the passenger railway transportation sector. EUROFIMA's new business model, achieved by Project Horizon, strengthens the company's position in increasingly liberalized railway markets as a prime financing source for passenger rolling stock under a public service contract.

Following the closing of Project Horizon, EUROFIMA was able to successfully issue its first Green Bond of EUR 500 million with a 5-year maturity in the last quarter of 2018. Strong investor support characterized this issuance with the proceeds financing green railway equipment of SNCB and other shareholder railways as defined in EUROFIMA's Green Bond Framework, approved in November 2017.

2019 promises to be an important year for EUROFIMA. Based on its amended statutes the new business model will be rolled-out. In addition to the national railways of the EUROFIMA Contracting States, new shareholders and customers are, if they meet certain conditions, invited to join EUROFIMA, benefit from its attractive financing structure and further promote the development of sustainable public railway transportation in Europe.

Alain Picard
Chairman of the Board

Nyugati Railway Terminal - Budapest, Hungary - Photo kindly provided by MÁV

CORPORATE GOVERNANCE

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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 family.

EUROFIMA is managed and administered 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, and it appoints the External Auditor. It also approves the maximum amount of borrowings and 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, to transfer shares and subscription rights, to dissolve the organization, to appoint liquidators, and to extend the organization's duration, 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 2018, the General Assembly convened on four occasions. The main subjects examined by the General Assembly on which it took decisions were: the annual report and the appropriation of 2017 surplus, the discharge of members of the Board of Directors and the Management for the financial year 2017, reappointment of the External Auditor for the financial year 2018, the maximum amounts of borrowings which may be concluded the proposed changes to the Statutes 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 authorizes all equipment financing contracts and all 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, 2019, the Board of Directors consisted 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 Commmittee 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 five members of the Board as appointed by the Chairman of the Board.

The Board of Directors met on six occasions in 2018. On average, Directors' attendance was 92%. 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, the main internal policies, the report to the Governments parties to EUROFIMA's Convention, the assessments of the financial position, risk and capital adequacy, and the future strategy of the company in regard to the foreseeable liberalization of the railway markets, the update of the programme for the issuance of commercial paper and EMTN, the business plan, status report on new shareholder acquisition, the organizational renewal of EUROFIMA, the report to the HR Committee on designing an effective organization.

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 Operating Officer. The Chief Operating Officer joined the company in January 2018.

The Management meets as and when required by the operations of the organization. In 2018, over 30 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.

Kindly provided by SNCB, Belgium

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CONTROLLING BODIES

EXTERNAL AUDIT

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

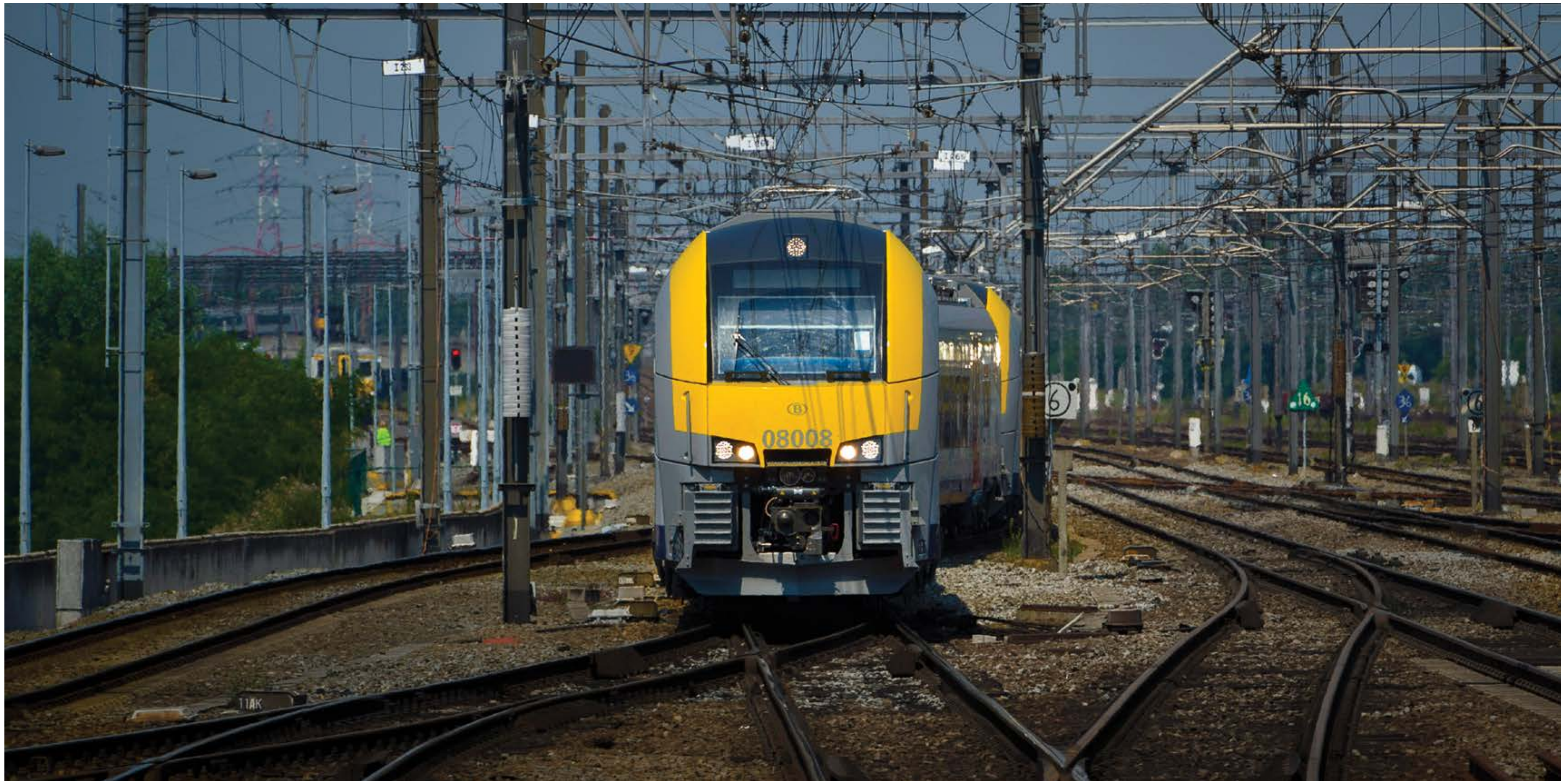
The responsibility of the External Auditor is to audit the financial statements, to report the results of the audit to the General Assembly and to the Board of Directors, and to express an opinion concerning the financial statements. The External Auditor also verifies the existence of an internal control 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.



Kindly provided by SNCB, Belgium

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.

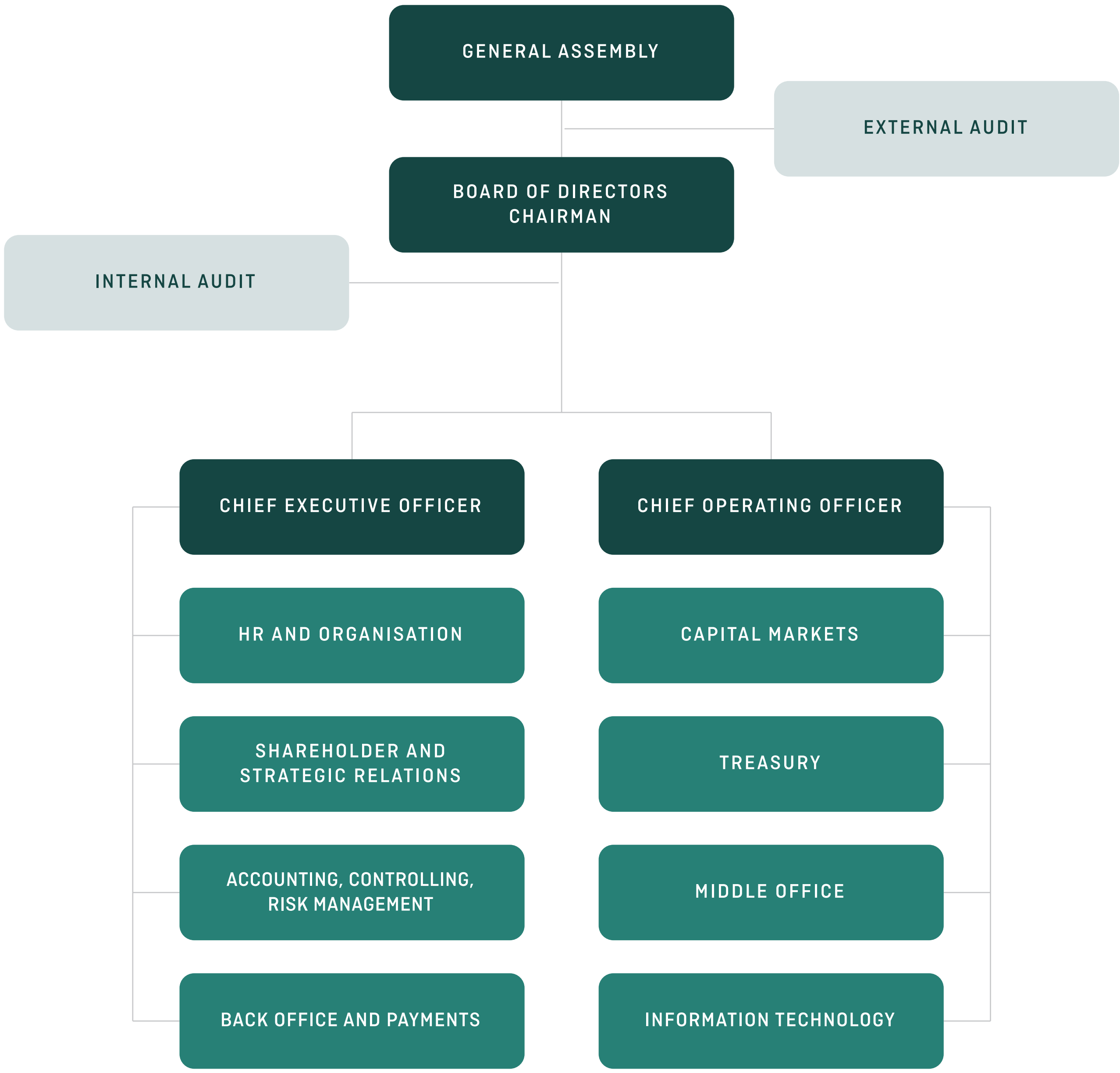
EUROFIMA strives for a balanced mix of both preventive and detective controls taking place at the process levels and at the entity level. The main principle for organizing EUROFIMA's workflows and reducing the risk of error or inappropriate actions is segregation of duties.

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, 2019



MEMBERS OF GOVERNING AND CONTROLLING BODIES AS AT JANUARY 1, 2019

BOARD OF DIRECTORS

Chairman		
Alain Picard [1]	(1963, FR)	Chief Executive Officer of SNCF Logistics, Paris
Vice Chairmen / Vice Chairwoman		
Wolfgang Bohner [1] [2]	(1962, DE)	Head of Finance and Treasury, Deutsche Bahn AG, Berlin
Robert Eigenheer [2]	(1986, CH)	Head Corporate Treasury Front Office, Swiss Federal Railways, Bern
Ann Lauwereys [2]	(1967, BE)	Corporate Treasurer of SNCB, Brussels
Stefano Pierini	(1965, IT)	Head of Finance, Investor Relations and Real Estate, Ferrovie dello Stato Italiane S.p.A., Rome
Members		
Ana Maria dos Santos Malhó	(1972, PT)	Chief Financial Officer, CP-Comboios de Portugal, E.P.E., Lisbon
Othmar Frühauf [1]	(1972, AT)	Head Controlling and Accounting, ÖBB-Infrastruktur AG, Vienna
Lars Erik Fredriksson [2]	(1964, SE)	Investment Director, State Ownership, Ministry of Enterprise and Innovation, Stockholm
Ronald Klein Wassink [1]	(1966, NL)	Corporate Treasurer at NS Groep NV, Utrecht
Panagiotis Theocharis	(1962, GR)	Chief Executive Officer of OSE, Hellenic Railways, Athens
Marta Torralvo Liébanas	(1975, ES)	Chief Financial Officer, RENFE Operadora, Madrid
Marc Wengler [1]	(1967, LU)	Chief Executive Officer, Luxembourg National Railways, Luxembourg
Secretary		
Susanne Honegger	(1961, CH)	Head of Human Resources and Organisation, EUROFIMA

MANAGEMENT

Alfred Buder	(1969, AT)	Chief Executive Officer
Harry Müller	(1959, CH, DE)	Chief Operating 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-4002 Basel
Tel: + 41 58 792 51 00

CHANGES IN THE BOARD OF DIRECTORS

The following members resigned in 2018:

Juan Miguel Bascones Ramos
Konstantinos Petrakis
Wolfgang Reuter

The outgoing members were sincerely thanked for their active service.

Amsterdam Centraal - Amsterdam, The Netherlands - Source : iStock

ACTIVITY REPORT

2018 activities

2018 results and outlook for 2019

2018 ACTIVITIES

In 2018 the activities were mainly focused on supporting the strategic reorientation of EUROFIMA and the roll-out of IFRS 9. Furthermore EUROFIMA extended its two-way CSA agreements to additional derivative counterparties.

EUROFIMA maintained its prudent attitude towards risk related topics and continued its prudent lending strategy. Its non-investment grade exposure from equipment financing contracts was reduced by 63%.

LENDING POLICY

EUROFIMA's core activity and public mission consist of supporting the development of rail transportation in Europe by providing its shareholders, 25 national railway operators, and other railway bodies with cost-effective financing 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.

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

- Internal due diligence: EUROFIMA's internal teams appraise the economic, financial, legal, and technical aspects of each railway project and evaluate any potential risk related to it. Particular emphasis is put on the technical 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 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.

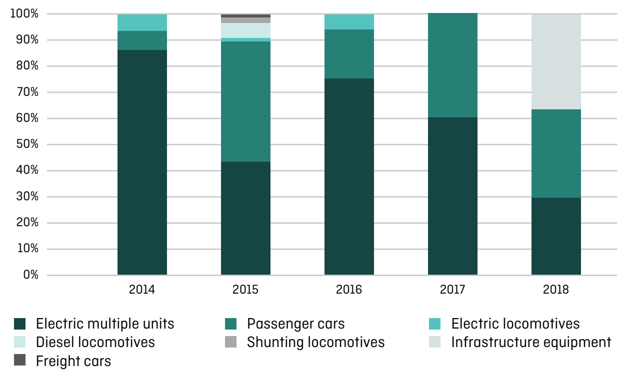
LENDING ACTIVITY AND DISTRIBUTION OF EQUIPMENT IN 2018

EUROFIMA concluded five contracts with four shareholders, or their affiliates, for the financing of railway equipment. The railway equipment and the related financing amounts are given below.

Equipment financed during the financial year 2018

Contracting State	Railway	Locomotives			Multiple-unit trains			Passenger cars		Freight cars	Infra-structure equipment	Financing (in million CHF)
		mainline		shunting	motor units		trailer cars	in fixed formation	not in fixed formation			
		diesel	electric		diesel	electric						
Belgium	SNCB								45			129
Netherlands	NS					6	6					34
Switzerland	SBB					34	48					151
Austria	ÖBB										48	45
Total						40	54		45		48	359

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.



With most of the funds being dedicated to electric multiple-unit trains and passenger cars, 2018 marked another example of EUROFIMA's commitment to fulfilling its public mission for sustainable mobility. EUROFIMA managed to raise part of these funds through its inaugural Green Bond which was issued in December 2018 in the form of an EUR 500 million 5.25-year benchmark transaction in the Euro market.

As at year end 2018, EUROFIMA had CHF 11.3 billion in development related loans outstanding, which are distributed among 14 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, 2018

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						
Germany	DB AG	0	50	0	0	0	0	0	0	0	0	50
France	SNCF	0	18	0	0	22	94	0	0	0	0	134
Italy	FS	14	329	1	69	397	330	0	1 457	0	0	2 597
Belgium	SNCB	0	114	31	60	511	344	0	282	0	27	1 369
Spain	RENFE	60	132	0	0	333	235	192	0	0	0	952
Switzerland	SBB	0	52	49	0	455	503	0	46	0	0	1 105
Luxembourg	CFL	0	0	0	0	42	21	0	53	0	0	116
Portugal	CP	0	0	0	15	154	176	0	0	0	0	345
Austria	ÖBB	6	155	48	24	300	281	294	88	2 262	67	3 525
Greece	OSE	0	12	0	15	0	14	0	0	0	0	41
Serbia	ŽS	0	2	0	24	0	0	0	0	0	0	26
Slovakia	ŽSSK	0	0	0	0	0	0	0	28	0	0	28
Slovenia	SŽ	0	32	0	0	0	0	0	0	0	0	32
Denmark	DSB	0	0	0	0	20	10	0	0	0	0	30
Total		80	896	129	207	2 234	2 008	486	1 954	2 262	94	10 350

SUSTAINABILITY

Establishing a low-carbon future has become an increasingly important point of geopolitical focus. The COP21 conference in Paris in 2015 marked a milestone in the international cooperation where 196 representatives in attendance 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 to be reached 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 their local jurisdictions.

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 by the COP21 agreement, EUROFIMA is determined to serve as partner to its Contracting States in fulfilling their objectives.

Low energy demand and emission from rail transportation

Globally, the railway sector was responsible for 1.9% (2 EJ) of transport final energy demand and for 4.2% (336 million t CO_2)

of global transport CO_2 emissions in 2015. In comparison, road transport accounts for a share of 75.3% of final energy demand and for 72.6% of CO_2 emission from transport.

Between 2005 and 2015, rail energy consumption per passenger-km decreased by 27.8% and energy consumption per freight tonne-km decreased by 18.1%. Over the same time, rail CO_2 emissions per passenger-km decreased by 21.7% and CO_2 emissions per freight tonne-km decreased by 19.0%.

Sustained activity from rail transportation

Rail accounts for a relatively larger share of transport activity demand. In 2015, rail accounted for 6.3% of global passenger transport activity (in passenger-km) and for 6.9% of global freight transport activity (in tonne-km). The difference in magnitude of the share of activity and CO_2 emissions can be largely explained by the better energy efficiency (per passenger-km and tonne-km) of the rail sector compared to the road sector.

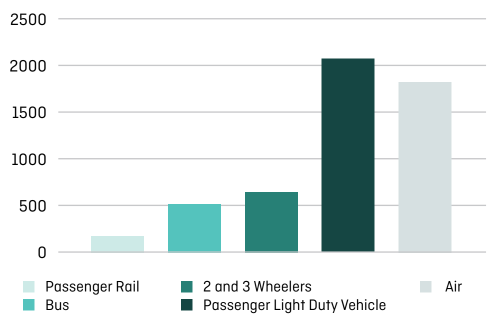
Growing Electricity Share

A continued increase of the share of electricity used in the rail sector was observed between 2013 and 2015, as well as an increase of the share of renewables used for electricity generation, which contributes to further improving the CO_2 intensity of rail. The share of oil products (diesel) in the global railway fuel mix declined from 62.2% in 2005 to 56% in 2015. The share of electricity generated by renewables increased by 65% in the same period.

Focus Passenger Rail Transportation

Today, passenger rail is the most energy efficient passenger transport mode per pkm. It has a specific energy consumption averaging well below 200 kJ/pkm across all geographical regions and all types of services. Passenger rail requires less than one tenth of the energy needed to move an individual by car or by airplane. This explains why, despite accounting for 9% of the global passenger activity (expressed in pkm) in 2015, passenger rail services only represent 1% of the final energy demand in passenger transport.

Energy Intensity of Passenger transport modes, 2015
(kJ/pkm)



EUROFIMA's commitment to United Nations Sustainable Development Goals

EUROFIMA's mission to provide attractive funding for passenger railway investments in the public transportation sector underlines mainly two sustainable development goals from the United Nations:

Innovation and Infrastructure: Efficient, clean and environmentally sound mobility to enable development and employment

Sustainable Cities and Communities: Social development via access to inclusive transportation and mobility in rapidly urbanizing cities

Green Bond Framework

EUROFIMA developed a Green Bond Framework aligned with the Green Bond Principles 2018 published 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 re-finance 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 (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
- 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.

It is recommended by ICMA and it became standard practice to have Green Bonds reviewed externally. These external reviews have to 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 published the framework in November 2017 and updated it in October 2018. The framework as well as the independent second party opinion are publicly available on EUROFIMA's website.

Sustainability at EUROFIMA

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 in place that support the following:

- Low-carbon transport: employees receive annual passes for local public transportation and an annual allowance for travelling by railway worldwide.
- Diversity: the staff of EUROFIMA consists of eight different nationalities with more than 50% of the staff being non-Swiss.
- Low employee turnover: EUROFIMA has a consistent record of low employee turnover with the average tenor of employment being 8.7 years per end of 2018.
- Continuing education: EUROFIMA views education as a life-long process and it has measures in place to encourage and to provide financial assistance to employees in advancing their professional competencies.
- 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.

CAPITAL MARKETS BORROWING STRATEGY

The borrowing operations provide long-term funds via bond issuances in the international capital markets to support EUROFIMA's core lending business and liquidity position. The borrowing strategy is built on two pillars.

- USD and EUR benchmark issuance: EUROFIMA has issued tenors of 2, 3, 5 and 10 years in USD in both fixed and floating rate formats. Currently, it has one USD 1 billion and two USD 500 million benchmarks outstanding as at December 31, 2018. In EUR, EUROFIMA has issued benchmark bonds up to a tenor of 15 years. Currently, it has five EUR fixed rate benchmark bonds with a total amount of 3.75bn outstanding, and it has issued also in floating rate format in the past.

- Strategic commitment to the Australian dollar and Swiss franc bond markets: EUROFIMA regularly pursues issuances in the domestic AUD and CHF markets, where it offers complete curves up to 2029 and 2030 respectively.

With its Green Bond Framework, EUROFIMA offers fixed income investors an opportunity to support green and sustainable transport solutions (see Sustainability section). As at December 31, 2018, EUROFIMA has one EUR 500 million Green Bond outstanding maturing in 2024.

BORROWING ACTIVITY IN 2018

Total issuance volume in the global Sovereign, Supranational and Agency (SSA) market amounted to USD 673 billion in 2018 (+3% compared to 2017) with 38.2% (37.2% in 2017) for Sovereigns, 33.8% (31.9%) for Agencies, and 28.0% (30.9%) for Supranationals.

In 2018, the Euro with USD 385 billion equivalent of issuance remained the key funding currency followed by the US dollar with USD 175 billion and the British pound with USD 55 billion equivalent of issuance. In the Euro market, issuance of SSA paper was supported by the ECB's continued PSPP demand. The safe haven flow generated by Italian political concerns, trade war pressures, and slowing global growth further contributed to this support. As a result, the total volume issued in 2018 in Euro increased further from 2017 levels. In contrast, the US dollar market continued to be less attractive for SSA issuers, largely due to wider cross-currency swap levels versus Euro, resulting in lower overall funding volumes when compared to the previous year.

In this environment, EUROFIMA successfully raised a total of CHF 1 136 million in the debt capital markets and CHF 5 119 million equivalent in the money market. Primary issuance in the debt capital markets focused on EUR and USD. In the money market, issuance was primarily in USD with an average weighted tenor of two months.

After finalization of the issuance programme documentation following the change of its statutes, EUROFIMA returned to the capital markets in November with a USD 500 million three-year note in floating rate format. The issuance attracted strong investor demand and was well oversubscribed. The final distribution included, as in the past, strong participation from central banks and official institutions (62%), followed by banks (23%) and asset managers (15%).

In December, EUROFIMA issued its inaugural Green Bond as a EUR 500 million fixed rate note. The bond was issued under EUROFIMA's Green Bond Framework which was verified by ratings agency Sustainalytics as being aligned with the International Capital Markets Association's Green Bond Principles. Maturing in February 2024, the bond has a fixed rate coupon of 0.25%. It attracted notable investor interest with a final order book at re-offer in excess of EUR 700 million and 55 investors involved. More than 50% of the deal size was sold to green investors. Investors from Benelux where leading the transaction with 41% of the total demand, followed by accounts from Germany and Austria (26%), France (19%), and the Nordics (11%). The demand was essentially split between asset managers (34%), insurers and pension funds (29%), and central banks and official institutions (26%). The remainder (11%) was bought by banks (6%) and corporates (5%).

In the AUD domestic market, EUROFIMA established a new line maturing in May 2029 which it tapped twice at the end of 2018. The total volume reached AUD 100 million.

REDEMPTIONS IN 2018

Redemptions reached the equivalent of CHF 7 478 million, CHF 5 357 million of which were due to repayments of short-term borrowings.

2018 RESULTS AND OUTLOOK FOR 2019

2018 RESULTS

EUROFIMA's net profit for the financial year amounted to CHF 15.9 million, CHF 0.7 million below the level of 2017 (CHF 16.7 million). The challenging market conditions was the main reason for this decrease.

Income statement

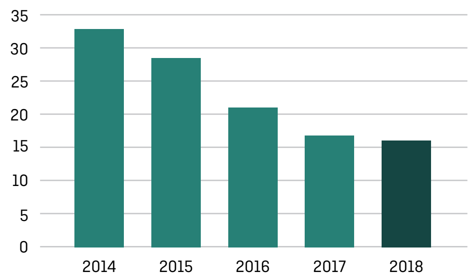
The 1% decrease in net interest income, from CHF 17.2 million to CHF 17.1 million, was the result of the persisting low interest rate environment.

Commission income and fees received remained at CHF 12.5 million the same level of the previous year.

Net other operating expense increased to a level of CHF 1.6 million (2017, net other operating expense: CHF 0.2 million). The losses on financial assets designated as at fair value through profit or loss and derivative financial instruments were higher than the gains on financial liabilities designated as at fair value through profit or loss.

Total operating expenses, at CHF 10.3 million, were CHF 1.4 million below the level of 2017. This difference was largely the result of lower other general administrative expenses and lower depreciation on intangible fixes assets.

Net profit for the financial year
(in CHF million)

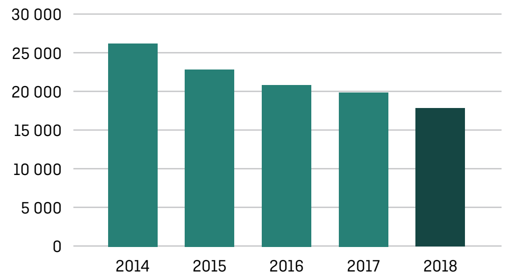


Balance sheet

EUROFIMA's balance sheet total was reduced by CHF 2.1 billion (-10.5%) to CHF 17.8 billion. The balance sheet contraction was largely driven by net loan redemptions and a corresponding reduction in derivative financial instruments and liquid assets.

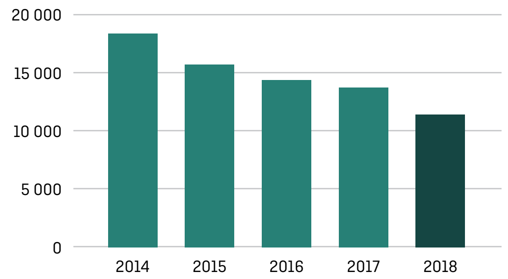
No impairments were recognized during the year. As at December 31, 2018, all assets were fully performing.

Total assets
(in CHF million)



The loan book was reduced by an amount of CHF 2.4 billion (-17.7%) to a level of CHF 11.3 billion. Net redemptions of CHF 1.8 billion were accompanied by fair value changes and exchange rate effects of CHF -0.4 billion and CHF -0.3 billion respectively.

Equipment financing contracts
(in CHF million)



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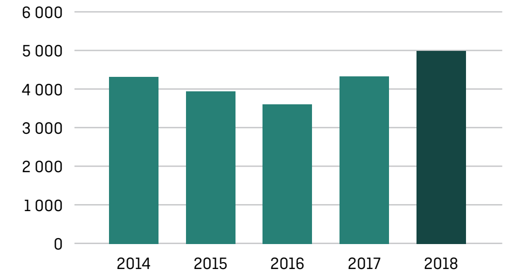
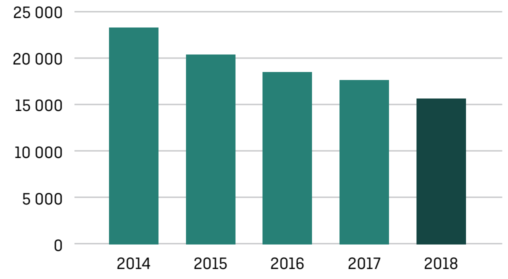
Liquid assets, consisting of cash and cash equivalents and financial investments, rose by more than CHF 0.7 billion. The investment of funds in short-term financial assts largely accounted for the increase in liquid assets. The credit quality was maintained at a high level.

Liquid assets
(in CHF million)



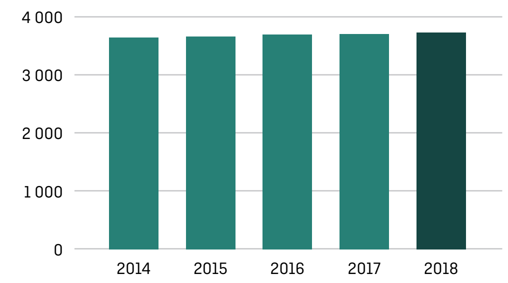
EUROFIMA's leverage, measured as the ratio of outstanding borrowings to the sum of equity plus callable capital, further improved during the year to a level of 4.2 per December 31, 2018 (2017: 4.8).

Outstanding borrowings
(in CHF million



As per December 31, 2018 total equity amounted to CHF 1 644 million. As a result of the decreased balance sheet exposures and the increase in equity over the year 2018, EUROFIMA's capitalization as measured by the Basel III ratio improved to 51.9% per December 31, 2018, up from 41.3% the year before.

Equity + Callable share capital
(in CHF million)



OUTLOOK FOR 2019

The outlook for 2019 is rather volatile, due to a combination of a number of factors, including a reversing trend in global growth and political risks on the horizon. Global expansion has peaked, and global GDP growth is projected to ease gradually from 3.7% in 2018 to around 3.5% per cent in 2019 and 2020 according to the OECD. While growth remains brisk, a variety of risks are looming over next year: the impact of domestic slowdowns (US and China), political deadlocks (US, UK) and the impacts of ongoing trade wars, which will have globally relevant consequences on business confidence and investment plans, since US and China are the largest economies accounting for 40% of world GDP.

In Europe, economic challenges are deepening on the heels of disappointing German manufacturing and French services data, as the euro area composite PMI is just above the contraction threshold but nonetheless is hitting a 66-month low. Moreover, business surveys are pointing at Brexit and other political uncertainties as factors dampening growth in addition to a broad spectrum of headwinds already weighing on European economic activity in 2019.

As a result, on the monetary policy side, a change of tone is taking place compared to the end of last year. The Fed's stance is expected to change to reflect the idea of being patient with respect to future policy moves, as officials assess the impact of slowing global growth, the lagged effect of prior rate increases, fading fiscal stimulus, and ongoing political uncertainty on the outlook for the economy. The Federal Reserve will likely hold interest rates steady for a while, probably until the second half of this year.

As a synchronized slowdown is impacting the financial markets outlook, the European Central Bank is also stressing that the persistence of weak data, including lackluster inflation, will dictate the type of policy actions throughout 2019 and in fact, it may not raise rates at all before 2020.

In Switzerland, GDP is set to decrease from 2.5% in 2018 to 1.5% in 2019 with stable inflation expectations of just under 1%. The interest rates are still kept in negative territory by the Swiss National Bank in order to counter the monetary effects of the "still highly valued" CHF and to support price stability. No rate hike in Switzerland is expected for 2019.

With its strong capitalization and solid balance sheet, EUROFIMA is well prepared for the upcoming strategic challenges. From 2018 onwards EUROFIMA is planning to start paying out dividends to its shareholders. In the year ahead, EUROFIMA will also continue its core business strategy of providing attractive funds to its customers.

Nyugati Railway Terminal - Budapest, Hungary - Photo kindly provided by MÁV

FINANCIAL STATEMENTS

INCOME STATEMENT

(amounts in CHF '000)	Notes	2018	2017
Interest income	4	604 446	612 492
Other similar income	4	31 135	0
Interest and similar charges	4	-618 553	-595 257
Net interest income		**17 027**	**17 234**
Commission income and fees received	5	12 493	12 489
Commission expenses and fees paid	5	-1 748	-1 234
Net commission income		**10 745**	**11 255**
Net gains/(losses) on financial instruments	6	-1 665	-384
Credit impairment gains/(losses)	3	22	0
Foreign exchange gains/(losses)		-52	16
Other operating income/(expense)		126	168
Net other operating income/(expense)		**-1 569**	**-200**
Total operating income		**26 203**	**28 290**
General administrative expenses	7	-10 004	-10 959
Depreciation/amortization on fixed assets	13	-250	-648
Total operating expense		**-10 254**	**-11 607**
Net profit for the financial year		**15 949**	**16 683**

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

STATEMENT OF COMPREHENSIVE INCOME

(amounts in CHF '000)	Notes	2018	2017
Net profit for the financial year		**15 949**	**16 683**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value adjustments on available-for-sale financial assets	16	0	735
Fair value adjustments on Fair Value through OCI financial assets	16	-2 141	0
Items that will not be reclassified to profit or loss:			
Remeasurements on post-employment benefit liability	15, 16	716	-8
Other comprehensive income for the financial year		**-1 425**	**727**
Total comprehensive income for the financial year		**14 523**	**17 410**

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

BALANCE SHEET

(amounts in CHF '000)	Notes	2018	2017
Assets			
Cash and cash equivalents	8	2 180 916	1 808 469
Financial investments	8	2 799 228	2 453 750
Placements with credit institutions		1 250 981	775 308
Debt securities		1 548 247	1 678 442
Equipment financing contracts	9	11 295 131	13 730 802
Derivative financial instruments	10	1 522 864	1 889 881
Other assets		8 623	3 590
Accrued income and prepaid expenses	12	4 299	4 516
Tangible fixed assets	13	6 110	6 160
Intangible fixed assets	13	141	195
Total assets		**17 817 314**	**19 897 364**
Liabilities			
Amounts due to credit institutions and customers	14	1 201 443	1 890 052
Debts evidenced by certificates	14	14 460 309	15 749 228
Debt securities in issue		12 846 954	14 096 006
Others		1 613 355	1 653 221
Derivative financial instruments	10	383 115	600 349
Other liabilities		123 240	20 813
Accrued expenses and deferred income		759	339
Post-employment benefit liability	15	4 052	4 647
Total liabilities		**16 172 918**	**18 265 428**
Equity			
Paid-in capital		520 000	520 000
Subscribed share capital		2 600 000	2 600 000
Callable share capital		-2 080 000	-2 080 000
Statutory reserves	16	806 102	791 767
Fund for general risks		310 376	308 029
Other reserves	16	-1 586	-161
Retained earnings		9 504	12 302
Total equity		**1 644 395**	**1 631 936**
Total liabilities and equity		**17 817 314**	**19 897 364**

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

STATEMENT OF CHANGES IN EQUITY

(amounts in CHF '000)	Subscribed share capital	Callable share capital	Statutory reserves	Fund for general risks	Other reserves	Retained earnings	Total
Balance at January 1, 2017	**2 600 000**	**-2 080 000**	**774 218**	**304 612**	**-888**	**16 584**	**1 614 526**
Net profit for the financial year						16 683	**16 683**
Other comprehensive income for the financial year					727		**727**
Appropriation of surplus			17 549	3 416		-20 965	**0**
Balance at December 31, 2017	**2 600 000**	**-2 080 000**	**791 767**	**308 029**	**-161**	**12 302**	**1 631 936**
Balance at January 1, 2018	2 600 000	-2 080 000	791 767	308 029	-161	12 302	**1 631 936**
Changes on initial application of IFRS 9						-2 064	**-2 064**
Restated balance at January 1, 2018	2 600 000	-2 080 000	791 767	308 029	-161	10 238	**1 629 872**
Net profit for the financial year						15 949	**15 949**
Other comprehensive income for the financial year					-1 425		**-1 425**
Appropriation of surplus			14 335	2 348		-16 683	**0**
Balance at December 31, 2018	**2 600 000**	**-2 080 000**	**806 102**	**310 376**	**-1 586**	**9 504**	**1 644 395**

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

STATEMENT OF CASH FLOWS

(amounts in CHF '000)	Notes	December 31, 2018	December 31, 2017
Cash flows from operating activities			
Disbursements of equipment financings		-608 826	-693 510
Repayments of equipment financings		2 347 876	1 819 360
Interest paid		-682 970	-709 411
Interest received		686 879	724 174
Commission and fees paid		-2 374	-1 648
Commission and fees received		12 557	12 797
Other operating cash flows paid		-11 473	-13 064
Other operating cash flows received		779	922
Net cash from operating activities		**1 742 447**	**1 139 622**
Cash flows from investing activities			
Financial investments			
Purchases of debt securities		-253 920	-436 844
Redemptions of debt securities		325 384	360 350
Sales of debt securities		36 850	284 910
Placements with credit institutions		-1 924 619	-1 263 315
Repayments of placements with credit institutions		1 453 006	1 102 288
Other items			
Purchase and disposal of fixed assets		-146	-92
Net cash from investing activities		**-363 445**	**47 298**
Cash flows from financing activities			
Issue of debt evidenced by certificates	14	6 254 682	5 847 211
Redemption of debt evidenced by certificates	14	-6 844 286	-7 094 685
Placements with credit institutions and customers	14	196 254	413 369
Redemptions of placements with credit institutions and customers	14	-634 090	-391 674
Cash inflows from derivative financial instruments		12 736 698	10 991 582
Cash outflows from derivative financial instruments		-12 648 279	-10 832 519
Cash inflows from cash collaterals		1 170 802	1 677 850
Cash outflows from cash collaterals		-1 220 311	-1 221 974
Net cash from financing activities		**-988 529**	**-610 840**
Net foreign exchange rate difference		-17 728	80 802
Credit impairment losses on cash and cash equivalents		-298	0
Increase/(decrease) in cash and cash equivalents		**372 447**	**656 882**
Cash and cash equivalents at the beginning of the year		1 808 469	1 151 588
Cash and cash equivalents at the end of the period		2 180 916	1 808 469

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

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.

The financial statements are presented in CHF.

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:

<u>*Fair values of financial instruments*</u>
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.

<u>*Impairment losses on financial assets*</u>
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.

<u>*Pension obligation*</u>
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 Swiss franc. The financial statements are presented in Swiss francs ("the presentation currency").

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

Monetary assets and liabilities denominated in currencies other than Swiss franc are translated into Swiss francs at the exchange rate prevailing at the balance sheet date. The gain or loss arising from such translation is recorded in the income statement. 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

The accounting treatment of financial instruments according to IFRS 9 are described in note 2.17.1.

2.5.1. Initial recognition, subsequent measurement and Derecognition according to IAS 39 for 2017 figures

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. Available-for-sale financial assets and financial instruments at fair value through profit or loss are subsequently carried at fair value. Loans and receivables, held-to-maturity 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 available-for-sale 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 available-for-sale debt instruments are recognized in the income statement. Interest earned on available-for-sale financial investments is recognized as interest income and calculated in accordance with the effective interest rate method.

When securities classified as available-for-sale are sold, collected, disposed of, or impaired, the unrealized gains or losses are included in the income statement.

2.5.2. Financial instrument categories according to IAS 39 for 2017 figures

<u>Financial assets or financial liabilities at fair value through profit or loss</u>

This category has two sub-categories: financial assets or financial liabilities held for trading, and those designated as at fair value through profit or loss at initial recognition.

A financial asset or financial liability is classified as held for trading if acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if so classified by EUROFIMA. Derivatives are used by EUROFIMA for risk reduction purposes only. In accordance with IAS 39, derivatives are classified as held for trading.

For financial assets or financial liabilities designated as at fair value through profit or loss, the criteria for designating such financial assets or financial liabilities at initial recognition is that the currency and/or interest rate risk in all of these positions are economically hedged using derivatives. The cash flows on a set of financial instruments are matched together offsetting the changes in fair values in the income statement. In such instances, the application of the Fair Value Option results in more relevant information, as accounting mismatches are significantly reduced in the sense that the same accounting valuation can be applied to all involved financial instruments.

Without the use of the Fair Value Option, an accounting mismatch would arise as only some of the instruments would be measured at fair value through profit or loss (i.e. derivatives).

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when EUROFIMA provides money or services directly to a debtor with no intention of trading the receivable.

<u>Held-to-maturity investments</u>

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that EUROFIMA has the positive intention and ability to hold to maturity.

<u>Available-for-sale financial assets</u>

Available-for-sale financial assets are those non-derivative financial assets (debt instruments) that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets may be sold in anticipation of or in response to changes in interest rate levels, creditworthiness or liquidity needs.

<u>Financial liabilities at amortized cost</u>

Financial instruments issued by the entity that are not designated at fair value through profit or loss, are measured at amortized cost. After initial measurement at fair value, debt issued and other borrowings are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

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 according to IAS 39 for 2017 figures

EUROFIMA classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. It determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

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.

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.

Even though EUROFIMA only uses derivatives to effectively mitigate currency and exchange risks in accordance with its risk management policies, it does not apply hedge accounting. However, it applies the Fair Value Option, 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.

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. 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. With the exception of one investment, no valuations include significant unobservable inputs.

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 according to IAS 39 for 2017 figures

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.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount or net present value of expected future cash flows calculated using the original effective interest rate.

If any such evidence exists for available-for-sale debt instruments, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss) is removed from equity and recognized in the income statement.

If, in a subsequent period, the fair value of a financial instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

2.6. Fixed assets

Fixed assets include the entity's premises "Ritterhof", 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 CHF 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:

» Buildings	40 years
» Land	Indefinite useful life
» Furniture, equipment and vehicles	2 to 10 years
» Computer hardware & licenses	3 to 5 years

Fixed assets are derecognized on disposal or when no future economic benefits are expected from their use.

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 (2017: available-for-sale financial assets). Furthermore, the other reserves include that part of other comprehensive income that is attributable to the entity's defined benefit pension plan.

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 other similar income 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. New standards, amendments and interpretations adopted by the entity

2.17. 1. IFRS 9

EUROFIMA has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the positions recognized in 2018 in the financial statements.

As permitted by the transitional provisions of IFRS 9, EUROFIMA elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves of the current period.

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period.

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and hedge accounting.

IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The basis for determining the classification of financial assets is the business model used for managing the financial assets and their contractual cash flow characteristics. The business model is determined by EUROFIMA's management in the way that assets are managed and their performance is reported to them. This model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument by instrument analysis; rather it can be performed at a higher level of aggregation. For financial liabilities, the standard retains most of the IAS 39 requirements.

Initial recognition, subsequent measurement and derecognition according to IFRS 9 for 2018 figures
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.

Financial instrument categories according to IFRS 9 for 2018 figures
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; and the asset's contractual cash flows represent SPPI.

Fair Value through P&L:
The category 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.

Expected credit loss according to IFRS 9 for 2018 figures
For financial assets classified either as amortized cost or FVOCI IFRS 9 introduces an expected credit loss (ECL) model which 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. Impairment approach for financial assets classified at fair value through P&L follows the principals desribed in the note 2.5.9..

	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.

The hedge accounting model under IFRS 9 replaces the rule-based hedge accounting requirements in IAS 39 to more closely align the accounting with risk management activities. Because of the application of the Fair Value Option, EUROFIMA does not apply hedge accounting.

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at January 1, 2018, are presented below:

(amounts in CHF '000)	IAS 39 carrying amount December 31, 2017	Reclassification	Remeasurements	IFRS 9 carrying amount January 1, 2018
Amortized Cost				
Cash and cash equivalents LAR	1 191 388	0	-216	1 191 171
Financial investments HTM	670 983	0	-1 579	1 226 476
Financial investments LAR	557 072	0	0	
Equipment financing contracts	365 947	0	-187	365 759
Total financial assets measured at amortized cost	**2 785 389**	**0**	**-1 982**	**2 783 407**
Fair Value through OCI (FVOCI)				
Financial investments AFS	697 265	0	-82	697 183
Total financial assets measured at Fair Value through OCI	**697 265**	**0**	**-82**	**697 183**
Fair Value through profit or loss (FVPL)				
Cash and cash equivalents	0	0	0	0
Financial investments	0	0	0	0
Equipment financing contracts	0	0	0	0
Derivative financial instruments	1 889 881	0	0	1 889 881
Total financial assets measured at Fair Value through profit or loss	**1 889 881**	**0**	**0**	**1 889 881**
Designated as at Fair Value through profit or loss (DFVPL)				
Cash and cash equivalents	617 082	0	0	617 082
Financial investments	528 431	0	0	528 431
Equipment financing contracts	13 364 856	0	0	13 364 856
Derivative financial instruments	0	0	0	0
Total financial assets measured as designated as at Fair Value through profit or loss (DFVPL)	**14 510 368**	**0**	**0**	**14 510 368**

2.17.2. IFRS 15

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. EUROFIMA applies the principle of IFRS 15, due to the setup of its revenue, no additional disclosure are required.

2.17.3 Changes in IAS 1

Due to changes in IAS 1 the interest income from financial assets classified at fair value through other comprehensive income and at amortized cost, and recorded using the effective interest rate method, is separately presented in other similar income. This seperation is not performed for 2017 interest income.

2.18. Standards issued but not yet effective

2.18.1. IFRS 16 Leases

The new Leases standard aims to improve the quality and comparability of financial reporting by providing greater transparency about leverage, the assets an organization uses in its operations and the risks to which it is exposed from entering into leasing transactions. IFRS 16 will be effective from January 1, 2019. EUROFIMA does not anticipate the new Leases standard will have a material impact on future financial statements.

There are no other 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 the detailed risk policies and limit framework. This framework also 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 risk management 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 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 December 4, 2018.

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, 2018, all financial assets were fully performing (2017: fully performing). No amount was overdue as per December 31, 2018 (2017: 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.

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 finance 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 CHF 1 260 million as at December 31, 2018 (2017: CHF 1 592 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 major 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, 2018, amounted to CHF 1 029 million (2017: CHF 1 119 million). As at year end 2018, 75% of the net positive replacement value of all derivatives concluded with financial counterparties was covered by collateral (2017: 69%). 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. 21% of the liquid assets, that were rated neither by Standard & Poor's nor by Moody's, were deposits and debt securities issued by Swiss cantonal banks. 52% of the remaining part was rated at least Aa- by Fedafin.

Expected credit loss allowance for 2018 figures
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 as 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 2 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.

Expected credit loss allowance calculation:
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 pro-bability 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.

December 31, 2018

(amounts in CHF '000) Credit grade	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Cash and cash equivalents				
Investment grade	1 028 000	0	0	1 028 000
Special monitoring	0	0	0	0
Default	0	0	0	0
Financial investments				
Investment grade	1 777 211	0	0	1 777 211
Special monitoring	0	16 902	0	16 902
Default	0	0	0	0
Equipment financing contracts				
Investment grade	351 148	0	0	351 148
Special monitoring	0	0	0	0
Default	0	0	0	0
Gross carrying amount	**3 156 359**	**16 902**	**0**	**3 173 262**
Expected credit loss allowance	-720	-1 322	0	-2 042
Carrying amount	**3 155 639**	**15 581**	**0**	**3 171 220**

The expected credit loss allowance recognized under the stage 2 concerns only one financial asset purchased in 2004. Based on EUROFIMA's internal risk management model, the internal rating of this financial asset is still in the investment-grade range. Furthermore, no contractual cash flows of this financial asset were overdue as at December 31, 2018.

A small portion of the loan book (CHF 351 million) was measured at amortized cost. 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 utilizes 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 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. Maximum exposure limits are set by the Management and the Board of Directors. Such limits include both notional limits (e.g. maximum exposure to a certain currency) and limits to the sensitivity of the entity's results to changes in market variables (e.g. maximum allowed effect from a 1-basis point change in interest rates, ceteris paribus). Compliance with these limits is assessed on a regular basis by middle office and accounting, controlling and risk management unit.

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 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, 2018		December 31, 2017	
(amounts in CHF million)	Impact on equity	Impact on net profit	Impact on equity	Impact on net profit
+100bps	-17.3	-3.2	-16.1	-0.3
-100bps	18.4	3.2	17.2	0.3

The interest rate sensitivity in equity is solely due to the debt securities classified as "at fair value through other comprehensive income" held as part of the entity's liquid assets. 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. The net currency loss incurred by the entity amounted to less than CHF 0.1 million. Future net interest income and commission income in foreign currencies are not hedged. As at December 31, 2018, the counter value in Swiss francs of all net foreign exchange positions amounted to CHF 0.7 million (2017: CHF 0.6 million).

The net foreign currency position at each balance sheet date is as follows:

December 31, 2018

(amounts in CHF million)	EUR	USD	AUD	JPY	CAD	Other	Total
Assets							
Liquid assets	1 692	372	0	14	0	0	2 079
Equipment financing contracts	8 431	509	0	0	0	0	8 941
Derivative financial instruments	-2 986	426	806	707	439	285	-323
Accrued income and prepaid expenses	3	0	0	0	0	0	3
Total assets	**7 144**	**1 308**	**806**	**721**	**439**	**286**	**10 704**
Liabilities and equity							
Borrowings	5 326	3 228	1 566	800	439	285	11 644
Derivative financial instruments	1 704	-1 919	-760	-79	0	0	-1 054
Reserve for Fair Value through OCI financial instruments	1	-1	0	0	0	0	1
Total liabilities and equity	**7 144**	**1 308**	**806**	**721**	**439**	**285**	**10 703**
Net currency position	**0**	**0**	**0**	**0**	**0**	**0**	**1**

December 31, 2017

(amounts in CHF million)	EUR	USD	AUD	JPY	CAD	Other	Total
Assets							
Liquid assets	1 236	656	0	40	0	0	1 933
Equipment financing contracts	9 958	1 294	0	0	0	0	11 252
Derivative financial instruments	-4 639	470	2 752	523	484	310	-100
Accrued income and prepaid expenses	3	0	0	0	0	0	4
Total assets	**6 559**	**2 420**	**2 752**	**564**	**484**	**310**	**13 088**
Liabilities and equity							
Borrowings	5 260	3 187	2 964	864	484	310	13 069
Derivative financial instruments	1 295	-766	-213	-301	0	0	15
Reserve for Fair Value through OCI financial instruments	4	-1	0	0	0	0	3
Total liabilities and equity	**6 559**	**2 420**	**2 752**	**564**	**484**	**310**	**13 088**
Net currency position	**0**	**0**	**0**	**0**	**0**	**0**	**1**

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, 2018

(amounts in CHF million)	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	2 950	636	377	214	249	508	48	4 982	-2	4 980
Equipment financing contracts	261	1 303	2 082	1 655	2 425	2 613	1 203	11 543	-248	11 295
Other financial assets	9	7	11	8	11	7	1	56	-43	13
Total	**3 220**	**1 947**	**2 470**	**1 877**	**2 686**	**3 128**	**1 252**	**16 581**	**-293**	**16 288**
Liabilities										
Borrowings	-1 879	-1 433	-3 175	-2 125	-2 488	-3 724	-1 015	-15 840	178	-15 662
Other financial liabilities	-1	0	0	0	0	0	0	-1	-122	-123
Total	**-1 880**	**-1 433**	**-3 175**	**-2 125**	**-2 488**	**-3 724**	**-1 015**	**-15 841**	**56**	**-15 785**
Cash flows from gross settled derivative assets										
Contractual amounts receivable	366	1 188	1 866	1 154	1 090	2 588	611	8 863		
Contractual amounts payable	-258	-1 041	-1 438	-1 046	-899	-1 954	-602	-7 239		
	107	**146**	**428**	**109**	**191**	**634**	**9**	**1 624**	**-102**	**1 523**
Cash flows from gross settled derivative liabilities										
Contractual amounts receivable	1 421	43	1 960	774	471	1 778	38	6 484		
Contractual amounts payable	-1 447	-62	-1 881	-811	-578	-1 711	-311	-6 801		
	-26	**-19**	**79**	**-38**	**-107**	**67**	**-273**	**-317**	**-66**	**-383**
Net during the period	1 421	641	- 197	- 177	281	104	- 27	**2 047**		
Cumulative net during period	**1 421**	**2 062**	**1 865**	**1 689**	**1 970**	**2 074**	**2 047**			

Maturity analysis December 31, 2017

(amounts in CHF million)	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	2 598	296	214	319	325	410	105	4 267	-5	4 262
Equipment financing contracts	136	1 577	1 655	2 357	2 995	3 851	1 658	14 229	-498	13 731
Other financial assets	8	8	12	11	16	11	1	67	-59	8
Total	**2 742**	**1 881**	**1 881**	**2 688**	**3 336**	**4 271**	**1 764**	**18 564**	**-563**	**18 001**
Liabilities										
Borrowings	-1 186	-2 124	-2 343	-3 380	-2 960	-4 659	-1 107	-17 760	121	-17 639
Other financial liabilities	-1	0	0	0	0	0	0	-1	-20	-21
Total	**-1 187**	**-2 124**	**- 2 343**	**-3 380**	**-2 960**	**-4 659**	**-1 107**	**-17 761**	**101**	**-17 660**
Cash flows from gross settled derivative assets										
Contractual amounts receivable	539	1 753	1 609	2 212	1 492	3 723	579	11 907		
Contractual amounts payable	-377	-1 426	-1 364	-1 773	-1 271	-3 050	-569	-9 829		
	162	**328**	**246**	**439**	**220**	**673**	**10**	**2 078**	**-188**	**1 890**
Cash flows from gross settled derivative liabilities										
Contractual amounts receivable	457	451	462	1 888	524	1 601	82	5 465		
Contractual amounts payable	-462	-346	-544	-1 899	-743	-1 488	-649	-6 133		
	-5	**104**	**-82**	**-11**	**-219**	**113**	**-567**	**-667**	**67**	**-600**
Net during the period	1 712	189	-298	-264	377	398	100	**2 214**		
Cumulative net during period	**1 712**	**1 901**	**1602**	**1 339**	**1 715**	**2 113**	**2 214**			

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, a default probability of 100% is applied to assets below the long-term rating A- or A3 according to Standard & Poor's or Moody's respectively. Furthermore, EUROFIMA is assumed to have no access to the financial markets for the same period of time (together called "stressed economic conditions"). In addition, a haircut to the liquid assets is applied and reviewed on a regular basis.

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. The Standardized Measurement Method is used to calculate the capital requirement for market 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, 2018	December 31, 2017
Non-investment grade exposure from equipment financing contracts/equity	11.9	32.3
Estimated Basel III ratio	51.9	41.2

4. NET INTEREST INCOME

Net interest income

(amounts in CHF '000)	2018	2017
Cash and cash equivalents	278	0
Financial investments	1	12 937
Equipment financing contracts	177 741	168 301
Derivative financial instruments	348 798	431 254
Other interest income	77 628	0
Total interest income	**604 446**	**612 492**
Cash and cash equivalents	5 521	0
Financial investments	14 822	0
Equipment financing contracts	9 210	0
Other interest income	1 581	0
Total other similar income	**31 135**	**0**
Cash and cash equivalents	-4 133	- 2 684
Financial investments	-4 685	0
Equipment financing contracts	-26 384	0
Amounts due to credit institutions and customers	-42 212	-46 090
Debt evidenced by certificates	-458 472	-462 833
Debt securities in issue	-422 960	-435 171
Others	-35 512	-27 662
Derivative financial instruments	-82 577	-83 586
Other interest expenses	-90	-64
Total interest and similar charges	**-618 553**	**-595 257**
Net interest income	**17 027**	**17 234**

Net interest income presented per financial instrument category

(amounts in CHF '000)	2018	2017
Derivatives	343 445	347 668
Assets designated at fair value through profit or loss	147 258	155 687
Fair Value through OCI	9 223	0
Available-for-sale	0	7 967
Financial assets at amortised cost	15 692	0
Loans and receivables	0	9 373
Held-to-maturity	0	5 470
Liabilities designated at fair value through profit or loss	-487 293	-498 194
Financial liabilities at amortised cost	-11 253	-10 700
	17 071	17 271
Other interest income	60	53
Other interest expenses	-104	-89
Net interest income	**17 027**	**17 234**

5. NET COMMISSION INCOME

(amounts in CHF '000)	2018	2017
Commission on equipment financing contracts - designated at fair value through profit or loss	11 649	11 577
Commission on equipment financial contracts - amortized cost	844	0
Commission on equipment financial contracts - loans and receivables	0	912
Commission expenses and fees paid	-1 748	-1 234
Net commission income	**10 745**	**11 255**

6. NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS

(amounts in CHF '000)	2018	2017
Gains/(losses) on the sale of Fair Value through OCI financial assets	113	0
Gains/(losses) on the sale of available-for-sale financial assets	0	-502
Gains/(losses) on derivative financial instruments	-42 671	-213 776
Gains/(losses) on financial assets designated as at fair value through profit or loss	-307 698	-113 465
Gains/(losses) on financial liabilities designated as at fair value through profit or loss	348 567	327 359
Net gains/(losses) on financial instruments	**-1 665**	**-384**

7. GENERAL ADMINISTRATIVE EXPENSES

(amounts in CHF '000)	2018	2017
Personnel costs	-4 983	-4 888
Social security	-449	-482
Defined benefit pension plan income/(costs)	-887	-1 540
Office premises costs	-162	-207
Other general administrative expenses	-3 523	-3 842
Total general administrative expenses	**-10 004**	**-10 959**

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 CHF '000)	2018	2017
Audit services	-176	-187
Audit-related services	-26	0
Total	**-201**	**-187**

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 CHF '000)	December 31, 2018	December 31, 2017
Cash at banks	77 703	115 834
Collaterals	14 518	21 947
Placement with credit institutions	1 250 981	775 308
Debt securities - bonds	1 548 247	1 678 442
Other liquid assets	2 088 695	1 670 688
Total liquid assets	**4 980 145**	**4 262 219**

of which

Cash and cash equivalents at fair value	1 153 214	617 082
Cash and cash equivalents at amortised cost	1 027 702	1 191 388
Total cash and cash equivalents	**2 180 916**	**1 808 469**
Financial investments at fair value	1 695 731	1 225 696
Financial investments at amortised cost	1 103 498	1 228 055
Total financial investments	**2 799 228**	**2 453 750**

Credit rating structure of liquid assets

Below, the liquid assets are shown with their long-term rating (amounts in CHF '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, 2018	December 31, 2017
AAA	1	1
AA	1 369	914
A	76 310	114 861
BBB	23	57
<BBB	0	0
N.R.	0	0
Total	**77 703**	**115 834**

Moody's	December 31, 2018	December 31, 2017
Aaa	7	7
Aa	63 107	0
A	13 203	114 861
Baa	23	57
<Baa	0	0
N.R.	1 362	909
Total	**77 703**	**115 834**

Placement with credit institutions

Standard & Poor's	December 31, 2018	December 31, 2017
AAA	0	0
AA	313 516	277 621
A	159 133	35 111
BBB	0	0
<BBB	0	0
N.R.	778 331	462 576
Total	**1 250 981**	**775 308**

Moody's	December 31, 2018	December 31, 2017
Aaa	0	0
Aa	333 909	120 074
A	0	0
Baa	0	0
<Baa	0	0
N.R.	917 073	655 235
Total	**1 250 981**	**775 308**

Debt securities - bonds

Standard & Poor's	December 31, 2018	December 31, 2017
AAA	351 091	535 583
AA	548 888	502 275
A	195 233	223 422
BBB	0	0
<BBB	0	0
N.R.	453 035	417 162
Total	**1 548 247**	**1 678 442**

Moody's	December 31, 2018	December 31, 2017
Aaa	684 986	840 983
Aa	383 214	380 057
A	145 531	158 407
Baa	15 581	17 560
<Baa	0	0
N.R.	318 935	281 434
Total	**1 548 247**	**1 678 442**

Other liquid assets

Standard & Poor's	December 31, 2018	December 31, 2017
AAA	0	0
AA	686 771	170 687
A	966 564	1 079 487
BBB	1 937	0
<BBB	0	0
N.R.	447 941	442 461
Total	**2 103 213**	**1 692 635**

Moody's	December 31, 2018	December 31, 2017
Aaa	0	0
Aa	726 488	560 294
A	619 800	693 143
Baa	0	0
<Baa	0	0
N.R.	756 925	439 198
Total	**2 103 213**	**1 692 635**

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

	December 31, 2018	December 31, 2017
Cash at banks	0	0
Placement with credit institutions	518 623	372 618
Debt securities - bonds	79 260	64 090
Debt securities - other	0	0
Other liquid assets	239 892	243 690
Total	**837 775**	**680 398**

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 CHF '000)	December 31, 2018	December 31, 2017
Equipment financing contracts at fair value	10 944 075	13 364 856
Equipment financing contracts at amortized cost	351 057	365 947
Total equipment financing contracts	**11 295 131**	**13 730 802**

Credit rating structure of equipment financing contracts

The equipment financing contracts are shown with the long-term rating of the respective Contracting State (amounts in CHF '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, 2018	December 31, 2017
AAA	2 750 779	2 936 983
AA	4 684 026	5 844 924
A	1 815 805	147 101
BBB	1 848 275	4 585 640
<BBB	196 247	216 154
N.R.	0	0
Total	**11 295 131**	**13 730 802**

Moody's	December 31, 2018	December 31, 2017
Aaa	2 750 779	2 936 983
Aa	4 684 026	5 844 924
A	27 215	28 313
Baa	3 636 865	4 393 443
<Baa	196 247	527 140
N.R.	0	0
Total	**11 295 131**	**13 730 802**

Distribution of equipment financing contracts

(amounts in CHF '000)						Principal at December 31, 2018	
Contracting State	Railway	Principal at January 1, 2018	Exchange rate difference	Financing	Redemptions	CHF	%
Germany [1]	DB AG [1]	234 041	-8 778	0	0	225 263	2.1%
France [1]	SNCF [1]	734 656	30 394	5 723	-509 377	261 396	2.4%
Italy	FS	2 327 254	-85 327	0	-689 690	1 552 237	14.5%
Belgium	SNCB	2 319 656	-50 933	155 117	-243 997	2 179 844	20.4%
Netherlands	NS	35 106	-1 074	33 613	-67 646	0	0.0%
Spain	RENFE	1 825 639	-68 418	0	-140 845	1 616 377	15.1%
Switzerland	SBB	2 385 985	-4 676	355 000	-462 179	2 274 129	21.2%
Serbia	ŽS	43 000	0	0	0	43 000	0.4%
Luxembourg	CFL	93 617	-3 511	0	0	90 105	0.8%
Austria	ÖBB	2 109 937	-74 067	45 231	-214 118	1 866 983	17.4%
Portugal	CP	292 552	-10 973	0	0	281 579	2.6%
Greece	OSE	124 159	-4 657	0	0	119 502 [2]	1.1%
Hungary	MÁV	40 957	-1 536	0	-39 421	0	0.0%
Slovakia	ŽSSK	28 209	-1 058	0	0	27 151	0.3%
Slovenia	SŽ	118 887	-3 248	0	0	115 639	1.1%
Montenegro	ŽPCG	10 000	0	0	-10 000	0	0.0%
Denmark	DSB	56 682	-1 983	0	-4 508	50 191	0.5%
Total principal		**12 780 337**	**-289 844**	**594 685**	**-2 381 781**	**10 703 397**	**100.0%**
Difference to book value		950 465				591 734	
Total book value		**13 730 802**				**11 295 131**	

[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 Greece

10. DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2018			December 31, 2017		
(amounts in CHF '000)	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Cross currency swaps	1 326 939	-285 765	7 876 066	1 629 391	-485 850	9 861 209
Interest rate swaps	195 474	-89 939	5 115 992	258 208	-108 712	4 696 400
Currency swaps	451	-7 411	1 007 728	2 278	-5 787	558 650
Forward foreign exchange	0	0	0	4	0	213
Total	**1 522 864**	**-383 115**	**13 999 787**	**1 889 881**	**-600 349**	**15 116 472**

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. It does not apply hedge accounting. 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, 2018		December 31, 2017	
(amounts in CHF '000)	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Amount presented in the balance sheet	1 522 864	-383 115	1 889 881	-600 349
Value of derivatives to be offset in case of default of a counterparty	224 002	-224 002	263 043	-263 043
Coverage by cash and securities held or pledged as collateral	943 763	-10 316	1 247 701	-19 232
Net amount	**355 099**	**-148 797**	**379 137**	**-318 073**

12. ACCRUED INCOME AND PREPAID EXPENSES

(amounts in CHF '000)	December 31, 2018	December 31, 2017
Commissions on equipment financing contracts	4 299	4 516
Total accrued income and prepaid expenses	**4 299**	**4 516**

13. TANGIBLE AND INTANGIBLE FIXED ASSETS

(amounts in CHF '000)	Land and buildings	Hardware, vehicles and other equipment	Software and licenses	Total
January 1, 2017				
Cost	7 250	351	3 736	11 338
Accumulated depreciation/amortization	-989	-220	-3 216	-4 426
Net book value	**6 261**	**131**	**520**	**6 911**
At January 1, 2017	6 261	131	520	6 911
Additions	0	0	92	92
Disposals	0	0	0	0
Depreciation/amortization	-139	-92	-417	-648
December 31, 2017	**6 121**	**39**	**195**	**6 355**
At December 31, 2017				
Cost	7 250	351	3 828	11 429
Accumulated depreciation/amortization	-1 129	-312	-3 633	-5 074
Net book value	**6 121**	**39**	**195**	**6 355**
At January 1, 2018	**6 121**	**39**	**195**	**6 355**
Additions	132	0	14	146
Disposals	0	0	0	0
Depreciation/amortization	-143	-39	-68	-250
December 31, 2018	**6 110**	**0**	**141**	**6 251**
At December 31, 2018				
Cost	7 382	351	3 842	11 576
Accumulated depreciation/amortization	-1 272	-351	-3 701	-5 324
Net book value	**6 110**	**0**	**141**	**6 251**

Land and buildings of the entity comprise the “Ritterhof” at Rittergasse 20 in Basel.

14. BORROWINGS

EUROFIMA's borrowings comprise of the following

(amounts in CHF '000)	December 31, 2018	December 31, 2017
Amounts due to credit institutions and customers	1 201 443	1 890 052
Loans	855 671	1 374 444
Collaterals	345 772	515 609
Debt evidenced by certificates	14 460 309	15 749 228
Debt securities in issue	12 846 954	14 096 006
Others	1 613 355	1 653 221
Total borrowings	**15 661 752**	**17 639 280**

Borrowings per financial instrument category

(amounts in CHF '000)	December 31, 2018	December 31, 2017
Borrowings at fair value through profit or loss	14 832 233	16 315 823
Borrowings at amortised cost	829 518	1 323 458
Total borrowings	**15 661 752**	**17 639 280**

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

Maturity structure of borrowings

(amounts in CHF '000)	December 31, 2018	December 31, 2017
0-6 months	1 711 922	967 709
6-12 months	828 457	1 860 167
1-2 years	0	1 957 258
2-3 years	1 896 794	3 062 735
3-5 years	2 189 636	2 541 000
5-10 years	3 343 095	4 120 228
More than 10 years	4 222 305	977 614
Total principal	**14 192 209**	**15 486 710**
Total borrowings principal	14 192 209	15 486 710
Difference to book value	1 469 542	2 152 571
Total borrowings	**15 661 752**	**17 639 280**

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

Debt securities in issue - listed bonds

Maturity	Interest rate in %	Year of issuance	December 31, 2018 Principal in issue currency '000	December 31, 2018 Book value in CHF '000	December 31, 2017 Principal in issue currency '000	December 31, 2017 Book value in CHF '000
AUD						
28.12.2018	6.250	2003	0	0	1 650 000	1 310 617
29.01.2019	4.000	2014	250 000	176 314	250 000	197 808
30.06.2020	5.500	2005	750 000	546 670	750 000	618 152
30.03.2022	6.000	2007	200 000	158 069	200 000	176 396
19.12.2025	3.900	2015	500 000	380 653	500 000	413 943
13.01.2027	2.600	2016	325 000	230 226	325 000	247 306
21.05.2029	3.350	2018	100 000	74 424	0	0
CAD						
13.12.2019	5.150	2004	250 000	185 497	250 000	206 177
30.03.2027	4.550	2007	300 000	253 232	300 000	277 815
CHF						
28.12.2018	3.250	2003	0	0	450 000	467 644
03.08.2020	2.375	2005	595 000	619 216	595 000	628 796
29.12.2020	3.375	2004	365 000	394 216	365 000	406 402
30.06.2021	0.625	2014	280 000	289 109	280 000	290 139
22.05.2024	3.000	2007	600 000	716 442	600 000	727 838
15.05.2026	3.000	2006	1 000 000	1 237 864	1 000 000	1 258 403
04.02.2030	2.875	2005	450 000	585 597	450 000	596 013
EUR						
12.09.2018	FRN	2013	0	0	30 000	35 137
05.11.2018	FRN	2010	0	0	32 500	38 116
21.10.2019	4.375	2004	650 000	765 692	650 000	829 868
28.11.2019	2.730	2011	6 800	7 687	6 800	7 997
23.11.2020	3.000	2010	40 000	47 923	40 000	51 038
27.10.2021	4.000	2009	1 000 000	1 264 825	1 000 000	1 351 133
15.11.2022	3.125	2010	800 000	1 012 444	800 000	1 068 524
25.04.2023	0.250	2016	800 000	908 317	800 000	932 452
28.06.2023	2.050	2013	15 000	18 531	15 000	19 338
28.07.2023	3.250	2010	50 000	65 116	50 000	68 599
09.02.2024	0.250	2018	500 000	564 302	0	0
15.10.2030	FRN	2015	80 000	91 605	80 000	95 289
GBP						
07.06.2032	5.500	2001	150 000	285 326	150 000	310 109
USD						
11.04.2019	FRN	2017	500 000	494 332	500 000	489 328
29.05.2020	1.750	2015	1 000 000	979 230	1 000 000	975 631
15.11.2021	FRN	2018	500 000	494 092	0	0
Total listed bonds				**12 846 954**		**14 096 006**

Debt evidenced by certificates - other

(amounts in CHF '000)	December 31, 2018	December 31, 2017
Unlisted stand-alone issues	213 919	233 411
Unlisted issues under the Programme for the Issuance of Debt Instruments	469 204	478 488
Commercial paper	930 232	941 322
Total	**1 613 355**	**1 653 221**

Reconciliation of liabilities arising from financing activities

(amounts in CHF '000)	Long-term borrowings	Short-term borrowings	Total
December 31, 2016	**17 248 308**	**1 152 032**	**18 400 340**
Issues / placements	724 699	5 535 880	6 260 580
Redemptions	-1 772 811	-5 713 548	-7 486 359
Foreign exchange movements	417 866	-36 424	381 442
Fair value changes	-435 712	518 990	83 278
December 31, 2017	**16 182 350**	**1 456 931**	**17 639 280**
Issues / placements	1 135 519	5 315 418	6 450 937
Redemptions	-2 117 543	-5 360 832	-7 478 376
Foreign exchange movements	-452 661	21 347	-431 314
Fair value changes	-361 916	-156 859	-518 775
December 31, 2018	**14 385 748**	**1 276 004**	**15 661 752**

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 CHF '000)	December 31, 2018	December 31, 2017
Present value of funded obligations	16 745	13 631
Fair value of plan assets	-12 692	-8 984
Liability recognized on the balance sheet	**4 052**	**4 647**

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

(amounts in CHF '000)	Present value of funded obligation	Fair value of plan assets	Total
As at January 1, 2017	**12 958**	**-8 788**	**4 169**
Service cost for the year 2017	1 006	0	1 006
Interest expense/(income)	78	-53	25
	14 042	**-8 841**	**5 201**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	0	-63	-63
Experience (gains)/losses	201	0	201
(gain)/loss from change in demographic assumptions	0	0	0
(gain)/loss from change in financial assumptions	-130	0	-130
	71	**-63**	**8**
Past service costs and settlements			
Contributions by:			
Employer	0	-1 082	-1 082
Participants	1 774	-1 774	0
Benefit payments	-2 790	2 777	-13
Past service cost	533	0	533
As at December 31, 2017	**13 631**	**-8 984**	**4 647**

(amounts in CHF '000)	Present value of funded obligation	Fair value of plan assets	Total
As at January 1, 2018	13 631	-8 984	4 647
Service cost for the year 2018	864	0	864
Interest expense/(income)	89	-58	30
	14 583	-9 042	5 541
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	0	-34	-34
Experience (gains)/losses	514	0	514
(gain)/loss from change in demographic assumptions	0	0	0
(gain)/loss from change in financial assumptions	-1 196	0	-1 196
	-682	-34	-716
Past service costs and settlements			
Contributions by:			
Employer	0	-783	-783
Participants	3 733	-3 733	0
Benefit payments	-913	900	-13
Past service cost	24	0	24
As at December 31, 2018	16 745	-12 692	4 052

Allocation of plan assets

Plan assets are comprised of the following:

(in %)	December 31, 2018	December 31, 2017
Fixed interest, cash and cash equivalents, time deposits	66.5	67.9
Mortgages and other claims on nominal value	7.7	7.4
Equities and units in investment funds	8.3	8.1
Private equity and hedge funds	0.1	0.1
Investment in participations and associated companies	0.1	0.2
Real estate	16.4	15.2
Other investments	0.9	1.2
Total	100.0	100.0

Significant assumptions

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

	December 31, 2018	December 31, 2017
Discount rate	1.0%	0.7%
Pension growth rate	0.0%	0.0%
Salary growth rate (including inflation)	1.5%	1.5%
Retirement age		
Men	65	65
Women	64	64
Demographic assumptions	bvg 2015 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:

		December 31, 2018		December 31, 2017	
(amounts in CHF '000)	Change in assumption	Recalculated present value of funded obligations	Recalculated service cost	Recalculated present value of funded obligations	Recalculated service cost
Discount rate	+50 basis points	15 488	1 003	12 428	1 001
	-50 basis points	18 181	1 194	15 025	1 232
Salary increase	+50 basis points	16 860	1 111	13 761	1 129
	-50 basis points	16 634	1 073	13 498	1 085
Life expectancy	+1 year	16 481	1 076	13 862	1 123
	-1 year	17 001	1 106	13 394	1 091

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, 2019, amounts to CHF 805 000.

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

(amounts in CHF '000)	December 31, 2018
2019	629
2020	591
2021	567
2022	558
2023	564
2024-2028	6 487

The weighted average duration of the defined benefit obligation is 16.3 years.

16. EQUITY

Statutory reserves and fund for general risk

(amounts in CHF '000)	December 31, 2018	December 31, 2017
Ordinary reserve	79 602	78 767
Guarantee reserve	726 500	713 000
Total statutory reserves	**806 102**	**791 767**

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 (2017: available-for-sale financial instruments) and the reserve for remeasurements on the entity's defined benefit pension plan.

Reserve for available-for-sale financial instruments

(amounts in CHF '000)	
January 1, 2017	**2 441**
Changes in fair value	233
Reclassification to income statement	502
December 31, 2017	**3 176**

Reserve for Fair Value through OCI financial instruments

(amounts in CHF '000)	
January 1, 2018	**3 176**
Changes in fair value	-2 028
Reclassification to income statement	-113
December 31, 2018	**1 035**

Reserve for remeasurements of the post-employment benefit liability

(amounts in CHF '000)	
January 1, 2017	**-3 330**
Actuarial gains & losses	-71
Return on plan assets	63
December 31, 2017	**-3 338**
Actuarial gains & losses	682
Return on plan assets	34
December 31, 2018	**-2 622**

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				Carrying amount December 31, 2018	Fair value December 31, 2018	Fair value level		
(amounts in CHF '000)	DFVPL	FVPL	FVOCI	AC			Level 1	Level 2	Level 3
Financial assets									
CCE at amortized cost	0	0	0	1 028	1 028	1 005	0	1 005	0
CCE at fair value	1 153	0	0	0	1 153	1 153	0	1 153	0
Financial investments at amortized cost	0	0	0	1 103	1 103	1 114	714	385	15
Financial investments at fair value	1 007	0	689	0	1 696	1 696	809	887	0
Derivative financial instruments - assets	0	1 523	0	0	1 523	1 523	0	1 523	0
EFC contracts at amortized cost	0	0	0	351	351	376	0	376	0
EFC contracts at fair value	10 944	0	0	0	10 944	10 944	0	10 944	0
Other financial assets	4	0	0	9	13	13	0	13	0
Total assets					**17 811**	**17 824**	**1 523**	**16 286**	**15**
Financial liabilities									
Borrowings at amortized cost	0	0	0	830	830	937	0	937	0
Borrowings at fair value	14 832	0	0	0	14 832	14 832	0	14 832	0
Derivative financial instruments - liabilities	0	383	0	0	383	383	0	383	0
Other financial liabilities	0	0	0	123	123	123	0	123	0
Total liabilities					**16 168**	**16 276**	**0**	**16 276**	**0**

(amounts in CHF '000)	Financial instrument categories						Carrying amount December 31, 2017	Fair value December 31, 2017	Fair value level		
	DFVPL	FVPL	AFS	HTM	LaR	FLAC			Level 1	Level 2	Level 3
Financial assets											
CCE at amortized cost	0	0	0	0	1 191	0	1 191	1 192	0	1 192	0
CCE at fair value	617	0	0	0	0	0	617	617	0	617	0
Financial investments at amortized cost	0	0	0	671	557	0	1 228	1 240	709	515	15
Financial investments at fair value	528	0	697	0	0	0	1 226	1 226	945	281	0
Derivative financial instruments - assets	0	1 890	0	0	0	0	1 890	1 890	0	1 890	0
EFC contracts at amortized cost	0	0	0	0	366	0	366	399	0	399	0
EFC contracts at fair value	13 365	0	0	0	0	0	13 365	13 365	0	13 365	0
Other financial assets	4	0	0	0	4	0	8	8	0	8	0
Total assets							**19 891**	**19 936**	**1 654**	**18 267**	**15**
Financial liabilities											
Borrowings at amortized cost	0	0	0	0	0	1 323	1 323	1 353	0	1 353	0
Borrowings at fair value	16 316	0	0	0	0	0	16 316	16 316	0	16 316	0
Derivative financial instruments - liabilities	0	600	0	0	0	0	600	600	0	600	0
Other financial liabilities	0	0	0	0	20	1	21	21	0	21	0
Total liabilities							**18 260**	**18 290**	**0**	**18 290**	**0**

There were no transfers between any of the levels of the fair value hierarchy during the year 2018 (2017: 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
AFS Available-for-sale
FVOCI Fair Value through OCI
HTM Held-to-maturity
LaR Loans and receivables
FLAC Financial liabilities at amortised cost
AC Financial instruments at amortised 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, 2018, of financial assets designated at fair value through profit or loss was CHF 514 million higher (2017: CHF 842 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 2018 amounts to CHF 35 million gain (2017: CHF 51 million loss).

Financial liabilities designated at fair value through profit or loss
The carrying amount at December 31, 2018, of financial liabilities designated at fair value through profit or loss was CHF 1 366 million higher (2017: CHF 2 018 million higher) than the contractual amount at maturity. The change in fair value of financial liabilities designated at fair value through profit or loss amounts to CHF 9 million gain for the year 2018 (2017: CHF 35 million gain).

18. 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 CHF 3.1 million in 2018 (2017: CHF 3.9 million).

There are no outstanding amounts due to key management personnel at year end 2018 (2017: none).

19. POST BALANCE SHEET EVENTS

Upon proposal from the Management, the Board of Directors adopted the Financial Statements on March 5, 2019, and authorized their submission to the General Assembly for approval on the same date. The General Assembly approved the financial statements.

20. PROPOSED APPROPRIATION OF THE SURPLUS

The net profit for the financial year 2018 of CHF 15 948 501 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:

	CHF
Appropriation to the ordinary reserve	798 000
Dividend of 2% (statutory maximum is 4%) on the paid-in share capital of 520 million	10 400 000
Appropriation to the guarantee reserve	4 700 000
Appropriation to the fund for general risks	50 501

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 2018

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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 balance sheet as at December 31, 2018 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements (pages 32 to 69), including a summary of significant accounting policies.

In our opinion the financial statements as at December 31, 2018 present fairly, in all material respects, the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Furthermore, the financial statements 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 IESBA Code of Ethics for Professional Accountants, 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: CHF 58'700'000

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
- Capital market transactions and Equipment Financing Contracts

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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.

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	CHF 58'700'000
How we determined it	0.33% of 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 CHF 2'900'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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 December 31, 2018, CHF 14.5 billion or 81 % (assets) and CHF 15.2 billion or 94 % (liabilities) of the financial instruments held at fair value were classified	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:

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as level 2 instruments in accordance with IFRS 13. Level 3 instruments were immaterial. 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: • 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 38 - 40 and 67 - 68.	• We performed an independent recalculation using our own model of fair value and amortised cost valuation within the treasury system for all financial instruments categorised as level 2 instruments covering the relevant supported features such as the appropriate valuation model, adequate parameters and correct calculations. • 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. The differences identified between our valuations and the EUROFIMA valuations were within the acceptable thresholds defined above allowing us to accept the EUROFIMA's fair value calculations.

Capital market transactions and Equipment Financing Contracts

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 modernise their railway equipment. The borrowing operations (consisting of equipment financing contracts and debts evidenced by certificates, including derivatives), which represent CHF 12.8 billion or 72 % (assets) and CHF 14.8 billion or 92% (liabilities) as at December 31, 2018, provide long-term funds via bond issuances in the international capital markets, to support EUROFIMA's core lending business and liquidity position. The alignment of the equipment financing contracts, derivatives and borrowings is required under IFRS 9 for the application of the Fair Value Option and for the designation at fair value of the related financial instruments. We focused on this area because it represents the core activity and public mission of EUROFIMA.	We assessed and tested the design and existence of the key controls related to financial reporting including the process over requests for financing from railway operators. Additionally, we performed the following: • We reviewed all borrowings, swaps and railway contracts signed in the period to ensure that they comply with internal policies and meet the matching principles. We also considered the key elements of the contracts to ensure that they met the criteria necessary for the use of the Fair Value Option. • We performed a reconciliation of the contract data for new borrowings, derivatives and equipment financing contracts to the treasury system data as per December 31, 2018 in order to ensure they are correctly reflected in the financial statements. • We circularised all the counterparty rail operators to confirm the balances they owed and reconciled these results to the underlying data in the treasury system.

We identified and assessed the following risks that could lead to inaccurate financing matters: • The equipment financing contracts may not be in conformity with the internal policy and requirements for the use of the Fair Value Option. • The alignment and matching of the duration, interest rates and currencies between equipment financing contracts, financings and derivatives, which supports the transactions being designated as FVTPL, may be inappropriate or incorrect. See Notes 3.3 and 9, 10 and 14 to the financial statements on pages 48 - 49 and 57 - 63.	The substantive tests 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 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

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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.

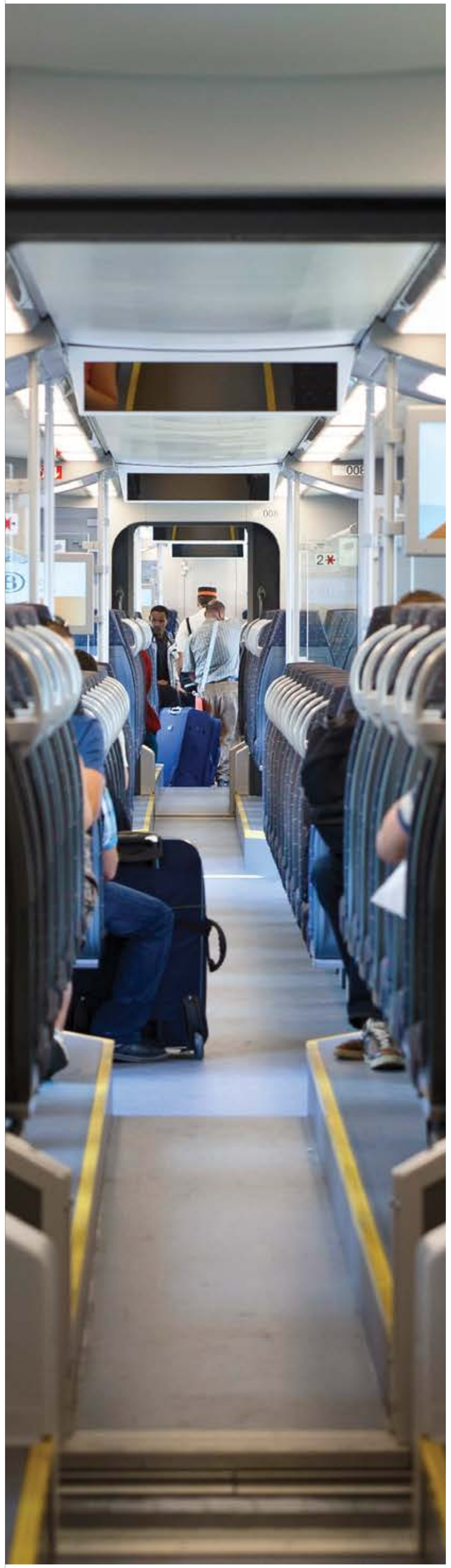
We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Ray Kunz
Audit expert
Auditor in charge

Marco Tiefenthal
Audit expert

Basel, March 5, 2019



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MILESTONES IN DEVELOPMENT

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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 (MÁV)
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

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