EUROFIMA
ROLLING STOCK FINANCING

ANNUAL REPORT 2020

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

Changes to our functional and presentation currency

Effective from October 1, 2019, the functional currency of EUROFIMA changed from Swiss francs to Euro, in compliance with the requirements of International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates. In order to align the financial statements to the functional currency, EUROFIMA decided to change the presentation currency from Swiss francs to Euro and applied this retrospectively. Prior periods have been restated for comparative information purposes. Assets, liabilities and share capital were translated to Euro at closing exchange rates prevailing on the respective balance sheet dates. Total reserves and retained earnings were translated to Euro at historical exchange rates. Income and expenses were translated at the respective average rates prevailing for the relevant periods.

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

	2020	2019	2018	2017	2016
Balance sheet					
Total	17 009	16 114	15 819	17 003	19 487
Assets					
Liquid assets [1]	4 892	4 452	4 422	3 642	3 379
Equipment financing contracts	10 917	10 183	10 028	11 734	13 406
Derivative financial instruments	1 188	1 426	1 352	1 615	2 689
Liabilities					
Outstanding borrowings [2]	15 013	14 133	13 905	15 074	17 156
Derivative financial instruments	417	342	340	513	762
Equity					
Equity + Callable share capital	3 463	3 443	3 307	3 140	3 326
Net profit and appropriation to reserves					
Net profit for the financial year	24	23	14	15	19
Appropriation to statutory reserves	11	5	12	16	23
Ratios in %					
Total operating expense / Total operating income	26.9	29.0	34.1	36.7	34.3
Net profit / Average equity	1.6	1.5	0.9	0.9	1.2
(Equity + Callable share capital) / Outstanding borrowings	23.1	24.4	23.8	20.8	19.4
Borrowings and repayments during the financial year					
Borrowings	11 966	9 632	5 620	5 594	5 996
Repayments	11 154	9 725	6 515	6 689	7 366
Repayment rate in %	93	101	116	120	123
Railway equipment financed during the financial year					
Locomotives	232	81	0	0	49
Multiple-unit trains					
- Motor units	1 136	578	40	124	637
- Trailer cars	895	675	54	120	612
Passenger cars	314	29	45	80	158
Infrastructure equipment	40	82	48	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 fulfills a non-profit maximizing mission to support the development of public service passenger rail transportation in its Contracting States. EUROFIMA supports its shareholder railways in renewing and modernizing their equipment by providing competitive financings.

CONSTITUTION AND STATUTES

EUROFIMA was established on November 20, 1956, based on an international treaty (the "Convention") between sovereign States ("Contracting States"). It is governed by the Convention signed or adhered to by its Contracting States, its articles of association ("Statutes") and in a subsidiary manner by the law of the country in which it is located. It was originally founded for a period of 50 years. The decision taken by the extraordinary General Assembly of February 1, 1984, to extend this period for an additional 50 years, until 2056, was approved by all Contracting States. EUROFIMA's current shareholders are the railways 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 became effective on October 5, 2018 after the review by the 25 Contracting States during a three-month period and based on the registration by the Commercial Register of Basel, Switzerland. By the approval of the amended Statutes, the shareholders and Contracting States reaffirmed EUROFIMA's treaty-based public interest mandate.

ACTIVITY

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

EQUIPMENT

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

GUARANTEE RESERVE AND SUBSIDIARY SHAREHOLDER GUARANTEE

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

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

SHAREHOLDERS' DISTRIBUTION

Shareholder		Number of class A shares	In % of registered share capital	Subscribed share capital (in CHF)		Callable share capital [1] (in CHF)	
				2020	2019	2020	2019
Deutsche Bahn AG	DB AG	58 760	22,60%	587 600 000	587 600 000	470 080 000	470 080 000
Société nationale SNCF	SNCF	58 760	22,60%	587 600 000	587 600 000	470 080 000	470 080 000
Ferrovie dello Stato Italiane S.p.A.	FS	35 100	13,50%	351 000 000	351 000 000	280 800 000	280 800 000
SNCB	SNCB	25 480	9,80%	254 800 000	254 800 000	203 840 000	203 840 000
NV Nederlandse Spoorwegen	NS	15 080	5,80%	150 800 000	150 800 000	120 640 000	120 640 000
RENFE Operadora	RENFE	13 572	5,22%	135 720 000	135 720 000	108 576 000	108 576 000
Swiss Federal Railways	SBB	13 000	5,00%	130 000 000	130 000 000	104 000 000	104 000 000
Luxembourg National Railways	CFL	5 200	2,00%	52 000 000	52 000 000	41 600 000	41 600 000
CP-Comboios de Portugal, E.P.E.	CP	5 200	2,00%	52 000 000	52 000 000	41 600 000	41 600 000
ÖBB-Holding AG	ÖBB	5 200	2,00%	52 000 000	52 000 000	41 600 000	41 600 000
Hellenic Railways	OSE	5 200	2,00%	52 000 000	52 000 000	41 600 000	41 600 000
Näringsdepartementet, Sweden		5 200	2,00%	52 000 000	52 000 000	41 600 000	41 600 000
Akcionarsko društvo Železnice Srbije	ŽS	2 800	1,08%	28 000 000	28 000 000	22 400 000	22 400 000
České dráhy, a.s.	ČD	2 600	1,00%	26 000 000	26 000 000	20 800 000	20 800 000
HŽ Putnički prijevoz d.o.o.	HŽ	2 122	0,82%	21 220 000	21 220 000	16 976 000	16 976 000
Hungarian State Railways Ltd.	MÁV	1 820	0,70%	18 200 000	18 200 000	14 560 000	14 560 000
Javno preduzeće Železnice 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
JP za železnička infrastruktura Železnici na Republika Severna Makedonija - Skopje	ŽRSM Infrastruktura	243	0,09%	2 430 000	2 430 000	1 944 000	1 944 000
Železnički Prevoz Crne Gore AD	ŽPCG	156	0,06%	1 560 000	1 560 000	1 248 000	1 248 000
TCDD Taşımacılık A.Ş.	TCDD	104	0,04%	1 040 000	1 040 000	832 000	832 000
Železnici na Republika Severna Makedonija Transport AD - Skopje	ŽRSM Transport	61	0,02%	610 000	610 000	488 000	488 000
Danish State Railways	DSB	52	0,02%	520 000	520 000	416 000	416 000
Vygruppen AS	VY	52	0,02%	520 000	520 000	416 000	416 000
Total		260 000	**100.00%**	**2 600 000 000**	**2 600 000 000**	**2 080 000 000**	**2 080 000 000**

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

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

STATE GUARANTEE

The obligations of a railway towards EUROFIMA benefit from a guarantee of the relevant Contracting State. Each Contracting State is either directly liable for or guarantees the obligations of any of its railway administrations under the equipment financing contracts and the obligations of its railway administrations in such railway's capacity as a shareholder of EUROFIMA (these include the callable capital and the subsidiary shareholder guarantee - the latter for all financings disbursed before January 1, 2018). Pursuant to 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, 2020 and 2019

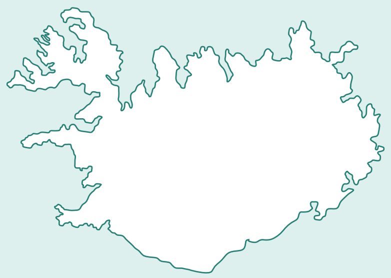
	2020		2019	
	Standard & Poor's Corp.	Moody's Investors Service Inc.	Standard & Poor's Corp.	Moody's Investors Service Inc.
Germany	AAA	Aaa	AAA	Aaa
France	AA	Aa2	AA	Aa2
Italy	BBB	Baa3	BBB	Baa3
Belgium	AA	Aa3	AA	Aa3
Netherlands	AAA	Aaa	AAA	Aaa
Spain	A	Baa1	A	Baa1
Switzerland	AAA	Aaa	AAA	Aaa
Luxembourg	AAA	Aaa	AAA	Aaa
Portugal	BBB	Baa3	BBB	Baa3
Austria	AA+	Aa1	AA+	Aa1
Greece	BB-	Ba3	BB-	B1
Sweden	AAA	Aaa	AAA	Aaa
Serbia	BB+	Ba3	BB+	Ba3
Czech Republic	AA-	Aa3	AA-	Aa3
Croatia	BBB-	Ba1	BBB-	Ba2
Hungary	BBB	Baa3	BBB	Baa3
Bosnia and Herzegovina	B	B3	B	B3
Slovakia	A+	A2	A+	A2
Slovenia	AA-	A3	AA-	Baa1
Bulgaria	BBB	Baa1	BBB	Baa2
North Macedonia	BB-	-	BB-	-
Montenegro	B+	B1	B+	B1
Turkey	B+	B2	B+	B1
Denmark	AAA	Aaa	AAA	Aaa
Norway	AAA	Aaa	AAA	Aaa

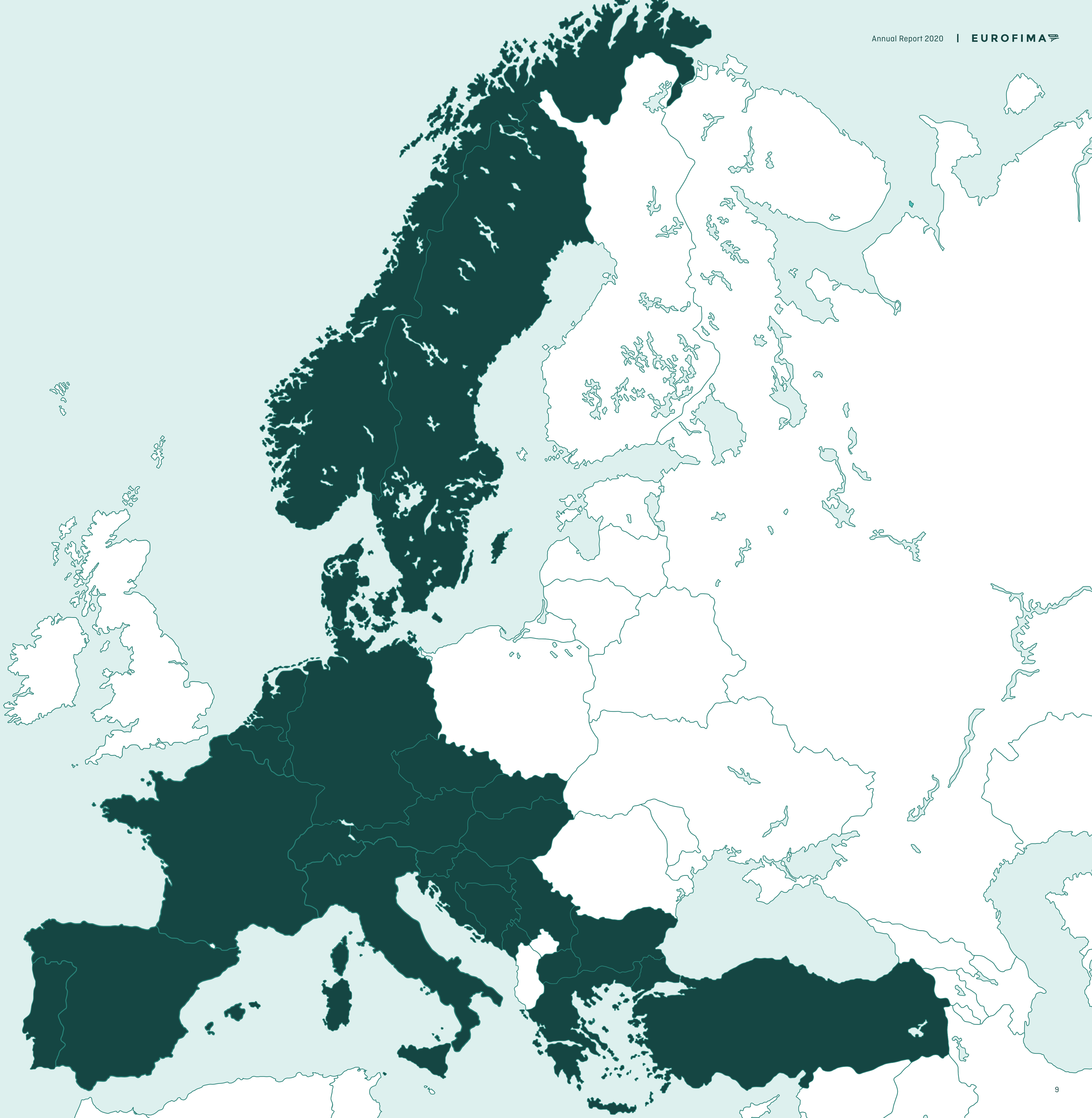
Rating of EUROFIMA at December 31, 2020

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

EUROFIMA
ROLLING STOCK FINANCING

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





Budapest, Hungary - Source: iStock

MESSAGE FROM THE CHAIRMAN

Annual Report 2020 | EUROFIMA

Source: RENFE

MESSAGE FROM THE CHAIRMAN

2020 will have been an extraordinary year that will leave a deep impression on people's minds and will be found in the textbooks of future generations. Demonstrating our fragility in relation to the forces of nature, the coronavirus pandemic will have spared no sector. Not even the resilient rail transport sector, whose demand has been severely impacted. Due to the severity of the economic downturn and other restrictions imposed by various national governments and travel restrictions, the losses to the sector are staggering even despite the vast majority of railway companies having taken immediate steps to adapt their operations to maintain the minimum required capacity and reduce costs.

Most national government authorities have already indicated that appropriate economic measures will be taken to support the rail sector over the coming years in line with the priority given to a rail sector competing with other modes of transport.

This non-standard year, however, has allowed EUROFIMA to reaffirm its role as a major financing partner for renewing and modernizing the rolling stocks of its members and supporting them when liquidity was needed during the pandemic. By lending a total of EUR 2.9 billion, EUROFIMA's loan book significantly increased by approximately 7% compared to 2019.

With most of these funds being dedicated to electric multiple-unit trains and passenger wagons, EUROFIMA confirmed its commitment to fulfilling its public mission for sustainable mobility. These financings were raised on the international debt capital markets mainly via the issuance of Green bonds to the volume of EUR 880 million for 14 years, EUR 750 million for 10 years, EUR 300 million for 6 years and SEK 3.05 billion for 4-8 years, which all attracted interest from the main sustainable investors worldwide.

Over the year, there were some important changes in the composition of the Board of Directors and the Management of EUROFIMA. In March 2020, after many years in the Board of Directors, I have had the pleasure to be appointed as the new Chairman succeeding Alain Picard whose leadership, talent and expertise have been a great asset to EUROFIMA. After the resignation of Alfred Buder who has been Chief Executive Officer of EUROFIMA since 2017, Harry Müller, previous Chief Operating Officer has been chosen as the new CEO as of November 2020. Alfred was pivotal in defining and executing the new strategy aiming to reaffirm EUROFIMA's role as the major financing partner of several European railways. I would like to thank Alain and Alfred for their dedication to EUROFIMA over the past years.

The European Commission has designated 2021 as the European Year of the railway sector. The year promises thus to be crucial for the recognition of the sector as a key player in achieving carbon neutrality by 2050 within the European Union. We may therefore expect the launch of numerous projects to modernise the rail sector. The choice of 2021 as European Year of the Rail does not come about by chance as the year is also marked by several important anniversaries for the railways: the 20th anniversary of the first railway package, the 175th anniversary of the very first rail link between two European capitals (Paris-Brussels), the 40th anniversary of the TGV, the 30th anniversary of the ICE (Inter City Express in Germany). We therefore have an exciting year ahead of us. The entire EUROFIMA team joins me in welcoming the year ahead and looking to the future with confidence.

Ronald Klein Wassink
Chairman of the Board

Lisbon, Portugal - Source: AdobeStock

CORPORATE GOVERNANCE

GOVERNING BODIES

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

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

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

GENERAL ASSEMBLY

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

In 2020, the General Assembly convened on six occasions. The main topics examined by the General Assembly on which it took decisions were: the annual report and the appropriation of 2019 surplus, the discharge of members of the Board of Directors and the Management for the financial year 2019, reappointment of the External Auditor for the financial year 2020, the update of the organizational regulations, the maximum amounts of borrowings which may be concluded and the partial renewal of the Board of Directors.

BOARD OF DIRECTORS

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

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

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

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

The Board members, including the Chairman, Vice Chairmen and Vice Chairwoman are appointed by the General Assembly, with one Board member for each shareholder holding at least 2% of the share capital. They are appointed for a period of three years and are eligible for re-election. As at January 1, 2021, the Board of Directors consists of 12 members.

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

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

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

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

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

The Board of Directors met on six occasions in 2020. On average, Directors' attendance was 86%. The main subjects examined by the Board of Directors on which it took decisions were: the quarterly financial reports, the annual financial statement, the annual budget, the general authorization to carry out borrowing transactions and associated treasury and derivative transactions, the annual report to the General Assembly, update and implementation of new policies, the report to the Governments parties to EUROFIMA's Convention, the assessments of the financial position, risk and capital adequacy and topics relating to Human Resource, new strategy and EUROFIMA's credit rating.

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

MANAGEMENT

Under the authority of the Chief Executive Officer and the supervision of the Board of Directors, the Management is responsible for managing the business, overseeing the day-to-day operations of the organization, and preparing decisions for the Board of Directors. Until October 31, 2020, the Management consisted of the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer. From November 1, 2020 on, the Management consists of the Chief Executive Officer and the Chief Financial Officer.

The Management meets on a weekly basis and when required by the operations of the organization. In 2020, over 40 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.

Source: RENFE

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.

Lausanne Station, Switzerland - Source: SBB CFF FFS

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.

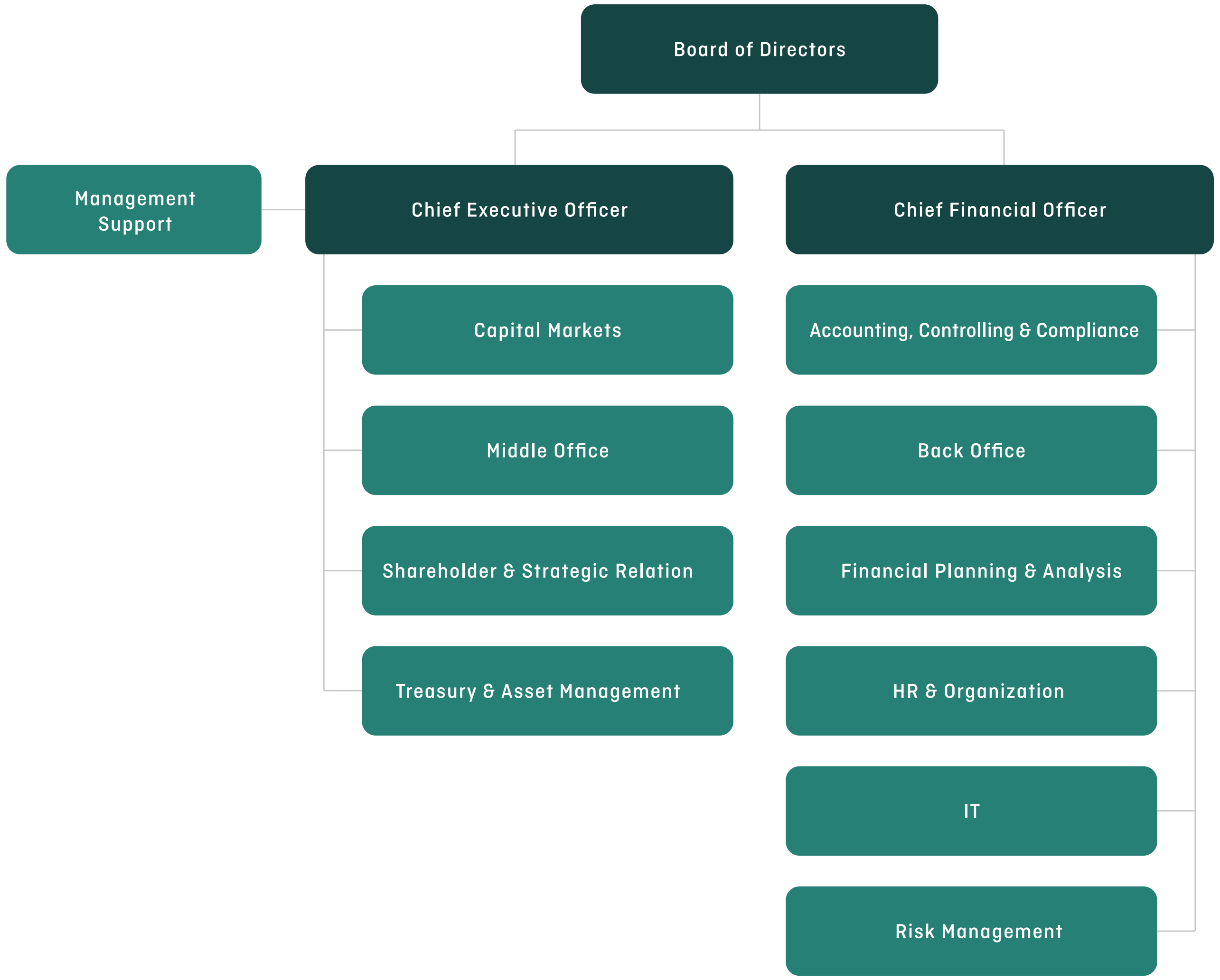
EUROFIMA strives for a balanced mix of both preventive and detective controls taking place at the process levels and at the entity level. The main principle for organizing EUROFIMA's workflows and reducing the risk of error or inappropriate actions is segregation of duties.

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, 2021



MEMBERS OF GOVERNING AND CONTROLLING BODIES AS AT JANUARY 1, 2021

BOARD OF DIRECTORS

Chairman		
Ronald Klein Wassink [1] [2]	(1966, NL)	Corporate Treasurer at NS Groep N.V., Utrecht
Vice Chairmen / Vice Chairwoman		
Wolfgang Bohner [1] [2]	(1962, DE)	Head of Finance and Treasury, Deutsche Bahn AG, Berlin
Ann Lauwereys [2]	(1967, BE)	Corporate Treasurer of SNCB, Brussels
Stefano Pierini [1]	(1965, IT)	Head of Finance, Investor Relations, Insurance and Real Estate, Ferrovie dello Stato Italiane S.p.A., Rome
Laurent Trévisani [2]	(1963, FR)	Executive Vice President Strategy and Finance, SNCF, Paris
Members		
Ana Maria dos Santos Malhó	(1972, PT)	Chief Financial Officer, CP-Comboios de Portugal, E.P.E., Lisbon
Lars Erik Fredriksson [2]	(1964, SE)	Investment Director, Division for State-Owned Enterprises, Ministry of Enterprise and Innovation, Stockholm
Athanasios Kottaras	(1973, GR)	Deputy Chief Executive Officer of OSE, Hellenic Railways, Athens
Marta Torralvo Liébanas	(1975, ES)	Chief Financial Officer, RENFE Operadora, Madrid
Gernot Netinger	(1969, AT)	Head of Group Finance, ÖBB-Holding AG, Vienna
Marc Wengler [1]	(1967, LU)	Chief Executive Officer, Luxembourg National Railways, Luxembourg
Nicolas Zürcher	(1966, CH)	Head Corporate Finance, Swiss Federal Railways, Bern
Secretary		
Susanne Honegger	(1961, CH)	Head of Human Resources and Organization, EUROFIMA

MANAGEMENT

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

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

STATUTORY AUDITOR

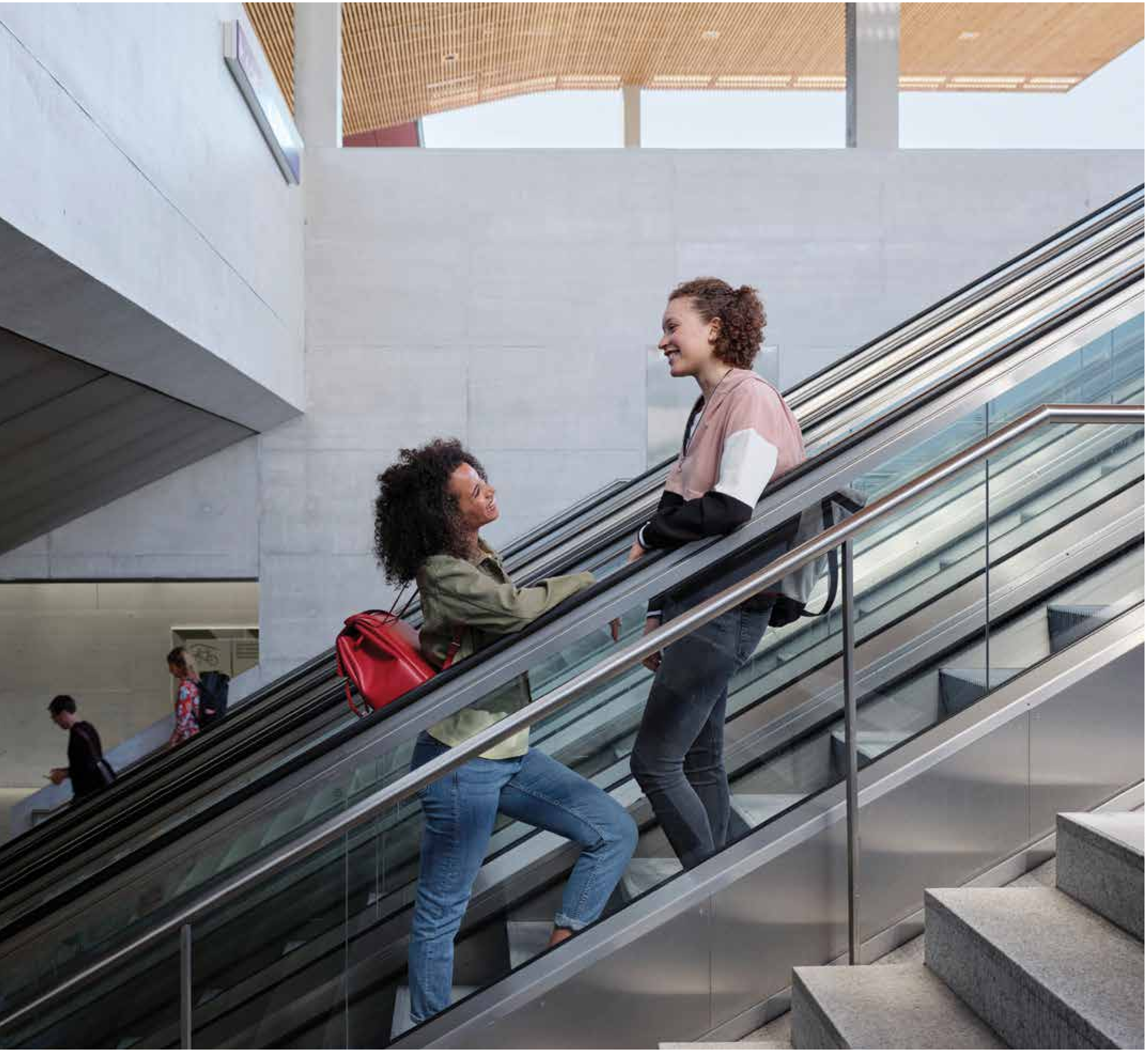
PricewaterhouseCoopers AG
St. Jakobs-Strasse 25
CH-4052 Basel
Tel: + 41 58 792 51 00

CHANGES IN THE BOARD OF DIRECTORS

The following members resigned in 2020:

Othmar Frühauf
Alain Picard
Konstantinos G. Spiliopoulos

The outgoing members were sincerely thanked for their active service.



Source: SBB CFF FFS

ACTIVITY REPORT

2020 ACTIVITIES

The year 2020 was characterized by many events from different areas. There was the continuing execution of EUROFIMA's strategic reorientation, which was sustained by a considerable demand for financing from its shareholders. As a result, an increase in the loan volume was achieved for the second consecutive year.

From the global environment we have been affected by the COVID-19 virus. EUROFIMA's response to the pandemic has been notable. While the staff were fully operational from home during several months, operations were executed smoothly. A robust liquidity position, assets of highest quality, and a sound business plan ensure that the supranational organization gets through these challenging times safely. Moreover, EUROFIMA effectively deployed technology and demonstrated unprecedented agility and resilience.

As part of its responsibility, EUROFIMA seeks to strengthen its environmental, social, and governance (ESG) commitments in a meaningful way. The company has taken up this subject and will dedicate its attention to it in an ongoing process.

Finally, EUROFIMA has introduced hedge accounting in 2020, which was an important supporting project in the context of the upcoming LIBOR reform.

LENDING POLICY

EUROFIMA's core activity and public mission consist of supporting the development of rail transportation in Europe by providing its shareholders 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 sets the parameters for the Lending & Pricing Policy, the Management Committee approves the financing requests.
- Monitoring: Upon conclusion of the financing, EUROFIMA monitors the implementation of each railway project, the status of rolling stock collateral and any systemic risk that may deteriorate its position as lender.

LENDING ACTIVITY AND DISTRIBUTION OF EQUIPMENT IN 2020

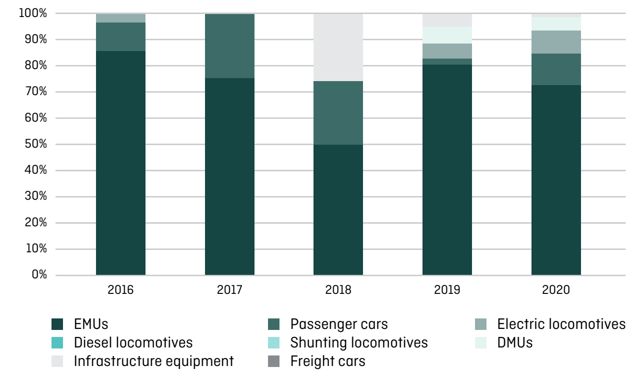
EUROFIMA concluded 33 contracts with eight shareholders, or their affiliates, for the financing of railway equipment. The railway equipment and the related financing amounts are given below.

Equipment financed during the financial year 2020

Contracting State	Railway	Locomotives			Multiple-unit trains			Passenger cars		Freight cars	Infra-structure equipment	Financing (in million EUR)
		mainline		shunting	motor units		trailer cars	in fixed formation	not in fixed formation			
		diesel	electric		diesel	electric						
Austria	ÖBB										40	15
Belgium	SNCB					68	34		95			206
Croatia	HZ					6	6					17
Denmark	DSB		44									80
Italy	FS		188			18	22		219			640
Portugal	CP					92	90					100
Spain	RENFE				86	554	329					828
Switzerland	SBB					312	414					1 021
Total			232		86	1 050	895		314		40	2 908

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, 2020 marked another example of EUROFIMA's commitment to fulfilling its public mission for sustainable mobility. EUROFIMA managed to raise a majority of these funds under the Green Bond Framework through increasing its outstanding November 2034 (EUR 880 million) and five new green bonds maturing in May 2030 (EUR 750 million), July 2026 (EUR 300 million), November 2028 (SEK 1.5 billion), December 2025 (SEK 1 billion), and December 2024 (SEK 550 million).



As at year end 2020, EUROFIMA had EUR 10.9 billion in development related loans outstanding, which are distributed among 13 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, 2020

Contracting State	Railway	Locomotives			Multiple-unit trains			Passenger cars		Freight cars	Infra-structure equipment	Total
		mainline		shunting	motor units		trailer cars	in fixed formation	not in fixed formation			
		diesel	electric		diesel	electric						
Austria	ÖBB	6	120	14	16	228	209	243	60	1 467	182	2 545
Belgium	SNCB		91	23	60	499	260		277		27	1 237
Croatia	HZ					22	22					44
Denmark	DSB		44			20	10					74
France	SNCF					8	32					40
Germany	DB AG		50									50
Greece	OSE		12		15		14					41
Italy	FS		451		58	253	224		1277			2 263
Luxembourg	CFL					56	28		53			137
Portugal	CP				13	183	209					405
Serbia	ŽS		2		24							26
Spain	RENFE	32	100		86	960	901					2 079
Switzerland	SBB					805	924					1 729
Total		38	870	37	272	3 034	2 833	243	1 667	1 467	209	10 670

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 during the second half of the 21st century. On April 22, 2016, 174 countries signed this agreement and began to take steps to implement these measures into national legislation.

The goal of promoting sustainability is at the core of EUROFIMA's public mission. Supporting the growth and development of passenger rail transport is key to addressing the problem of CO_2 emissions attributable to the transportation sector. As countries across Europe work to meet the sustainability targets outlined by Europe 2020 and 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

On a global basis, the transport sector accounts for 29% of final energy use, which has risen significantly in the past decade mostly driven by road transportation. Railways today consume close to 2% of transport final energy use, a modest share relative to road, maritime and air transport, especially since rail constitutes a much higher share of transport activity (8% of total passenger-kilometers and 7% of total ton-kilometers). Rail is the most energy-efficiency means of motorized passenger transport due to unique characteristics: the large carrying capacity of trains compared to other modes, the high efficiency of electric motors and the efficiency of fuel use resulting from the very low resistance offered by the steel-to-steel interface between wheels and tracks.

The transport sector[1] as a whole accounts for approximately 24% of direct CO_2 emissions from fuel combustion, or 7.9 gigatons (Gt). Rail transport accounts for 89 million tons (Mt) of these CO_2 emissions, or 0.3% of total energy-related emissions. Compared with other modes, passenger rail accounts for less than 2% of all wheel-to-wheel (WTW) greenhouse gas (GHG) emissions from passenger transport, a figure comparable with

[1] https://www.iea.org/topics/transport

the rail's share (1.1%) of final energy use by all forms of passenger transport and well below the 8% share of passenger rail in total passenger-kilometers travelled in all forms of transport.

Sustained activity from rail transportation

Globally, rail[1] constitutes 8% of passenger transport and 7% of freight movements. 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 ton-km) of the rail sector compared to the road sector.

Growing electricity share

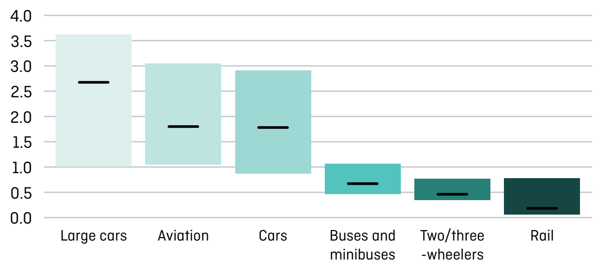
Today, three-quarters of passenger rail transport activity takes place on electric trains, which is an increase from 60% in 2000, with the rest served by trains using diesel fuel. These figures take into account virtually all urban rail activity, all high-speed rail activity and most conventional rail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

Focus passenger rail transportation

Today, passenger rail is the most energy efficient passenger transport mode per passenger-kilometer (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 approximately 8% of the global passenger activity (expressed in pkm), passenger rail services represent only around 1% of final energy demand and less than 2% of all WTW GHG emissions[2].

Energy intensity of passenger transport modes, 2017
(MJ/passenger-km)



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 two of the 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, and
- Assist underwriters by moving the market towards expected disclosures that will facilitate transactions.

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

It is recommended by ICMA, and now standard practice, to have Green Bonds reviewed externally. These external reviews must be independent and aim at assessing and ensuring alignment of a Green Bond framework with the Green Bond Principles. Furthermore, the Green Bonds Principles advocate the public disclosure of external reviews.

Following such an independent review by a leading international provider of environmental and social rating services, EUROFIMA 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. As of December 2020, the net proceeds of EUR 2'898 million of four outstanding Green Bonds were fully allocated to fund Electric Passenger Rail Transport Rolling Stock, as per EUROFIMA's Green Bond Framework. The Green Bond net proceeds were used to finance Electrical Multiple Unit trains (61%), coaches (16%), electric locomotives (16%) as well as high speed trains used on intercity traffic (7%) . The geographical allocation was as follows: 40% of all financing was for rolling stock in Switzerland, 27% in Italy, 25% in Spain, 6% in Belgium and 2% in Luxembourg.

[1] https://www.iea.org/reports/tracking-transport-2020/rail#abstract
[2] The Future of Rail, UIC, IEA, 2019

In 2020, EUROFIMA also published its first impact report which is also available on the website. It covers EUROFIMA's first Green Bond with EUR 497 million of net proceeds allocated in 2019. Under scope 1, it reports 159 095 t CO_2 annual emissions reduced/avoided and 229.8 GWh annual energy savings.

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 and initiatives in place that support the following:

- Environmental awareness: EUROFIMA promotes and encourages sustainable initiatives coming from its employees in the area of office management and supplies, mobility and waste management.
- 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 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 9.9 years per end of 2020.
- Continuing education: EUROFIMA views education as a lifelong process and it has measures in place to encourage and to provide financial assistance to employees in advancing their professional competencies.
- 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.

EUROFIMA as a sustainable and responsible asset owner

EUROFIMA strengthened its commitment as a sustainable and responsible asset owner in 2020 by making significant efforts to foster its presence as an Environmental, Social and Governance (ESG)-compliant investor. Since the official signature of the UN-supported Principles for Responsible Investment at the beginning of 2020, EUROFIMA has strictly integrated ESG considerations into its investment decision process. The approach is based on two pillars. Firstly, all investments must fulfill the principles of the United Nations Global Compact. Secondly, EUROFIMA integrates ESG risks for all investments based on external data provided by Sustainalytics. In addition, EUROFIMA frequently publishes all relevant ESG activities including a portfolio overview and key risk metrics on its website.

CAPITAL MARKETS BORROWING STRATEGY

EUROFIMA's long-term borrowing operations serve both the core lending business and EUROFIMA's liquidity requirements. This is fulfilled via bond issuances in the international capital markets. The borrowing strategy for 2020 was based on three pillars.

- Euro benchmark issuances in green bond format to finance lending activities
- US dollar benchmark issuance for internal liquidity requirements
- Bond issuances or private placements in Australian dollar, Swedish krona green bonds, and Swiss franc as opportunistic funding for lending activities

EUROFIMA's position in the financial markets as a sustainable issuer was underlined by the fact that more than 80% of the lending activities were funded via green bonds. Moreover, EUROFIMA saw a very strong participation by ESG investors in its bond issuances. The borrowing strategy continues to be aligned to EUROFIMA's commitment to sustainability. EUROFIMA is constantly improving and integrating current best practices in terms of sustainable finance in order to keep and strengthen the image as a sustainable investment for its investors.

BORROWING ACTIVITY IN 2020

Total issuance volume in the global Sovereign, Supranational and Agency (SSA) market amounted to USD 1.3 trillion in 2020 (+88% compared to 2019) with 47.9% (37.4% in 2019) for Sovereigns, 20.8% (32.2%) for Agencies, and 31.3% (30.4%) for Supranationals.

In 2020, the Euro with USD 802 billion equivalent of issuance remained the key funding currency followed by the US dollar with USD 314 billion and the British pound with USD 95 billion equivalent of issuance. Markets across all currencies and regions saw significantly increased public sector supply in response to the COVID-19 pandemic.

In this environment, EUROFIMA successfully raised a total of EUR 3.2 billion in the debt capital markets and EUR 8.1 billion equivalent in the money market. Primary issuance in the debt capital markets focused on EUR and USD, complemented with AUD, CHF and SEK transactions. In the commercial paper market, issuance focused on USD with an average weighted tenor of around three months.

EUR funding activities started in January with a series of taps of EUROFIMA's 2034 green bond for a total volume of EUR 500 million in response to ongoing investor demand from the official institutions and insurance sectors. The line could be further increased through three taps for a total volume of EUR 130 million during June and the beginning of July. In May, EUROFIMA issued EUR 750 million under its green bond framework through a new fixed-rate benchmark with a May 2030 maturity. It attracted notable investor interest with a final order book of more than EUR 1.1 billion. The transaction was widely distributed amongst different investor types and geographies, with 60 different investors participating and strong support from ESG accounts. Asset managers bought 31%, central banks and official institutions 29%, pension funds and insurance companies 24%, and banks took 15% of the transaction. EUR funding in 2020 was completed with a EUR 550 million public dual-tranche transaction at the end of July. The funding raised was split into a new EUR 300 million 2026 fixed-rate green bond and an increase of the outstanding 2034 green bond by EUR 250 million. As for the 2030 green bond, both lines exhibited strong interest from investors with a dedicated focus on ESG. The 2026 maturity was primarily bought by asset managers (45%) and Banks (44%), followed by central banks and official institutions (11%). In addition to asset managers (41%), the 2034 maturity showed strong participation from pensions funds and insurances companies (38%) followed by banks (11%) as well as central banks and official institutions (10%). The entire EUR funding volume in 2020 of EUR 1.93 billion was raised under EUROFIMA's green bond framework, demonstrating EUROFIMA's dedication to support the development of sustainable transportation across Europe.

With three transactions in US dollar for a total volume of USD 910 million, EUROFIMA continued to demonstrate its presence in the US dollar market. In June, EUROFIMA tapped its March 2022 floating rate note for USD 100 million, followed by another tap in July in the November 2021 floating rate note for USD 110 million. In November, EUROFIMA placed USD 700 million of a new fixed-rate benchmark maturing in November 2023. The issuance experienced participation from high quality accounts in a well-diversified transaction with a final order book in excess of 1.7 billion and over 50 investors participating. The final distribution included, as in the past, strong participation from central banks and official institutions (71%), followed by asset managers (15%) and banks (14%).

After an absence of almost six years, EUROFIMA returned to the domestic Swiss franc market in April with a new CHF 200 million fixed-rate bond maturing in April 2027. The transaction received remarkable interest from the Swiss investor community and was mainly distributed to banks (93%), followed by asset managers (4%) and insurance companies (3%).

2020 also marked the return to the domestic Swedish krona market after ten years. In three transactions, EUROFIMA issued a total volume of SEK 3.05 billion under its green bond framework across three maturities: SEK 550 million December 2024, SEK 1 billion December 2025, and SEK 1.5 billion November 2028. The bonds have been placed with four dedicated green investors from the insurance (72%) and asset management (28%) sectors.

In Australian dollar domestic market, EUROFIMA established a new December 2030 line for AUD 50 million.

REDEMPTIONS IN 2020

Redemptions reached the equivalent of EUR 11 154 million, EUR 8 377 million of which were due to repayments of short-term borrowings.

Stazione Mendrisio Binario 1 - Source: SBB CFF FFS

2020 RESULTS AND OUTLOOK FOR 2021

2020 RESULTS

EUROFIMA's net profit for the financial year amounted to EUR 24.5 million, EUR 1.8 million above the level of 2019 (EUR 22.7 million). The growth in lending and the strong performance of treasury assets contributed to the increase of net profit.

Income statement

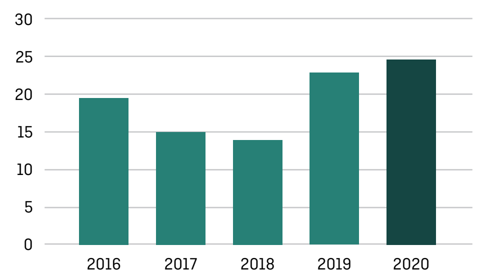
The 12% increase in net interest income, from EUR 16.8 million to EUR 18.8 million, was the result of the strict implementation of the treasury strategy and taking advantage of investment opportunities.

Commission income and fees received increased to EUR 13.4 million compared to the previous year (EUR 10.8 million), due to the increased net financings.

Net other operating income reached a level of EUR 2.9 million (2019: EUR 6.2 million) and mainly consisted of net unrealized gains on financial assets due to changes in interest rates. The sale of the office building made a significant contribution to the previous year result.

Total operating expenses, at EUR 9.0 million, were EUR 0.3 million lower than in the previous year primarily driven by lower travel related expenses (2019 EUR 9.3 million).

Net profit for the financial year
(in EUR million)

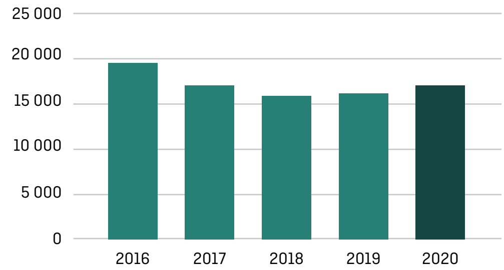


Balance sheet

EUROFIMA's balance sheet total increased by EUR 895 million (+5.6%) to EUR 17.0 billion. The increase of the balance sheet total was a result of the growth in equipment financing volumes.

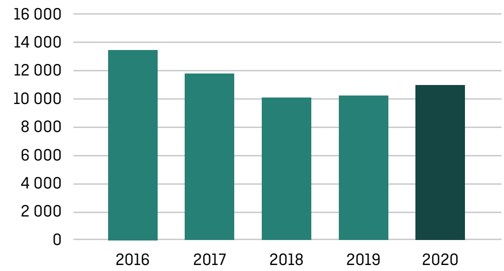
No impairments were recognized during the year. As at December 31, 2020, all assets were fully performing.

Total assets
(in EUR million)



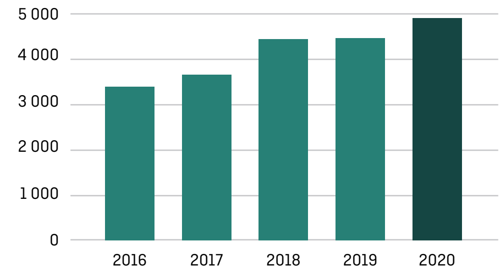
The loan book increased by an amount of EUR 734 million (+7.2%) to a level of EUR 10.9 billion. Net financings of EUR 783 million were offset by exchange rate effects and fair value changes of EUR 24 million and EUR 25 million, respectively.

Equipment financing contracts
(in EUR million)



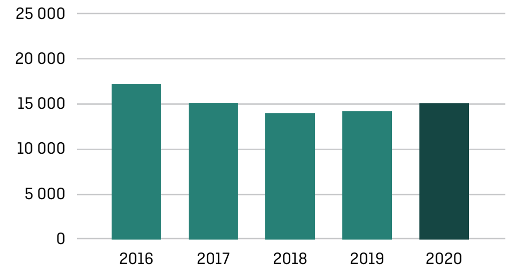
Liquid assets, consisting of cash and cash equivalents and financial investments, rose by EUR 31 million. At this level, EUROFIMA further strengthened its liquidity ratios. The credit quality of liquid assets remained at a consistently high level.

Liquid assets
(in EUR million)



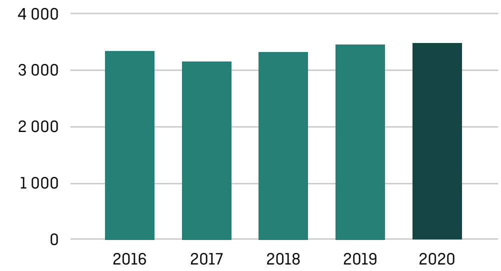
EUROFIMA's leverage, measured as the ratio of outstanding borrowings to the sum of equity plus callable capital, further increased to a level of 4.3 per December 31, 2020 (2019: 4.1).

Outstanding borrowings
(in EUR million)



As per December 31, 2020 total equity amounted to EUR 1 548 million. After appropriation of the surplus, the statutory reserves and the fund for general risks amounted to EUR 1 045 million (2019: EUR 1 033 million).

Equity + Callable share capital
(in EUR million)



OUTLOOK FOR 2021

Following the devastating economic and social effects of the COVID-19 pandemic in 2020, the development of vaccinations and commencement of mass inoculations at the end of 2020 heralds optimism for a significant improvement in social mobility and consequently global economic activity in 2021. In support of the long run improving health and social expectations, both monetary and fiscal policy have been decisively set to support an economic recovery. Major central banks and respective governments committed themselves in the form of ultra-low interest rates and continued or added to existing asset purchases. Fiscal policy measures included significant borrowing and expenditure to help the most affected parts of economies, which is expected to continue. Despite all these positive aspects, the economic outlook remains uncertain, given the unforeseeable development of the pandemic.

The election of Joe Biden as the new US President marked a significant change in the outlook for US international relations with the rest of the world. In response to the pandemic, the US aims to vaccinate significant portions of the population as soon as possible to enable an economic recovery. Despite very high infection rates during the pandemic, the economic turnaround in the US was substantial, as seen in unemployment figures and forward-looking indicators. If this trend continues and vaccinations are effectively administered, it will form the basis of a strong recovery.

While the Eurozone also rebounded during 2020, it was in a less dramatic manner due to the differing employment and social security system. Nevertheless, the outlook is for a strong recovery with the support of unprecedented fiscal policy expansion, subject to the pandemic situation improving. Given its resilience in 2020, Switzerland starts on a solid footing for the economy to pick-up again in 2021, reflected in leading indicators at the end of 2020. However, as with all economies, this recovery is highly dependent on the course of the pandemic.

The low and negative yield environment in EUROFIMA's functional currency, the Euro, has negative effects on EUROFIMA's investment activities. Paid-in shareholder capital, reserves and retained earnings are invested at ultra-low levels leading to decreasing net interest income projections for the future, particularly as positively yielding investments mature.

Frankfurt, Germany - Source: AdobeStock

FINANCIAL STATEMENTS

INCOME STATEMENT

(amounts in EUR '000)	Notes	2020	2019
Interest income	4	353 556	440 867
Other similar income	4	18 600	24 417
Interest and similar charges	4	-353 315	-448 441
Net interest income		**18 841**	**16 844**
Commission income and fees received	5	13 413	10 752
Commission expenses and fees paid	5	-1 669	-1 728
Net commission income		**11 744**	**9 024**
Net gains/(losses) on financial instruments	6	1 900	1 919
Credit impairment gains/(losses)	3	1 047	40
Foreign exchange gains/(losses)		-86	-137
Other operating income/(expense)		58	4 340
Net other operating income/(expense)		**2 920**	**6 163**
Total operating income		**33 505**	**32 031**
General administrative expenses	7	-8 943	-9 177
Depreciation/amortization on fixed assets	13	-69	-116
Total operating expense		**-9 012**	**-9 293**
Net profit for the financial year		**24 493**	**22 737**

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

STATEMENT OF COMPREHENSIVE INCOME

(amounts in EUR '000)	Notes	2020	2019
Net profit for the financial year		**24 493**	**22 737**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value adjustments on Fair Value through OCI financial assets	16	19	4 268
Cost of hedging	16	3 470	0
Items that will not be reclassified to profit or loss:			
Remeasurements on post-employment benefit liability	15, 16	1 090	-2 530
Foreign currency translation		0	-85
Cumulative Translation Adjustment	16	0	-70 271
Other comprehensive income for the financial year		**4 580**	**-68 619**
Total comprehensive income for the financial year		**29 072**	**-45 881**

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

BALANCE SHEET

(amounts in EUR '000)	Notes	December 31, 2020	December 31, 2019
Assets			
Cash and cash equivalents	8	1 787 258	1 864 572
Financial investments	8	3 104 970	2 587 553
Placements with credit institutions		1 662 556	1 209 354
Debt securities		1 442 414	1 378 199
Equipment financing contracts	9	10 916 645	10 182 807
Derivative financial instruments	10	1 188 202	1 425 930
Other assets		6 666	48 515
Accrued income and prepaid expenses	12	5 180	4 116
Intangible fixed assets	13	37	106
Total assets		**17 008 959**	**16 113 599**
Liabilities			
Amounts due to credit institutions and customers	14	1 022 670	835 968
Debts evidenced by certificates	14	13 990 529	13 297 003
Debt securities in issue		12 115 641	11 356 959
Others		1 874 888	1 940 044
Derivative financial instruments	10	416 788	342 053
Other liabilities		25 542	103 066
Accrued expenses and deferred income		428	736
Post-employment benefit liability	15	5 006	6 271
Total liabilities		**15 460 964**	**14 585 097**
Equity			
Paid-in capital		478 650	478 650
Subscribed share capital		2 393 248	2 393 248
Callable share capital		-1 914 598	-1 914 598
Statutory reserves	16	758 199	747 062
Fund for general risks		287 242	285 742
Other reserves	16	4 824	244
Retained earnings		19 082	16 805
Total equity		**1 547 995**	**1 528 502**
Total liabilities and equity		**17 008 959**	**16 113 599**

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

STATEMENT OF CHANGES IN EQUITY

(amounts in EUR '000)	Subscribed share capital	Callable share capital	Statutory reserves	Fund for general risks	Other reserves	Retained earnings	Total
Balance at January 1, 2019	2 308 410	-1 846 728	666 195	254 705	68 863	8 531	**1 459 977**
Net profit for the financial year						22 737	**22 737**
Other comprehensive income for the financial year					1 738		**1 738**
Dividends						-9 153	**-9 153**
Appropriation of surplus			4 839	44		-4 883	**0**
Foreign currency translation	84 838	-67 870	76 028	30 992	-85	-428	**123 475**
Cumulative Translation Adjustment					-70 271		**-70 271**
Balance at December 31, 2019	**2 393 248**	**-1 914 598**	**747 062**	**285 742**	**244**	**16 805**	**1 528 502**
Balance at January 1, 2020	2 393 248	-1 914 598	747 062	285 742	244	16 805	**1 528 502**
Net profit for the financial year						24 493	**24 493**
Other comprehensive income for the financial year					4 580		**4 580**
Dividends						-9 579	**-9 579**
Appropriation of surplus			11 137	1 500		-12 637	**0**
Foreign currency translation							**0**
Cumulative Translation Adjustment							**0**
Balance at December 31, 2020	**2 393 248**	**-1 914 598**	**758 199**	**287 242**	**4 824**	**19 082**	**1 547 995**

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

STATEMENT OF CASH FLOWS

(amounts in EUR '000)	Notes	December 31, 2020	December 31, 2019
Cash flows from operating activities			
Disbursements of equipment financings		-3 957 903	-2 018 077
Repayments of equipment financings		3 175 084	1 925 756
Interest paid		-380 830	-466 758
Interest received		387 806	472 782
Commission and fees paid		-2 307	-2 395
Commission and fees received		12 346	10 576
Other operating cash flows paid		-20 809	-6 417
Other operating cash flows received		420	1 233
Net cash from operating activities		**-786 192**	**-83 300**
Cash flows from investing activities			
Financial investments			
Purchases of debt securities		-537 011	-122 330
Redemptions of debt securities		405 849	182 928
Sales of debt securities		58 303	20 360
Placements with credit institutions		-2 554 828	-2 187 747
Repayments of placements with credit institutions		2 102 013	2 146 133
Other items			
Purchase and disposal of fixed assets		949	8 649
Net cash from investing activities		**-524 725**	**47 992**
Cash flows from financing activities			
Issue of debt evidenced by certificates	14	11 319 790	9 500 960
Redemption of debt evidenced by certificates	14	-10 331 616	-9 311 035
Placements with credit institutions and customers	14	646 647	130 941
Redemptions of placements with credit institutions and customers	14	-822 158	-413 754
Cash inflows from derivative financial instruments		45 017 613	29 080 416
Cash outflows from derivative financial instruments		-44 960 823	-29 001 795
Cash inflows from cash collaterals		452 110	912 997
Cash outflows from cash collaterals		-94 130	-947 937
Dividends paid		-9 579	-9 153
Net cash from financing activities		**1 217 853**	**-58 359**
Net foreign exchange rate difference		15 992	22 377
Credit impairment losses on cash and cash equivalents		-242	-465
Increase/(decrease) in cash and cash equivalents		**-77 314**	**-71 755**
Cash and cash equivalents at the beginning of the year		**1 864 572**	**1 936 327**
Cash and cash equivalents at the end of the period		**1 787 258**	**1 864 572**

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.

2.2. Presentation of financial statements

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

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

2.3. Significant accounting judgments and estimates

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

The most significant judgments and estimates are:

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

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

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

2.4. Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"), which is since October 1, 2019, Euro. The financial statements are presented in Euro ("the presentation currency"). Until September 30, 2019, Swiss franc was the functional currency and the presentation currency for EUROFIMA.

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

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

2.5. Financial instruments

2.5.1. Initial recognition, subsequent measurement and derecognition

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

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

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

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

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

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

2.5.2. Financial instrument categories

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

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

Fair Value through P&L:
The category Fair Value through P&L (FVPL) is the residual category if the instruments do not meet the criteria of FVOCI or amortized cost.
This particularly applies for the following instruments:
- Assets held for trading purposes;
- Derivatives
- If EUROFIMA applies the fair value option (FVO) to minimize an accounting mismatch.

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

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

The contract is a host to an embedded derivative that needs to be bifurcated.

2.5.3. Cash and cash equivalents

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

2.5.4. Financial investments

EUROFIMA classifies its investments in the following categories: financial assets at fair value through profit or loss, at amortized cost and fair value through other comprehensive income. The classification depends on the purpose for which the investments were acquired. It determines the classification of its investments at initial recognition 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. However, EUROFIMA did not elect to apply the Fair Value Option to equipment financing contracts issued since January 1, 2020, but instead applies hedge accounting.

2.5.6. Derivative financial instruments

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

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

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

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

2.5.8. Determination of fair value

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

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

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

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

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

2.5.9. Impairment of financial assets

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

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

Expected credit loss

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

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

2.6. Fixed assets

Fixed assets included the entity's premises "Ritterhof" until June 30, 2019, office equipment and other tangible and intangible fixed assets owned by the entity.

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

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

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

2.7. Impairment of fixed assets

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

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

2.8. Post-employment benefit liability

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

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

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

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

2.9. Provisions

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

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

2.10. Equity

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

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

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

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

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. Hedge accounting

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

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

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

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

All hedged items are classified at amortized cost. The changes in the fair value of the hedged items attributable to the hedge risk(s) are included in the income statement under the heading 'Net gains/(losses) on financial instruments'. Hedge ineffectiveness arises when the changes in the fair value of the hedging instrument do not match with the changes in the fair value of the hedged item attributable to the benchmark interest rate risk. The hedge ineffectiveness is also included in the income statement under the heading 'Net gains/(losses) on financial instruments'.

The entity uses the 'cost of hedging' approach as introduced by IFRS 9 when hedging the foreign exchange spot risk. The changes in the fair value of the cross-currency swap attributable to the changes in the time value of the foreign currency basis spreads are deferred in other comprehensive income and are accumulated in the 'cost of hedging' reserve of the equity.

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

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

2.18.1. Adoption of hedge accounting requirements of IFRS 9, Financial instruments

Effective January 1, 2020, EUROFIMA adopted the hedge accounting requirements of IFRS 9, Financial Instruments for hedge accounting programs started in 2020, including fair value hedges of interest rate risk related to debt instruments.

IFRS 9's hedge accounting model further aligns accounting with risk management practices, amends hedge effectiveness requirements and prohibits voluntary de-designations. IFRS 9 permits certain additional hedged items, including layer components, net positions, or aggregated exposures, such as a combination of a non-derivative and derivative, to be designated. IFRS 9 also introduces the concept of "cost of hedging" under which the time value of options, the forward element of a forward contract or foreign currency basis spreads in a cross-currency swap can be deferred in other comprehensive income and, depending on the nature of the hedged transaction, released to the income statement either when the hedged item impacts the income statement or over the term of the hedged item.

The adoption of these requirements will have no consequential financial impact on the financial statements.

However, the adoption will allow EUROFIMA to designate more effective hedge accounting relationships going forward, including fair value hedges of foreign currency risk using cross-currency swaps, and reduce income statement volatility caused by foreign currency basis spreads.

2.18.2 Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms.

The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

The amendments did not have a material impact on EUROFIMA's financial statements.

2.19. Standards issued but not yet effective

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

3. RISK AND CAPITAL MANAGEMENT

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

Annual Report 2020 | EUROFIMA

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

3.1. Managing financial risk

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

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

Quantitative key 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 1, 2020.

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, 2020, all financial assets were fully performing (2019: fully performing). No amount was overdue as per December 31, 2020 (2019: none).

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

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

Moreover, EUROFIMA may engage independent experts to support its recurring technical and economic evaluations of the rolling stock collateral and to perform onsite examinations as necessary.

In its years of operation, EUROFIMA has never needed to take physical possession of any rolling stock collateral or to redeem a pledge.

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

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

<u>Derivatives</u>
The net positive replacement value of derivatives concluded with financial counterparties amounted to EUR 1 055 million as at December 31, 2020 (2019: EUR 1 240 million). The International Swaps and Derivatives Association ("ISDA") Master Agreement is the entity's preferred agreement for documenting derivatives activity. It provides the contractual framework within which the over-the-counter products are concluded, and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other contractually defined termination events occur.

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

The net fair value of the collateral received by EUROFIMA under its CSA's as at December 31, 2020, amounted to EUR 731 million (2019: EUR 966 million). As at year end 2020, 82% of the net positive replacement value of all derivatives concluded with financial counterparties was covered by collateral (2019: 76%). 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.

<u>Liquid assets</u>
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. 46% of the liquid assets, that were rated neither by Standard & Poor nor by Moody's, were deposits and debt securities issued by Swiss cantonal banks as at December 31, 2020. 52% of the remaining part was rated at least Aa- by fedafin.

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

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

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

December 31, 2020

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

December 31, 2019

(amounts in EUR '000) Credit grade	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Cash and cash equivalents				
Investment grade	930 232	0	0	930 232
Special monitoring	0	0	0	0
Default	0	0	0	0
Financial investments				
Investment grade	1 650 151	0	0	1 650 151
Special monitoring	0	15 004	0	15 004
Default	0	0	0	0
Equipment financing contracts				
Investment grade	302 583	0	0	302 583
Special monitoring	0	0	0	0
Default	0	0	0	0
Gross carrying amount	2 882 966	15 004	0	2 897 971
Expected credit loss allowance	-647	-1 184	0	-1 831
Carrying amount	2 882 319	13 820	0	2 896 139

A minor part of the loan book (EUR 2 608 million) was measured at amortized cost as at December 31, 2020. Part of these assets were disbursed to railways with a low credit quality. However, their credit quality did not decrease significantly since the initial recognition of the related assets. As a result, the 12-month expected credit loss of these assets are recognized.

3.3. Market risk

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

A residual exposure to market risk mainly arises almost exclusively from the investment of the funded liquidity and the investment of the entity's own equity. EUROFIMA applies a framework of limits to control and manage such residual market risk exposure. 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 compliance 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 by 100 bps for each respective currency would have had the following impact on the entity's equity and net profit, based on all positions the entity had:

Sensitivity to changes in interest rates

	December 31, 2020		December 31, 2019	
(amounts in EUR million)	Impact on equity	Impact on net profit	Impact on equity	Impact on net profit
+100bps	-11.5	-2.0	-12.9	-2.4
-100bps	12.4	2.3	13.6	2.5

The interest rate sensitivity in the other comprehensive income is due to the debt securities classified as "at fair value through other comprehensive income" and, to a lesser extent, due to the adoption of the cost of hedging approach under hedge accounting. EUROFIMA measures and manages its foreign exchange risk in terms of the difference between assets and liabilities per currency on a daily basis. It aims at keeping such foreign exchange risk as close as possible to zero. The net currency loss incurred by the entity during the financial year 2020 amounted to EUR 0.1 million. Future net interest income and commission income in foreign currencies are not hedged. As at December 31, 2020, the counter value in Euros of all net foreign exchange positions amounted to EUR 0.4 million (2019: EUR 1.8 million).

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

December 31, 2020

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

December 31, 2019

(amounts in EUR million)	CHF	USD	AUD	JPY	CAD	Other	Total
Assets							
Liquid assets	2 438	262	0	0	0	0	2 700
Equipment financing contracts	2 542	385	0	0	0	0	2 926
Derivative financial instruments	1 439	1 035	1 115	335	242	274	4 439
Other assets	2	22	0	0	0	0	24
Accrued income and prepaid expenses	1	0	0	0	0	0	1
Fixed assets	0	0	0	0	0	0	0
Total assets	**6 421**	**1 704**	**1 115**	**335**	**242**	**274**	**10 091**
Liabilities and equity							
Borrowings	3 669	3 460	1 570	419	242	274	9 634
Derivative financial instruments	2 704	-1 779	-455	-84	0	0	386
Other liabilities & Post-employment benefit liability	47	22	0	0	0	0	69
Accrued expenses and deferred income	0	0	0	0	0	0	0
Reserve for Fair Value through OCI financial instruments	2	0	0	0	0	0	2
Total liabilities and equity	**6 422**	**1 704**	**1 115**	**335**	**242**	**274**	**10 091**
Net currency position	**1**	**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, 2020

(amounts in EUR million)	0 - 6 months	6 - 12 months	1 - 2 years	2 - 3 years	3 - 5 years	5 - 10 years	More than 10 years	Cash collateral	Total	Difference to book value	Book value
Assets											
Liquid assets	2 970	578	155	82	283	536	143	143	4 889	3	4 892
Equipment financing contracts	558	1 256	1 141	1 038	1 514	3 647	1 668	0	10 820	96	10 917
Other financial assets	12	10	13	11	17	31	15	0	109	-97	12
Total	**3 539**	**1 844**	**1 310**	**1 130**	**1 814**	**4 213**	**1 826**	**143**	**15 819**	**2**	**15 821**
Liabilities											
Borrowings	-1 805	-1 601	-1 612	-1 694	-1 937	-4 056	-1 604	-723	-15 033	20	-15 013
Other financial liabilities	-26	0	0	0	0	0	0	0	-26	0	-26
Total	**-1 830**	**-1 601**	**-1 612**	**-1 694**	**-1 937**	**-4 056**	**-1 604**	**-723**	**-15 058**	**20**	**-15 039**
Cash flows from gross settled derivative assets											
Contractual amounts receivable	1 102	715	275	690	2 036	2 801	413	0	8 033		
Contractual amounts payable	-991	-649	-128	-558	-1 665	-2 276	-485	0	-6 752		
	111	**66**	**148**	**132**	**371**	**525**	**-72**	**0**	**1 281**	**-93**	**1 188**
Cash flows from gross settled derivative liabilities											
Contractual amounts receivable	1 466	641	570	971	844	576	251	0	5 320		
Contractual amounts payable	-1 527	-703	-666	-1 047	-771	-711	-274	0	-5 699		
	-61	**-61**	**-96**	**-76**	**73**	**- 134**	**-23**	**0**	**-379**	**-38**	**-417**
Net during the period	1 759	247	-251	-508	321	548	127	-580	1 662		
Cumulative net during period	**1 759**	**2 005**	**1 755**	**1 247**	**1 568**	**2 116**	**2 242**	**1 662**			

Maturity analysis December 31, 2019

(amounts in EUR 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	2 970	403	266	176	193	374	20	4 403	49	4 452
Equipment financing contracts	1 101	1 023	1 448	1 084	1 649	2 523	1 414	10 242	-59	10 183
Other financial assets	6	7	9	8	10	13	6	60	-7	53
Total	**4 077**	**1 433**	**1 723**	**1 269**	**1 852**	**2 910**	**1 441**	**14 704**	**-17**	**14 688**
Liabilities										
Borrowings	-3 000	-1 227	-1 923	-1 566	-2 310	-2 720	-1 255	-14 002	-131	-14 133
Other financial liabilities	-1	0	0	0	0	0	0	-1	-102	-103
Total	**-3 001**	**-1 227**	**-1 923**	**-1 566**	**-2 310**	**-2 720**	**-1 255**	**-14 003**	**-233**	**-14 236**
Cash flows from gross settled derivative assets										
Contractual amounts receivable	2 045	806	1 168	247	2 017	2 684	401	9 368		
Contractual amounts payable	-1 895	-577	-1 014	-126	-1 662	-2 140	-408	-7 822		
	150	**229**	**153**	**122**	**355**	**544**	**-7**	**1 546**	**-120**	**1 426**
Cash flows from gross settled derivative liabilities										
Contractual amounts receivable	2 969	206	583	214	801	615	272	5 660		
Contractual amounts payable	-2 905	-232	-626	-275	-703	-781	-448	-5 970		
	64	**-26**	**-43**	**-61**	**98**	**-167**	**-176**	**-310**	**-32**	**-342**
Net during the period	1 291	410	-90	-236	-7	567	3	1 937		
Cumulative net during period	**1 291**	**1 700**	**1 610**	**1 374**	**1 367**	**1 935**	**1 937**			

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

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

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

3.5. Operational risk

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

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

3.6. Capital Management

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

The Basel III capital ratio is one of the tools used to estimate the capital requirements for each major risk. The Standardized Approach is adopted to calculate the capital requirement for the credit risk. 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, 2020	December 31, 2019
Non-investment grade exposure from equipment financing contracts/equity [1]	10.4	11.3
Estimated Basel III ratio	47.7	55.4

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

4. NET INTEREST INCOME

Net interest income

(amounts in EUR '000)	2020	2019
Cash and cash equivalents	451	534
Equipment financing contracts	109 970	117 140
Derivative financial instruments	243 048	323 146
Other interest income	87	47
Total interest income	**353 556**	**440 867**
Cash and cash equivalents	1 256	1 609
Financial investments	8 278	13 431
Equipment financing contracts	6 412	7 796
Other interest income	2 654	1 581
Total other similar income	**18 600**	**24 417**
Cash and cash equivalents	-4 876	-5 023
Financial investments	-4 689	-6 594
Equipment financing contracts	-20 973	-22 865
Amounts due to credit institutions and customers	-12 760	-18 908
Debt evidenced by certificates	-257 340	-339 712
Debt securities in issue	-235 092	-300 431
Others	-22 248	-39 281
Derivative financial instruments	-52 593	-55 182
Other interest expenses	-84	-157
Total interest and similar charges	**-353 315**	**-448 441**
Net interest income	**18 841**	**16 844**

Net interest income presented per financial instrument category

(amounts in EUR '000)	2020	2019
Derivatives	190 454	267 965
Assets designated at fair value through profit or loss	87 480	87 132
Fair Value through OCI	3 042	8 822
Financial assets at amortized cost	5 469	10 071
Liabilities designated at fair value through profit or loss	-251 606	-345 712
Financial liabilities at amortized cost	-15 910	-11 395
	18 928	**16 883**
Other interest income	13	121
Other interest expenses	-100	-160
Net interest income	**18 841**	**16 844**

5. NET COMMISSION INCOME

(amounts in EUR '000)	2020	2019
Commission on equipment financing contracts - designated at fair value through profit or loss	10 222	10 020
Commission on equipment financial contracts - amortized cost	3 191	732
Commission expenses and fees paid	-1 669	-1 728
Net commission income	**11 744**	**9 024**

6. NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS

(amounts in EUR '000)	2020	2019
Gains/(losses) on the sale of Fair Value through OCI financial assets	571	504
Gains/(losses) on derivative financial instruments	-8 317	-40 797
Gains/(losses) on financial assets designated as at fair value through profit or loss	-5 064	2 812
Gains/(losses) on financial liabilities designated as at fair value through profit or loss	45 358	39 400
Gains/(losses) on financial assets at amortized cost under hedge accounting	-6 341	0
Gains/(losses) on financial liabilities at amortized cost under hedge accounting	-24 307	0
Net gains/(losses) on financial instruments	**1 900**	**1 919**

7. GENERAL ADMINISTRATIVE EXPENSES

(amounts in EUR '000)	2020	2019
Personnel costs	-4 995	-4 478
Social security	-466	-407
Defined benefit pension plan income/(costs)	-681	-753
Office premises costs	-429	-89
Other general administrative expenses	-2 372	-3 451
Total general administrative expenses	**-8 943**	**-9 177**

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

Auditing and additional fees

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

(amounts in EUR '000)	2020	2019
Audit services	-199	-256
Audit-related services	-47	0
Total	**-245**	**-256**

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

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

8. LIQUID ASSETS

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

(amounts in EUR '000)	December 31, 2020	December 31, 2019
Cash at banks	151 957	56 303
Collaterals	143 241	11 951
Placement with credit institutions	1 662 556	1 209 354
Debt securities - bonds	1 442 414	1 378 199
Other liquid assets	1 492 060	1 796 317
Total liquid assets	**4 892 228**	**4 452 124**

of which

Cash and cash equivalents at fair value	496 058	934 340
Cash and cash equivalents at amortized cost	1 291 200	930 232
Total cash and cash equivalents	**1 787 258**	**1 864 572**
Financial investments at fair value	554 953	1 531 153
Financial investments at amortized cost	2 550 017	1 056 400
Total financial investments	**3 104 970**	**2 587 553**

Credit rating structure of liquid assets

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

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

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

Cash at banks

Standard & Poor's	December 31, 2020	December 31, 2019
AAA	1	0
AA	455	1 058
A	151 459	55 189
BBB	42	56
<BBB	0	0
N.R.	0	0
Total	**151 957**	**56 303**

Moody's	December 31, 2019	December 31, 2019
Aaa	5	8
Aa	151 453	43 043
A	7	12 146
Baa	42	56
<Baa	0	0
N.R.	450	1 050
Total	**151 957**	**56 303**

Placement with credit institutions

Standard & Poor's	December 31, 2020	December 31, 2019
AAA	50 803	23 048
AA	543 187	443 798
A	103 277	69 845
BBB	0	0
<BBB	0	0
N.R.	965 288	672 663
Total	**1 662 556**	**1 209 354**

Moody's	December 31, 2020	December 31, 2019
Aaa	0	0
Aa	423 508	300 852
A	79 188	34 988
Baa	0	0
<Baa	0	0
N.R.	1 159 859	873 514
Total	**1 662 556**	**1 209 354**

Debt securities - bonds

Standard & Poor's	December 31, 2020	December 31, 2019
AAA	270 673	275 671
AA	570 761	469 245
A	231 934	143 043
BBB	0	13 820
<BBB	0	0
N.R.	369 046	476 419
Total	**1 442 414**	**1 378 199**

Moody's	December 31, 2020	December 31, 2019
Aaa	501 007	579 969
Aa	533 985	420 368
A	161 299	94 970
Baa	0	13 820
<Baa	0	0
N.R.	246 123	269 072
Total	**1 442 414**	**1 378 199**

Other liquid assets & collaterals

Standard & Poor's	December 31, 2020	December 31, 2019
AAA	0	0
AA	310 339	410 891
A	1 045 202	1 069 202
BBB	292	0
<BBB	0	0
N.R.	279 467	328 176
Total	**1 635 301**	**1 808 269**

Moody's	December 31, 2020	December 31, 2019
Aaa	0	0
Aa	526 062	557 936
A	786 731	752 280
Baa	0	0
<Baa	0	0
N.R.	322 508	498 053
Total	**1 635 301**	**1 808 269**

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

	December 31, 2020	December 31, 2019
Cash at banks	0	0
Placement with credit institutions	591 431	409 538
Debt securities - bonds	48 033	94 166
Debt securities - other	0	0
Other liquid assets	79 634	143 221
Total	**719 099**	**646 924**

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

9. EQUIPMENT FINANCING CONTRACTS

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

(amounts in EUR '000)	December 31, 2020	December 31, 2019
Equipment financing contracts at fair value	8 308 249	9 880 224
Equipment financing contracts at amortized cost [1]	2 608 396	302 583
Total equipment financing contracts	**10 916 645**	**10 182 807**

[1] Thereof TEUR 1 959 473 designated for fair value hedge accounting

Credit rating structure of equipment financing contracts

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

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

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

Standard & Poor's	December 31, 2020	December 31, 2019
AAA	3 338 335	2 926 354
AA	3 490 257	4 004 939
A	1 932 134	1 577 589
BBB	1 994 967	1 501 126
<BBB	160 952	172 800
N.R.	0	0
Total	**10 916 645**	**10 182 807**

Moody's	December 31, 2020	December 31, 2019
Aaa	3 338 335	2 926 354
Aa	3 490 257	3 975 232
A	0	24 127
Baa	3 908 971	3 084 295
<Baa	179 082	172 800
N.R.	0	0
Total	**10 916 645**	**10 182 807**

Distribution of equipment financing contracts

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

(amounts in EUR '000)						Principal at December 31, 2019	
Contracting State	Railway	Principal at January 1, 2019	Exchange rate difference	Financing	Redemptions	EUR	%
Germany [1]	DB AG [1]	200 000	0	0	0	200 000	2.1%
France [1]	SNCF [1]	232 080	100	0	-15 600	216 580	2.2%
Italy	FS	1 378 153	1 494	200 000	-343 000	1 236 647	12.8%
Belgium	SNCB	1 935 375	9 532	112 921	-174 309	1 883 519	19.4%
Spain	RENFE	1 435 100	0	600 000	-500 000	1 535 100	15.8%
Switzerland	SBB	2 019 086	79 782	928 527	-573 653	2 453 742	25.3%
Serbia	ŽS	38 178	1 428	0	0	39 605	0.4%
Luxembourg	CFL	80 000	-961	50 961	0	130 000	1.3%
Austria	ÖBB	1 657 601	-1 580	143 953	-252 365	1 547 609	16.0%
Portugal	CP	250 000	0	0	0	250 000	2.6%
Greece	OSE	106 100	0	0	0	106 100 [2]	1.1%
Slovakia	ŽSSK	24 106	0	0	0	24 106	0.2%
Slovenia	SŽ	102 670	-242	0	-72 686	29 743	0.3%
Denmark	DSB	44 562	38	0	-3 913	40 688	0.4%
Total principal		**9 503 011**	**89 590**	**2 036 362**	**-1 935 525**	**9 693 438**	**100.0%**
Difference to book value		525 371				489 369	
Total book value		**10 028 382**				**10 182 807**	

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

10. DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2020			December 31, 2019		
(amounts in EUR '000)	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Cross currency swaps	1 047 941	-301 436	6 364 179	1 272 394	-227 202	6 969 923
Interest rate swaps	136 360	-72 452	6 396 051	152 517	-83 769	4 582 466
Currency swaps	3 901	-42 896	2 181 522	1 018	-31 062	2 409 847
Forward foreign exchange	0	-4	778	0	-19	5 832
Total	**1 188 202**	**-416 788**	**14 942 530**	**1 425 930**	**-342 053**	**13 968 067**

Derivative financial instruments are carried at fair value net per contract, including those designated in a hedge accounting relationship, as the entity only applies fair value hedge accounting.

In accordance with its risk management policy, EUROFIMA uses derivatives for risk mitigation purposes only. Where hedged positions are not classified 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, 2020		December 31, 2019	
(amounts in EUR '000)	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Amount presented in the balance sheet	1 188 202	-416 788	1 425 930	-342 053
Value of derivatives to be offset in case of default of a counterparty	133 660	-133 660	186 121	-186 121
Coverage by cash and securities held or pledged as collateral	861 415	-117 493	941 086	-10 839
Net amount	**193 127**	**-165 635**	**298 723**	**-145 093**

12. ACCRUED INCOME AND PREPAID EXPENSES

(amounts in EUR '000)	December 31, 2020	December 31, 2019
Commissions on equipment financing contracts	5 180	4 116
Total accrued income and prepaid expenses	**5 180**	**4 116**

13. TANGIBLE AND INTANGIBLE FIXED ASSETS

(amounts in EUR '000)	Land and buildings	Hardware, vehicles and other equipment	Software and licenses	Total
January 1, 2019				
Cost	6 554	312	3 411	10 277
Accumulated depreciation/amortization	-1 129	-312	-3 286	-4 727
Net book value	**5 425**	**0**	**125**	**5 550**
January 1, 2019	**5 425**	**0**	**125**	**5 550**
Additions	0	0	58	58
Disposals	-5 390	0	0	-5 390
Foreign currency translation - Cost value	0	11	125	137
Foreign currency translation - Accumulated depreciation/amortization	0	-11	-121	-132
Depreciation/amortization	-35	0	-82	-116
December 31, 2019	**0**	**0**	**106**	**106**
December 31, 2019				
Cost	0	323	3 595	3 918
Accumulated depreciation/amortization	0	-323	-3 489	-3 812
Net book value	**0**	**0**	**106**	**106**
January 1, 2020	**0**	**0**	**106**	**106**
Additions	0	0	0	0
Disposals	0	0	0	0
Foreign currency translation - Cost value	0	0	0	0
Foreign currency translation - Accumulated depreciation/amortization	0	0	0	0
Depreciation/amortization	0	0	-69	-69
December 31, 2020	**0**	**0**	**37**	**37**
December 31, 2020				
Cost	0	323	3 595	3 918
Accumulated depreciation/amortization	0	-323	-3 558	-3 881
Net book value	**0**	**0**	**37**	**37**

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

On July 1, 2019 the sale of the office building "Ritterhof" was concluded which resulted in a one-off net gain of EUR 4.1 million.

In December 2019 EUROFIMA has committed itself to an office building lease which will commence in January 2022 with a lease term of 10 years. The present value of all future cash outflows from this lease contract are estimated at around EUR 2.4 million.

14. BORROWINGS

EUROFIMA's borrowings comprise of the following

(amounts in EUR '000)	December 31, 2020	December 31, 2019
Amounts due to credit institutions and customers	1 022 670	835 968
Loans	299 379	494 947
Collaterals	723 292	341 021
Debt evidenced by certificates	13 990 529	13 297 003
Debt securities in issue [1]	12 115 641	11 356 959
Others	1 874 888	1 940 044
Total borrowing	**15 013 199**	**14 132 971**

[1] Thereof TEUR 2 928 876 designated for fair value hedge accounting

Borrowings per financial instrument category

(amounts in EUR '000)	December 31, 2020	December 31, 2019
Borrowings at fair value through profit or loss	9 385 495	13 291 092
Borrowings at amortized cost	5 627 704	841 879
Total borrowings	**15 013 199**	**14 132 971**

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

Maturity structure of borrowings

(amounts in EUR '000)	December 31, 2020	December 31, 2019
0-6 months	1 804 760	2 851 380
6-12 months	1 601 212	756 013
1-2 years	1 612 398	0
2-3 years	1 694 071	1 400 819
3-5 years	1 937 414	2 063 396
5-10 years	4 056 133	2 412 698
More than 10 years	1 603 563	3 245 578
Cash Collateral	723 292	0
Total principal	**15 032 844**	**12 729 884**
Total borrowings principal	15 032 844	12 729 884
Difference to book value	-19 645	1 403 087
Total borrowings	**15 013 199**	**14 132 971**

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

Debt securities in issue - listed bonds

			December 31, 2020		December 31, 2019	
Maturity	Interest rate in %	Year of issuance	Principal in issue currency '000	Book value in EUR '000	Principal in issue currency '000	Book value in EUR '000
AUD						
30.06.20	5.500	2005	0	0	750 000	479 650
30.03.22	6.000	2007	200 000	137 285	200 000	141 161
19.12.25	3.900	2015	500 000	370 148	500 000	360 764
13.01.27	2.600	2016	325 000	232 656	325 000	223 039
21.05.29	3.350	2018	500 000	381 783	500 000	365 205
30.12.30	1.600	2020	50 000	31 557	0	0
CAD						
30.03.27	4.550	2007	300 000	237 903	300 000	242 078
CHF						
03.08.20	2.375	2005	0	0	595 000	559 751
29.12.20	3.375	2004	0	0	365 000	349 836
30.06.21	0.625	2014	280 000	261 321	280 000	263 643
22.05.24	3.000	2007	600 000	634 628	600 000	648 661
15.05.26	3.000	2006	1 000 000	1 121 510	1 000 000	1 138 495
28.04.27	0.125	2020	200 000	185 292	0	0
04.02.30	2.875	2005	450 000	551 364	450 000	552 139
EUR						
23.11.20	3.000	2010	0	0	40 000	41 323
27.10.21	4.000	2009	1 000 000	1 044 676	1 000 000	1 085 893
15.11.22	3.125	2010	800 000	858 343	800 000	881 107
25.04.23	0.250	2016	800 000	815 698	800 000	813 858
28.06.23	2.050	2013	15 000	16 124	15 000	16 346
28.07.23	3.250	2010	50 000	55 585	50 000	56 901
09.02.24	0.250	2018	500 000	512 958	500 000	509 962
28.07.26	0.000	2020	300 000	302 168	0	0
20.05.30	0.100	2020	750 000	748 611	0	0
15.10.30	FRN	2015	80 000	81 231	80 000	81 278
10.10.34	0.150	2019	1 380 000	1 398 447	500 000	477 623
GBP						
07.06.32	5.500	2001	150 000	268 396	150 000	273 897
SEK						
04.12.24	0.100	2020	550 000	54 493	0	0
03.12.25	0.213	2020	1 000 000	99 372	0	0
27.11.28	0.490	2020	1 500 000	148 547	0	0
USD						
29.05.20	1.750	2015	0	0	1 000 000	900 034
15.11.21	FRN	2018	610 000	499 788	500 000	447 448
11.03.22	FRN	2019	600 000	491 561	500 000	446 869
16.11.23	0.375	2020	700 000	574 195	0	0
Total listed bonds				**12 115 641**		**11 356 959**

Debt evidenced by certificates - other

(amounts in EUR '000)	December 31, 2020	December 31, 2019
Unlisted stand-alone issues	150 084	181 763
Unlisted issues under the Programme for the Issuance of Debt Instruments	285 907	428 719
Commercial paper	1 438 896	1 329 562
Total	**1 874 888**	**1 940 044**

Reconciliation of liabilities arising from financing activities

(amounts in EUR '000)	Long-term borrowings	Short-term borrowings	Total
December 31, 2018	**12 772 387**	**1 132 900**	**13 905 286**
Issues / placements	1 225 699	8 428 626	9 654 325
Redemptions	-1 750 485	-7 974 304	-9 724 789
Foreign exchange movements	-193 996	-21 396	-215 392
Fair value changes	408 784	104 756	513 540
December 31, 2019	**12 462 389**	**1 670 583**	**14 132 971**
Issues / placements	3 350 071	8 616 367	11 966 437
Redemptions	-2 776 544	-8 377 231	-11 153 775
Foreign exchange movements	-142 258	-128 802	-271 059
Fair value changes	-42 647	381 272	338 625
December 31, 2020	**12 851 011**	**2 162 188**	**15 013 199**

15. POST-EMPLOYMENT BENEFIT LIABILITY

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

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

(amounts in EUR '000)	December 31, 2020	December 31, 2019
Present value of funded obligations	18 322	19 077
Fair value of plan assets	-13 316	-12 806
Liability recognized on the balance sheet	**5 006**	**6 271**

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

(amounts in EUR '000)	Present value of funded obligation	Fair value of plan assets	Total
January 1, 2019	**14 867**	**-11 269**	3 598
Service cost for the year 2019	776	0	776
Interest expense/(income)	154	-117	37
	15 797	**-11 386**	**4 411**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	0	27	27
Experience (gains)/losses	252	0	252
(gain)/loss from change in demographic assumptions	0	0	0
(gain)/loss from change in financial assumptions	2 251	0	2 251
	2 503	**27**	**2 530**
Past service costs and settlements			
Contributions by:			
Employer	0	-790	-790
Participants	872	-872	0
Benefit payments	-648	636	-12
Past service cost	0	0	0
Foreign currency translation	554	-421	132
December 31, 2019	**19 077**	**-12 806**	**6 271**

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

Allocation of plan assets

Plan assets are comprised of the following:

(in %)	December 31, 2020	December 31, 2019
Fixed interest, cash and cash equivalents, time deposits	57.9	62.0
Mortgages and other claims on nominal value	8.2	8.0
Equities and units in investment funds	11.8	11.3
Private equity and hedge funds	0.0	0.0
Investment in participations and associated companies	0.7	0.0
Real estate	20.3	17.1
Other investments	1.1	1.6
Total	**100.0**	**100.0**

Significant assumptions

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

	December 31, 2020	December 31, 2019
Discount rate	0.2%	0.1%
Pension growth rate	0.0%	0.0%
Salary growth rate (including inflation)	1.2%	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, 2020		December 31, 2019	
(amounts in EUR '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	16 973	1 063	17 545	1 135
	-50 basis points	19 944	1 279	20 851	1 376
Salary increase	+50 basis points	18 484	1 187	19 231	1 269
	-50 basis points	18 235	1 142	18 939	1 224
Life expectancy	+1 year	18 677	1 180	19 429	1 266
	-1 year	18 022	1 144	18 721	1 225

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, 2020, amounts to EUR 798 885.

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

(amounts in EUR '000)	December 31, 2020
2021	596
2022	590
2023	1 623
2024	2 545
2025	558
2026-2030	3 775

The weighted average duration of the defined benefit obligation is 16.6 years.

16. EQUITY

Statutory reserves and fund for general risk

(amounts in EUR '000)	December 31, 2020	December 31, 2019
Ordinary reserve	75 144	74 007
Guarantee reserve	683 055	673 055
Total statutory reserves	**758 199**	**747 062**

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, the elements of the cost of hedging approach and the reserve for remeasurements on the entity's defined benefit pension plan.

Reserve for Fair Value through OCI financial instruments

(amounts in EUR'000)	
January 1, 2019	**919**
Changes in fair value	4 676
Reclassification to income statement	-409
Foreign currency translation	0
December 31, 2019	**5 187**
Changes in fair value	591
Reclassification to income statement	-571
Foreign currency translation	0
December 31, 2020	**5 206**

Reserve for remeasurements of the post-employment benefit liability

(amounts in EUR'000)	
January 1, 2019	**-2 328**
Actuarial gains & losses	-2 503
Return on plan assets	-27
Foreign currency translation	-85
December 31, 2019	**-4 943**
Actuarial gains & losses	1 026
Return on plan assets	64
Foreign currency translation	0
December 31, 2020	**-3 852**

Cumulative Translation Adjustment

(amounts in EUR '000)	
January 1, 2019	**70 271**
Change in Cumulative Translation Adjustment	-70 271
December 31, 2019	**0**
Change in Cumulative Translation Adjustment	0
December 31, 2020	**0**

Cost of Hedging

(amounts in EUR '000)	
January 1, 2019	**0**
Change in Cost of Hedging	0
December 31, 2019	**0**
Change in Cost of Hedging	3 470
December 31, 2020	**3 470**

Further information can be found in note 2.17.

17. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

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

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

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

	Financial instrument categories				Carrying amount December 31, 2019	Fair value December 31, 2019	Fair value level		
(amounts in EUR million)	DFVPL	FVPL	FVOCI	AC			Level 1	Level 2	Level 3
Financial assets									
CCE at amortized cost	0	0	0	930	930	930	0	930	0
CCE at fair value	934	0	0	0	934	934	0	934	0
Financial investments at amortized cost	0	0	0	1 056	1 056	1 071	598	473	0
Financial investments at fair value	924	0	607	0	1 531	1 531	716	815	0
Derivative financial instruments - assets	0	1 426	0	0	1 426	1 426	0	1 426	0
EFC contracts at amortized cost	0	0	0	303	303	317	0	317	0
EFC contracts at fair value	9 880	0	0	0	9 880	9 880	0	9 880	0
Other financial assets	26	22	0	4	53	53	0	53	0
Total assets					**16 113**	**16 142**	**1 314**	**14 828**	**0**
Financial liabilities									
Borrowings at amortized cost	0	0	0	842	842	868	0	868	0
Borrowings at fair value	13 291	0	0	0	13 291	13 291	0	13 291	0
Derivative financial instruments - liabilities	0	342	0	0	342	342	0	342	0
Other financial liabilities	46	22	0	35	103	103	0	103	0
Total liabilities					**14 578**	**14 604**	**0**	**14 604**	**0**

There were no transfers between any of the levels of the fair value hierarchy during the year 2020 (2019: none)

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

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

Financial assets designated at fair value through profit or loss
The carrying amount at December 31, 2020, of financial assets designated at fair value through profit or loss was EUR 439 million higher (2019: EUR 455 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 2020 amounts to EUR 33 million gain (2019: EUR 81 million loss).

Financial liabilities designated at fair value through profit or loss
The carrying amount at December 31, 2020, of financial liabilities designated at fair value through profit or loss was EUR 2 807 million higher (2019: EUR 1 318 million higher) than the contractual amount at maturity. The change in fair value in financial liabilities designated at fair value through profit or loss that is attributable to changes in credit risk for the year 2020 amounts to EUR 49 million loss (2019: EUR 1 million gain).

18. HEDGE ACCOUNTING

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

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

Hedging instruments and hedged items

Equipment financing contracts

(amounts in EUR '000)	December 31, 2020	December 31, 2019
Hedging instruments		
Nominal amount		
Derivative financial instruments	-1 959 473	0
Carrying amount		
Derivative financial instruments	-33 618	0
Change in net fair value		
Derivative financial instruments	-33 618	0

Debt securities in issue

(amounts in EUR '000)	December 31, 2020	December 31, 2019
Hedging instruments		
Nominal amount		
Derivative financial instruments	2 825 189	0
Carrying amount		
Derivative financial instruments	28 934	0
Change in net fair value		
Derivative financial instruments	28 934	0

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

Further information can be found in note 2.17.

19. RELATED PARTIES

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

Salaries and other benefits paid to key management personnel are included within general administrative expenses and amounted to EUR 3.6 million in 2020 (2019: EUR 3.3 million).

There are no outstanding amounts due to key management personnel at year end 2020 (2019: none).

20. POST BALANCE SHEET EVENTS

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

Upon proposal from the Management, the Board of Directors adopted the Financial Statements on March 16, 2021, and authorized their submission to the General Assembly for approval on the same date. The General Assembly approved the financial statements.

21. COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

EUROFIMA has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

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

We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our personnel (such as social distancing and working from home) and securing the supply of materials that are essential to our operations.

We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without threatening the health of our personnel.

22. PROPOSED APPROPRIATION OF THE SURPLUS

With last year's unappropriated surplus of EUR 521 580 carried forward and the net profit for the financial year 2020 of EUR 24 492 669, the surplus to be distributed is EUR 25 014 249. In accordance with Article 29 of the Statutes, the Board of Directors proposes the following allocation of the surplus to the General Assembly:

	EUR
Appropriation to the ordinary reserve	1 225 000
Dividend of 1.25% (statutory maximum is 4%) on the paid-in share capital of CHF 520 million	6 000 000
Appropriation to the guarantee reserve	17 500 000
Appropriation to the fund for general risks	289 249

The Board of Directors proposes that the General Assembly meeting on March 16, 2021 approve an ordinary dividend distribution of EUR 6.0 million which represents the Euro equivalent of 1.25% of the paid-in share capital of CHF 520 million (CHF 6.5 million) as per the balance sheet date. Dividends are declared and paid in Euros. Due to potential foreign exchange movements between balance sheet and General Assembly date as well as statutory limits, the paid dividend amount will be capped at the Euro equivalent of 4% of the paid-in share capital of CHF 520 million (CHF 20.8 million) as per the date of the General Assembly.

Source: AdobeStock

AUDITOR'S REPORT

EUROFIMA European Company for the Financing of Railroad Rolling Stock
Basel

Report of the statutory auditor
to the General Assembly

on the financial statements 2020

pwc

Report of the statutory auditor

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

Basel

Report on the audit of the financial statements

Opinion

We have audited the financial statements of EUROFIMA European Company for the Financing of Railroad Rolling Stock, which comprise the income statement and statement of comprehensive income for the year ended 31 December 2020, the balance sheet as at 31 December 2020, the statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 34 to 71) give a true and fair view of the financial position of EUROFIMA European Company for the Financing of Railroad Rolling Stock as at 31 December 2020 and its financial performance and its cash flows for the year ended in accordance with the International Financial Reporting Standards (IFRS) and comply with the international Convention for the establishment of the Company and the Statutes.

Basis for opinion

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

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

Our audit approach

Overview

Overall materiality: EUR 85'000'000

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

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

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

PricewaterhouseCoopers AG, St. Jakobs-Strasse 25, Postfach, CH-4002 Basel, Switzerland
Telefon: +41 58 792 51 00, Telefax: +41 58 792 51 10, www.pwc.ch

Materiality

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

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

Overall materiality	EUR 85'000'000
How we determined it	0.50% 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 EUR 4'250'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

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

Key audit matters

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

Valuation of level 2 financial instruments

Key audit matter	How our audit addressed the key audit matter
As described in Note 17 to the financial statements, the majority of financial assets and liabilities are recorded at fair value in the statements of financial positions. As at 31 December 2020, EUR 10.1 billion or 59 % (assets) and EUR 9.8 billion or 63 % (liabilities) of the financial instruments are held at fair value and classified as level 2 instruments in accordance with IFRS 13. We focused on this area because of the complexity of the valuation models used to fair value the financial instruments. We identified and assessed the following risks that could result in inaccurate fair values:	We assessed and tested the design and existence of the key controls related to financial reporting including the process over contract approval, the control over accuracy of contract components in the system, and the control over the review of the models and model parameters. Additionally, we performed on a sample basis the following: • We performed an independent recalculation using our own model of fair value valuation for a sample of financial instruments categorised as level 2 instruments covering the relevant supported features such as the appropriate valuation model, adequate parameters and correct calculations.

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

Derivative financial instruments and hedge accounting

Key audit matter	How our audit addressed the key audit matter
EUROFIMA's core activity and public mission consists of supporting the development of rail transportation in Europe by providing its shareholders, 26 national railway operators, and other railway bodies with cost-effective financing to renew and modernize their railway equipment. The borrowing operations (consisting of equipment financing contracts and debts evidenced by certificates, including derivatives), which represent EUR 12.1 billion or 71 % of the assets and EUR 14.4 billion or 93% of the liabilities as at December 31, 2020, provide long-term funds via bond issuances in the international capital markets, to support EUROFIMA's core lending business and liquidity position. Derivative financial instruments are used to manage and hedge the interest rate, foreign currency and exchange risks in the borrowing operations. Many of these instruments are designated in a fair value hedge relationship and qualify for hedge accounting under IFRS 9. We focused on this area because it represents the core activity of EUROFIMA, because of the complexity related to hedge accounting and since 2020 is the first year EUROFIMA implemented hedge accounting. We identified and assessed the following risk that could lead to inaccurate financing matters: • The hedging relationships do not qualify for hedge accounting. • The risk components for financial instruments and financial items are not adequately recognised and designated as the hedged instrument and hedged item. • The hedging relationships may be ineffective and result in mismatches between assets and liabilities and cause undesirable volatility in the Income Statement. See Notes 2.17 and 18 to the financial statements on pages 44 - 45 and 69 - 70.	We assessed and tested the design and existence of the key controls related to financial reporting and hedge accounting. Additionally, we performed the following: • Obtaining an understanding EUROFIMA's risk management strategy, objectives and policies in respect of hedging activities and testing key controls for the use, the recognition and the measurement of derivative financial instruments. • Review hedge documentation for consistency with accounting requirements under IFRS 9. • Assessing whether hedging instruments designated by EUROFIMA qualify for hedge accounting and whether the requirements for hedge documentation have been met. • Testing the appropriateness of the hedge documentation and the applicability and accuracy of hedge accounting for a sample of hedges. • Verify that the effective portion of the gains or losses on the hedging instrument and the hedged item are properly presented in the Financial Statements and that the ineffective portion of a hedge is recognised in the Income Statement. • Reconciling derivative financial instruments data to third party confirmations. • Considering the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting. The procedures that we carried out and described above gave us sufficient audit evidence to address the aforementioned risks.

Other information in the annual report

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

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

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

Responsibilities of the Board of Directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers AG

Ray Kunz	Marco Tiefenthal
Audit expert Auditor in charge	Audit expert

Basel, 16 March 2021

Source: SBB CFF FFS

Source: SBB CFF FFS

MILESTONES IN DEVELOPMENT

MILESTONES IN DEVELOPMENT

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

Design by Arts Square
Arts-Square.com

Cover picture: Küssnacht, Switzerlad - Source: SBB CFF FFS

Rittergasse 20
4051 Basel
Switzerland

Phone +41 61 287 33 40
Fax +41 61 287 32 40

www.eurofima.org