

FUNDING STRATEGY HY2 2024

Capital Markets

Basel, 27th June 2024

EUROFIMA

European Company for the Financing
of Railroad Rolling Stock
Meret Oppenheim Platz 1 C
4053 Basel

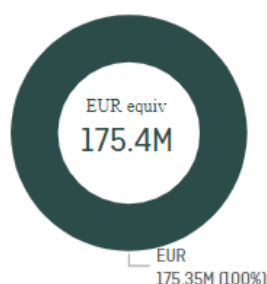
1 Objective

The FUNDING STRATEGY document is produced by the Capital Markets unit with the purpose to review and guide its funding activities. The objective is to define the funding strategy for the next half year, as well as to align funding decisions to EUROFIMA's long-term funding goals. This is a summary of the internal extended version of the FUNDING STRATEGY, document which contains a market overview, a capital markets and functions activities review, as well as dedicated sections on lending and investor relations activities. The document is submitted to the Management Committee (i.e., the CEO and CFO) for approval each half year-end.

2 Funding Review

Bond funding

In H1 2024, one EUR 114.35m tap of the green 3.125% Nov-2031 bond was conducted, bringing the total volume of the bond to EUR 614.35m, and a new EUR 61m 3.136% green line was also established.

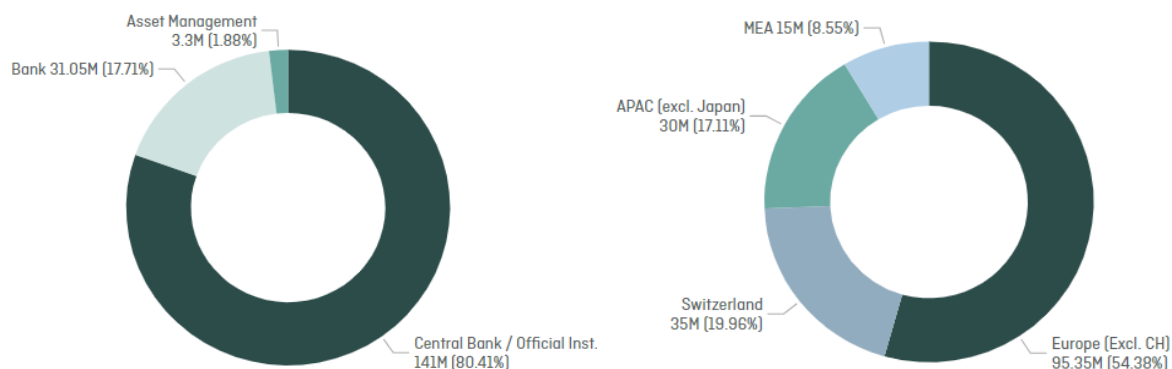


Funding volume with bond issuances in 2024

Public Bookbuilds and Investors Reached

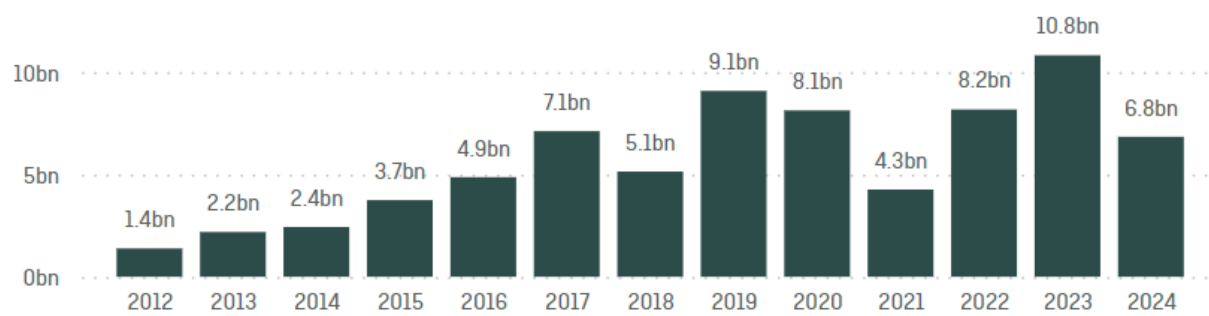
Although no public benchmarks were issued in H1 2024, one of the above transactions involved a public bookbuild and the other was transacted with known investors, hence the following investor and distribution statistics are outlined below.

EUR 114m tap of the 3.125% Nov-2031 & a new EUR 61m 3.136% Jun-2036 green bond



Commercial paper funding

In H1 2024, a total volume of EUR 6.8bn in Commercial Papers (CPs) was issued, up from EUR 5.1bn during the same period of time in 2023.



Short-term funding volume by year

3 Equipment financings contracts

EUROFIMA's core activity and public mission consist of supporting the development of rail transportation in Europe by providing its shareholders and other railway bodies with cost-effective financings to renew and modernize their railway equipment.

EFC long-term lending H1 2024

In H1 2024, the following eleven long-term financings were disbursed:

Overview EFC transaction in 2024



EFC short-term lending 2023

In H1 2024, a total of thirteen short-term financings to SBB were disbursed:

- 2 times 1-month financing of CHF 166m (Jan and Feb)
- 1 times 2-month financing of CHF 84m (Jan)
- 9 tranches 2- to 4-week financing before month-end ranging from clips of CHF 45m to 180m (Mar – Jun)

Loan Redemptions in H2 2024

Out of a total of EUR 939m in EFC maturities in 2024, EUR 639m in redemptions were due in the first half of the year, and therefore very frontloaded. These EFC redemptions are tied directly to the two benchmark bonds maturing in H1: 0.250% EUR 500m Feb-24 and 3.000% CHF 600m May-24. For the remainder of the year a further EUR 300m in loan maturities are due.

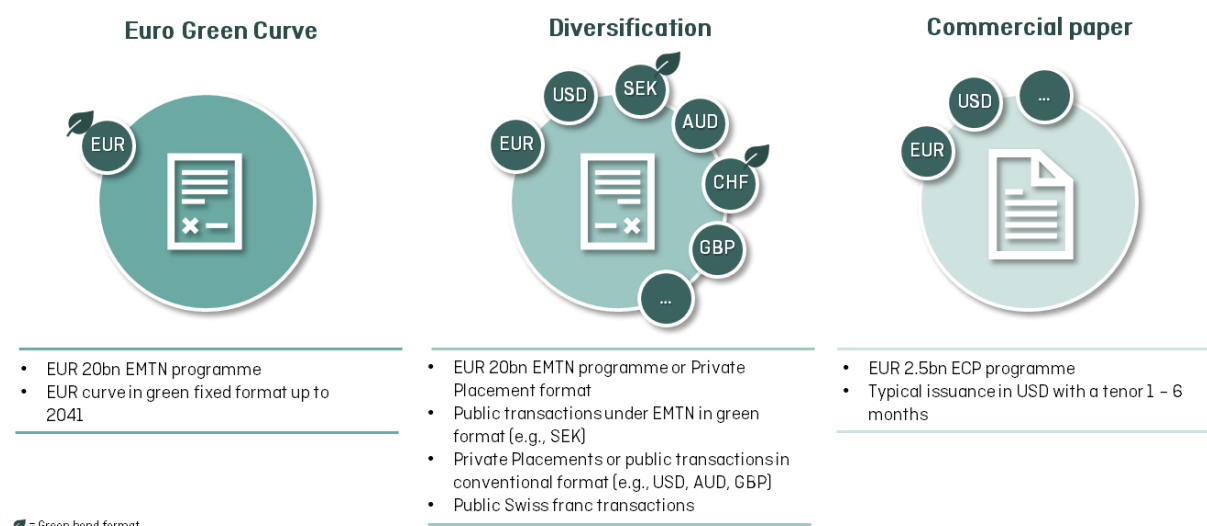
Budget for new financings in 2024

Total demand for 2024 was initially forecast to be in the region of >EUR 1.0bn, as compared to EFC maturities of EUR 939mn in the same period. This volume has now been revised to approximately EUR 925m, with some additional upside potential. The distribution of most refinancing opportunities in 2024 have now shifted towards the end of the year.

5 Funding Strategy

EUROFIMA's borrowing operations serve both the core lending business and EUROFIMA's own liquidity requirements. This is fulfilled via bond issuances and commercial paper funding in the international capital markets. The borrowing strategy applicable for 2024 is based on three pillars.

- **Euro-denominated issuances in green bond format ("Euro Green Curve")** as the core financing instrument which serves only to finance lending activities to railways
- **Diversification** of funding activities with issuance in Euro non-green format and/or US dollar-denominated issuances to fund internal liquidity needs as well as opportunistic funding in other currencies (i.e., SEK, CHF, AUD) to fund railway demand
- Short-term funding via **Commercial Paper** for short-term EFC requests and internal liquidity needs



3-pillar Funding Strategy

Priorities for issuances of bonds in H2 2024 will be set according to the following rules:

1. Completing the Euro green curve with new benchmarks in 10y, 15y or 20y if size allows.
2. Increasing the existing green Euro-lines with taps preference is to increase sub-benchmark sizes to benchmark size.
3. Issuing in non-Euro-lines (e.g. AUD, USD, SEK, CHF),
 - If pricing is not competitive in Euro,
 - If size does not fit Euro market or
 - Any other reason (e.g., maintain presence in non-core opportunistic markets or reduce derivatives exposure)

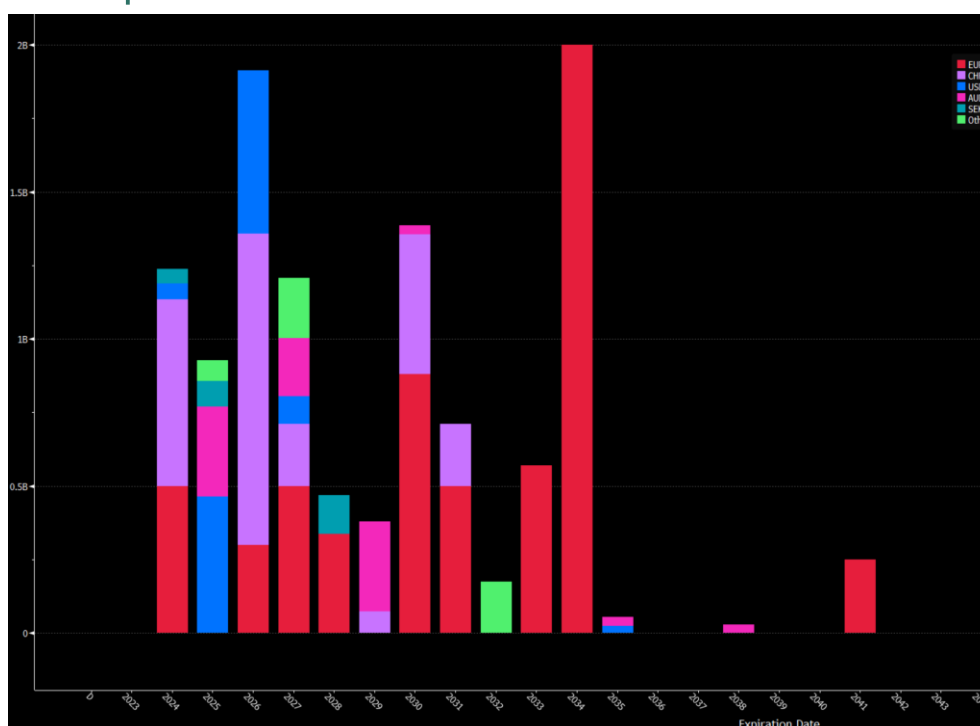
Existing EUROFIMA EUR lines

Overview of existing Euro-denominated lines for taps including the amount outstanding. There is a cap of EUR 2bn per line based on internal policy guidelines.

CUSIP	Amt Is...	Name	Ticker	Coupon	Maturity ¹	Announce	Curr	Bid Yield...	Ask Px
			EUROF				EUR		
BK5969393	300.00	Eurofima ...	EUROF	0.000	07/28/2026	07/21/2020	EUR	3.256	93.713
BX7871607	500.00	Eurofima ...	EUROF	1.625	07/20/2027	07/11/2022	EUR	3.121	95.858
BQ0853854	335.50	Eurofima ...	EUROF	0.010	06/23/2028	06/15/2021	EUR	3.075	88.931
BJ4444235	800.00	Eurofima ...	EUROF	0.100	05/20/2030	05/12/2020	EUR	2.939	85.148
QJ1550384	80.00	Eurofima ...	EUROF	FLOAT	10/15/2030	10/09/2015	EUR	3.861	100.103
ZN1038290	614.35	Eurofima ...	EUROF	3.125	11/09/2031	11/01/2022	EUR	2.979	101.263
ZL7512516	570.00	Eurofima ...	EUROF	3.125	03/30/2033	03/21/2023	EUR	2.992	101.276
ZR8270483	2000.00	Eurofima ...	EUROF	0.150	10/10/2034	09/26/2019	EUR	3.036	75.209
YX1301705	61.00	Eurofima ...	EUROF	3.136	06/30/2036	05/15/2024	EUR	3.102	100.730
B09795358	250.00	Eurofima ...	EUROF	0.500	04/23/2041	04/07/2021	EUR	3.248	65.508

Outstanding EUR-denominated EUROFIMA bonds (Source: Bloomberg, 24 Jun 24)

Debt distribution profile



EUR remain the main funding currency (53.2%) followed by CHF (19.4%), USD (11.6%), AUD (8.8%) and SEK (2.6%).

Financing EFC

Detailed financing strategy for respective upcoming transactions is subject to approval from the Deal Review Committee.

In addition to price-related best execution considerations for both EUROFIMA and the railway, we also observe the following considerations on funding strategy for funding in the market:

- We cannot tap bonds above EUR 2bn, bonds issued before 1st Jan 2018, and we prefer not to tap bonds far below par as it is less economical.

- We prefer to maximise individual bonds' liquidity by taking outstanding volumes >EUR 500m. Maintaining and building upon EUROFIMA's presence across the curve is also important.
- We prefer benchmark issuance and public bookbuilding, even if the volume is sub-benchmark. No EUR benchmarks have been issued in 2023, and in this situation, public bookbuilding for taps will help maximise EUROFIMA's visibility in the market. Investor work is also more important as a result too.
- For other EFC financings, whether small in volume or otherwise unorthodox, warehoused funding remains available, as well as the ability to issue CPs.
- We continue to maintain and build upon the flexibility to accommodate more complex disbursement schedules offered to shareholders.