FitchRatings

EUROFIMA European Company for the Financing of Railroad Rolling Stock

Supranationals
Switzerland

This report does not constitute a new rating action for this issuer. It provides more detailed credit analysis than the previously published Rating Action Commentary, which can be found on www.fitchratings.com.

Ratings

Long-Term IDR	AA
Short-Term IDR	F1+

Outlook

Long-Term IDR	Stable

Financial Data

Entity

	End-2020
Total assets (EURbn)	17.0
Equity/assets (%)	9.3
Fitch's usable capital /risk-weighted assets (FRA, %)	56.0
Average rating of loans and guarantees	A+
Impaired loans (% of total loans)	0.0
Five largest exposures/total exposure (%)	90.7
Share of non-sovereign exposure (%)	0.0
Net income/equity (%)	1.6
Average rating of key shareholders	AA-

Source: Fitch Ratings, EUROFIMA

Key Rating Drivers

'AA' Based on SCP: EUROFIMA European Company for the Financing of Railroad Rolling Stock's ratings are driven by its Standalone Credit Profile (SCP) of 'aa', which is based on a 'aa-' solvency assessment, 'aa+' liquidity assessment and a one-notch uplift over the lower of solvency and liquidity (aa-) to reflect EUROFIMA's 'low' risk business environment.

Fitch Ratings' assessment of extraordinary support from shareholders is 'a' and does not lead to any uplift to the rating. Fitch assesses the ratings based on the multilateral development bank (MDB) approach as per its *Supranationals Rating Criteria*.

Strong Capitalisation, High Leverage: EUROFIMA's strong capitalisation reflects its 'excellent' Fitch-usable capital-to-risk-weighted asset (FRA) ratio, driven by the high credit quality of the MDB's assets and callable capital. The equity-to-assets ratio of 9.3%, as of end-2020, is the lowest across Fitch-rated MDBs, reflecting EUROFIMA's high leverage.

Very Low Credit Risk: The average rating of loans was 'A+' as of end-2020, based on the sovereign guarantors' ratings. Fitch assesses EUROFIMA's preferred creditor status (PCS) as 'excellent', leading to a three-notch uplift above the average rating of loans to 'AA+'. The PCS assessment reflects the institution's 100% exposure to sovereigns and the record of loan performance, with no non-performing exposure since operations started in 1956.

High Concentration: Loan book concentration is the main weakness in EUROFIMA's risk profile. The five largest borrowers accounted for 91% of total loans as of end-2020. The concentration limits are based on risk-weighted measures that support high exposures towards highly rated borrowers. To reduce concentration, EUROFIMA has introduced a premium in the pricing of loans to its borrowers. Fitch expects concentration to remain high in the medium term.

Large Liquidity Buffers: Liquid assets accounted for 121% of short-term debt as of end-2020. EUROFIMA must hold at least 12 months' coverage of net disbursements – after accounting for a haircut on securities. As of end-2020, 59% of treasury assets were rated 'AAA'/'AA' and 98% were investment grade (IG). EUROFIMA is a regular bond issuer in various currencies, primarily euros (49% of funding), Swiss francs (20%) and US dollars (15%).

Rating Sensitivities

Business Profile: Increased demand for EUROFIMA financing from a diversified pool of borrowers, for example due to the gradual liberalisation of railway markets in Europe, could support our assessment of EUROFIMA's business profile and lead to positive rating action. By contrast, failure to diversify the pool of borrowers could lead to negative rating action.

Capitalisation: Stronger capitalisation driven by significant reduction in EUROFIMA's leverage, bringing the equity-to-assets ratio towards the 15% threshold for 'strong', could lead to positive rating action. A fall in the equity-to-assets ratio below the 8% threshold for a 'moderate' assessment could lead to negative rating action.

Credit Risk: Deterioration in our assessment of credit risk due to a decline in the average rating of loans or a breach in EUROFIMA's PCS, or both, could lead to negative rating action.

Applicable Criteria

Supranationals Rating Criteria (May 2021)

Related Research

Sovereign Default History: Evidence of Supranationals' Preferred Creditor Status (March 2020)

Debt Suspension May Mask Pandemic-Driven Deterioration in MDB Asset Quality (April 2021)

Analysts

Arnaud Louis
+33 1 44 29 91 42
arnaud.louis@fitchratings.com

Khamro Ruziev, CFA
+44 20 3530 1813
khamro.ruziev@fitchratings.com

Business Environment

EUROFIMA's public mission is to support the development of public-service passenger rail transportation by providing railway companies with loans to renew and modernise their railway equipment – such as passenger carriages and locomotives.

The institution can only extend loans to its 26 shareholders, the national railway companies of its member countries, or to a railway company in one of its member countries that benefits from a guarantee from one of its shareholders. As per Article 5 of EUROFIMA's convention, all loans to shareholders (including their subsidiaries) benefit from an explicit guarantee by the shareholder's respective sovereign. For instance, the loan exposure to the Swiss national railway company is guaranteed by the Swiss sovereign.

As with other supranationals, EUROFIMA's status is underpinned by an international treaty signed by its member countries. The institution is not subject to banking regulation and supervision and benefits from various fiscal exemptions in Switzerland.

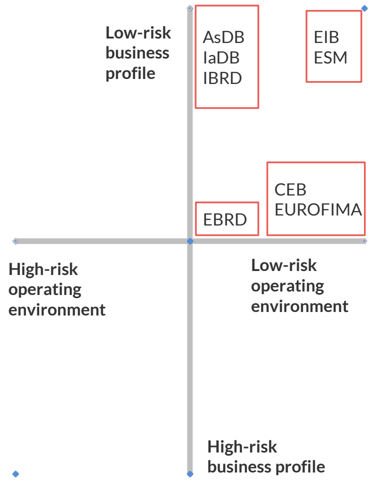
Fitch assesses EUROFIMA's business environment as 'low' risk, leading to a one-notch uplift over the weaker of its solvency and liquidity assessments. The 'low' risk business environment reflects a 'medium' risk business profile and a 'low' risk operating environment

Business Profile

The medium-risk business profile reflects the following factors:

- EUROFIMA is only exposed to sovereign risk, which is a 'low' risk. All loans are backed by a sovereign guarantee and therefore, although EUROFIMA lends to non-sovereign entities, on an ultimate guarantor basis, it has no exposure to non-sovereigns. EUROFIMA expects non-sovereign exposures could increase to up to 5% of the total loan book in the medium term. In countries where the domestic passenger transport has been decentralised, regional transport authorities could be admitted as shareholders and, possibly, guarantee loans to transport companies that have been awarded public service contracts. These loans would typically benefit from a sub-sovereign guarantee rather than from a sovereign guarantee.
- EUROFIMA's governance is considered a 'low' risk. Although the national railway companies are both borrowers and shareholders, the most important decisions at board level require the consent of the sovereign member states, rather than only the railway administration shareholders. This includes the overall objectives and the quorum applicable to important shareholders resolutions, the admission of a new shareholder, and any decision regarding shareholder's liabilities – for example, the cross-shareholder guarantee that used to apply up to 2018. In addition, the bulk of the member states are from highly Fitch-rated countries with high World Bank Worldwide Governance scores. The governance structure comprises a general assembly (in charge of key decisions and approvals) and a board of directors (controls the operations and authorises all new loans and borrowings). In total EUROFIMA has 28 employees.
- The 'medium' risk assessment of the strategy balances the de-leveraging and de-risking trend in the last decade against the potential increase in exposures to non-sovereign and non-IG borrowers in the medium term. As of end-2020, non-IG accounted for 1.5% of loans (these were legacy loans to Greece and Serbia). In 2021 the Board agreed to allow lending to non-IG borrowers for a gross exposure of up to EUR800 million (7% of current loans) and a net exposure, after accounting for credit insurance of EUR200 million and EUR30 million of net country exposure. These non-IG exposures would be to sovereigns only. The management expects the size of the balance sheet to remain generally stable in the medium term.
- EUROFIMA's 'policy importance' risk is considered 'high'. It only lends to 13 of its member states and the loan book is highly concentrated – the top five exposures account for more than 90% of total loans. In Fitch's view, this highlights EUROFIMA's limited role in most of its member states. The policy importance could benefit from the ongoing liberalisation of the railway market in Europe. The EU's fourth railway package includes compulsory tendering and no direct awards of contracts. The legislation came into force in 2017 but there is a six-year transition period to implement it. The opening of the rail

Business Environment: Peer Comparison



SAsDB: Asian Dvt. Bank; CEB: Council of Europe Dvt. Bank.; EBRD: European Bank for Reconstruction and Dvt.; ESM: European Stability Mechanism; IaDB: Inter American Dvt. Bank; IBRD: International Bank for Reconstruction and Dvt.
Source: Fitch Ratings

passenger market to new entities could support demand for EUROFIMA's financing. The importance of the institution could also benefit from the increased importance of environmental issues given that rail transport is cleaner than some other modes.

- EUROFIMA's loan book of EUR11 billion as of end-2020 is considered of 'moderate' size as per our criteria.

Operating Environment

The 'low' risk operating environment reflects the strong creditworthiness and high income per capita of EUROFIMA's 25 countries of operation – 19 of which are high-income countries, and the other six are upper-middle income. World Bank governance indicators in the countries of operations are strong relative to rated peers. EUROFIMA's headquarters are in Switzerland (AAA/Stable).

All 43 countries that form part of the European Conference of Ministries of Transport (ECMT) may join EUROFIMA. If a country is not part of the ECMT, then the unanimous consent of the existing member states is required. This will be based on a country's political and economic situation and a minimum credit rating of 'BB'.

Standalone Credit Profile

Indicative value	Assessment
Solvency	aa-
Liquidity	aa+
Business environment	+1 notch
Standalone Credit Profile	aa

Source: Fitch Ratings

Solvency

EUROFIMA's 'aa-' solvency reflects its 'strong' capitalisation and 'low' risk assessments.

EUROFIMA's main rating strength is the credit quality of its loan portfolio, the highest across all supranational peers. By contrast, its main weaknesses are its leverage, the highest across peers, and the concentration in its loan portfolio.

Capitalisation

EUROFIMA's strong capitalisation is primarily based on its 'excellent' FRA ratio, which is 56% as of end-2020. This in turn reflects the high credit quality of the institution's assets and callable capital – 73% of which is guaranteed by sovereigns rated in the 'AAA' and 'AA' categories. The 'excellent' FRA ratio is balanced against a 'moderate' equity-to-assets ratio of 9.3% as of end-2020 reflecting EUROFIMA's high leverage. Fitch expects the two ratios to remain in the same ranges in the medium term, although the FRA ratio could be affected by increased exposure to non-IG borrowers.

The two main capital metrics used by EUROFIMA for its own capital adequacy management are a Basel III ratio (48% as of end-2020) and a risk-adjusted capital ratio (in line with S&P's methodology). EUROFIMA also takes into account other capitalisation ratios used by rating agencies. It has no leverage limit.

EUROFIMA's return on equity has been stable in the past few years at 1%–2%. Dividends paid to shareholders have accounted for 20%–25% of net earnings in 2019 and 2020.

Peer Comparison: Capital Ratios and Profitability

	EUROFIMA (AA)		CEB (AA+)	EIB (AAA)	ESM ('AAA')
	End-2020	Projection[a]	End-2020	End-2020	End-2020
Equity/adjusted assets (%)	9.3	8–10	11.7	12.9	41.3
Usable capital/risk-weighted assets (FRA, %)	56.0	47–52	38.6	39.6	216.8
Net income/average equity	1.6	1.0–2.0	2.4	2.3	0.5

[a] Medium-term projections, forecast range
CEB: Council of Europe Development Bank, EIB: European Investment Bank, ESM: European Stability Mechanism
Source: Fitch Ratings, MDBs

Risks

The 'low' overall risk assessment is primarily driven by a 'very low' assessment of credit risk.

- The average rating of loans was 'A+' as of end-2020, based on the sovereign guarantors' ratings. Although 20% of the loans are guaranteed by sovereigns whose rating is currently on Negative Outlook (Belgium: 19%; France: 1%), a downgrade of these sovereigns would not affect the average rating of loans. Just 1.5% of loans are to sub-IG countries (Greece: BB/Stable, 1.2% of loans; and Serbia: BB+/Stable, 0.3% of loans). These are legacy transactions, which will run off over the next four years. Since 2009 EUROFIMA has not issued any new loans to non-IG countries. In 2021, the board approved a limited amount of lending to non-IG countries (EUR800 million gross exposure).
- EUROFIMA has not recorded a non-performing exposure since its operations started in 1956 and has never called a sovereign guarantee.
- In addition to sovereign guarantees, the rolling stock is used as collateral based on its market value. EUROFIMA has the contractual rights to enforce a minimum loan-to-value ratio through the life of the financing (100% at drawdown).
- Until 2018, EUROFIMA benefitted from another layer of credit protection, in the form of a cross-shareholder guarantee, whereby each shareholder would guarantee all loans on a pro-rata basis (based on its share in the capital) and up to a maximum amount equal to its participation in the bank's capital. This was terminated in 2018, although it remains in place for the loans extended before 2018, as the shareholders did not want to be liable for the debt of a railway in another country and this was seen as an obstacle to attracting new shareholders.
- Provisions are very limited (EUR0.2 million) and only cover loans extended in 2020 and recorded at amortised cost (EUR2.6 billion), all of which are classified as stage 1 under IFRS. In 2020, the credit impairment gain amounted to EUR1.0 million. Up to 2019, all loans were recorded at fair value rather than at amortised cost and any impairment was included in the fair value of the instruments.
- Fitch assesses EUROFIMA's preferred creditor status (PCS) as 'excellent', leading to a three-notch uplift above the average rating of loans to 'AA+'. The PCS assessment reflects the institution's 100% exposure to sovereigns and the record of loan performance. The PCS was successfully tested with Greece in 2010 and in 1993 during the break-up of Yugoslavia.
- Loan book concentration is the main weakness in EUROFIMA's risk profile. The five largest borrowers accounted for 91% of total loans as of end-2020, a 'high' risk. The concentration limits are based on risk-weighted measures that do not prevent high exposures towards highly rated borrowers. To reduce concentration, EUROFIMA has introduced a premium in the pricing of loans to borrowers with the largest exposures. In Fitch's view, it is unlikely that EUROFIMA will achieve a significant reduction in concentration towards highly rated counterparts ('AAA' rated counterparts have a 3% risk-weight) and Fitch expects loan book concentration to remain very high.
- The risk management framework is considered 'strong'. The very high credit quality of the loan portfolio (with all loans guaranteed by an entity with a minimum rating of 'BBB-', except for a limited portion of non-IG exposure) somewhat mitigates the very high concentration. EUROFIMA match-funds its loans and passes through funding costs to its borrowers. Residual currency and interest rate risks are fully hedged through interest rate and currency swaps. The liquidity management rules are in line with that of highly rated peers (see below).
- EUROFIMA has no equity participation.

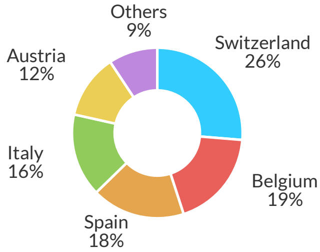
Risk Assessment

Indicative value	Risk level
Credit	Very low
Concentration	High
Equity risk	Very low
Market risks	Very low
Risk Management Policies	Strong

Source: Fitch Ratings

Loan Portfolio

Distribution by borrower, end-2020



On an ultimate guarantor basis
Source: Fitch Ratings, EUROFIMA

Peer Comparison: Risks

	EUROFIMA		CEB		ESM EIB
	End-2020	Projection[a]	End-2020	End-2020	End-2020
Estimated average rating of loans & guarantees	A+	A+	A-	A-	BB+
Impaired loans/gross loans (%)	0.0	0.0-0.5	0.0	0.4	0.0
Five largest exposures/total banking exposure[b] (%)	90.7	80-90	23.5	15.0	100
Equity stakes/total banking exposure (%)	0.0	0.0	0.0	2.0	0.0

[a] Medium-term projections, forecast range
[b] Total banking exposure = loans + equity stakes + guarantees
Source: Fitch Ratings, MDBs

Liquidity

Peer Comparison: Liquidity

	EUROFIMA		CEB	EIB	ESM
(%)	End-2020	Projection[a]	End-2020	End-2020	End-2020
Liquid asset/short-term debt	121	120-150	246	93	334
Share of treasury assets rated AA- & above	59	50-60	54	70	88

[a] Medium-term projections, forecast range
Source: Fitch Ratings, MDBs

Liquidity is assessed at 'aa+'.

Liquidity Buffer

Liquid assets accounted for 121% of short-term debt as of end-2020, a level we assess as 'strong'. EUROFIMA must hold at least 12 months' coverage of net disbursement, after accounting for a haircut on securities, and has always been in excess of its own limit. As of 31 December 2020, the liquidity stock in excess of the policy was EUR806 million.

Quality of Treasury Assets

As of end-2020, 59% of treasury assets were rated 'AAA'/'AA' and 98% were IG (the 2% of non-IG treasury assets were mainly exposures to Swiss local authorities that are not rated). 64% of treasury assets were deposit-maturing within 12 months, and the remaining assets were debt securities. The bulk of treasury assets are denominated in euros (57%) and Swiss francs (40%).

For investments in securities with maturities greater than one year, the minimum rating at the time of purchase is 'A-'.

Access to Capital Markets and Alternative Sources of Liquidity

EUROFIMA is a regular bond issuer in various currencies, primarily euros (49% of funding), Swiss francs (20%) and US dollars (15%) with maturities of up to 20 years. Debt issues are assigned a 20%-risk weight under Basel III.

EUROFIMA has an ECP programme for liquidity operations that accounts for about 10% of its borrowing.

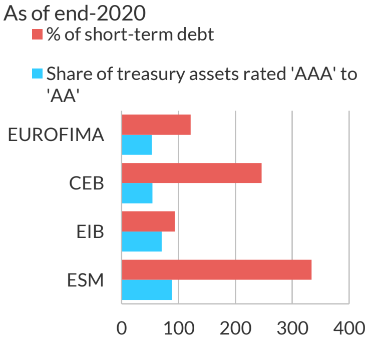
Liquidity Assessment

Indicative value	Risk level
Liquidity buffer	Strong
Quality of treasury assets	Strong
Access to capital markets and alternative sources of liquidity	Strong

Source: Fitch Ratings

Liquidity Buffers

As of end-2020



Source: Fitch Ratings, MDBs

Shareholders' Support

Fitch assesses extraordinary support from shareholders at 'a'.

Peer Comparison: Shareholder Support

	EUROFIMA		CEB	EIB	ESM
	End-2020	Projection[a]	End-2020	End-2020	End-2020
Coverage of net debt by callable capital	Not covered	Not covered	Not covered	Not covered	AAA
Average rating of key shareholders	AA-	AA-	A+	A+	AA-
Propensity to support (Notch Adjustment)	Weak (-2)	Weak (-2)	Weak (-2)	Strong (0)	Exceptional (+1)

[a] Medium-term projections
Source: Fitch Ratings, MDBs

Capacity to Provide Extraordinary Support

The shareholders' capacity to support is based on the average rating of key shareholders – that is, the national railway companies from Germany, France and Italy, which total 59% of subscribed capital. The average rating of the key shareholders is 'AA-' after accounting for the guarantee of callable capital by their respective sovereigns. The average rating of the key shareholders would be resilient to a downgrade by one notch of the rating of France (currently on Negative Outlook).

The bulk of callable capital (73%) is from shareholders backed by sovereigns rated either 'AA' or 'AAA'.

Propensity to Provide Extraordinary Support

Fitch assesses the propensity of shareholders to support as 'weak' leading to a two-notch negative adjustment to the capacity to support, to 'a'.

The 'weak' propensity to support accounts for the fact that the callable capital does not fully cover the net debt and also accounts for the termination of the cross-shareholders joint and several guarantee in 2018. The assessment also takes into account the payment of dividends to shareholders in recent years, which is unusual for a supranational institution.

ESG Navigator

FitchRatings **EUROFIMA European Company for the Financing of Railroad Rolling Stock** — Supranational ESG Navigator — Supranational

Credit-Relevant ESG Derivation

EUROFIMA European Company for the Financing of Railroad Rolling Stock has 2 ESG rating drivers and 6 ESG potential rating drivers

- EUROFIMA European Company for the Financing of Railroad Rolling Stock has exposure to lack of supervision by an external authority and is not subject to banking regulation which, in combination with other factors, impacts the rating.
- EUROFIMA European Company for the Financing of Railroad Rolling Stock has exposure to obligor concentration; access to central bank refinancing; effectiveness of preferred creditor status which, in combination with other factors, impacts the rating.
- EUROFIMA European Company for the Financing of Railroad Rolling Stock has exposure to borrowers with limited access to external funding sources and/or extend concessional loans but this has very low impact on the rating.
- EUROFIMA European Company for the Financing of Railroad Rolling Stock has exposure to recruitment based on nationality or quotas but this has very low impact on the rating.
- EUROFIMA European Company for the Financing of Railroad Rolling Stock has exposure to social pressure to provide support at times of crisis but this has very low impact on the rating.
- EUROFIMA European Company for the Financing of Railroad Rolling Stock has exposure to risk around the execution/predictability of its strategy but this has very low impact on the rating.

Showing top 6 issues

			Overall ESG Scale
key driver	0	issues	5
driver	2	issues	4
potential driver	6	issues	3
not a rating driver	1	issues	2
	6	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events and climate change on assets and corresponding risk appetite and management	Asset Quality; Risk Management	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	3	Lending to borrowers with limited or no access to other external sources of finance; extension of concessional loans or grants; credit protection schemes	Importance of the Public Mandate; Credit Risk; Propensity to Support	5
Privacy & Data Security	1	n.a.	n.a.	4
Labour Relations & Practices	3	Restriction on recruitment based on nationality and quotas	Governance	3
Employee Well-being	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Counter-cyclical mandate and development role; social pressure to provide support at times of crisis	Credit Risk; NPLs; Capitalisation; Strategy	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy (Operational Execution)	3	Lack of predictability and/or risk around the execution of strategy	Business Profile; Strategy; Governance	5
Governance Structure	3	Board independence and effectiveness, ownership composition, degree of political or external influence, control of one member state over the management of the institution	Business Profile; Strategy; Governance	4
Rule of Law, Institutional & Regulatory Quality	4	Supranationals are neither subject to bank regulation nor supervised by an external authority; all supranationals attract a score of '4'	Risk Management Policies; Governance	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes, detail and scope of information, medium-term financial forecasts	Minimum Data Requirement	2
Policy Status and Mandate Effectiveness	4	Inherent obligor risk concentration; effectiveness of preferred creditor status; access to liquidity support from central bank	Concentration; Credit Risk; Access to Central Bank Refinancing	1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

CREDIT-RELEVANT ESG SCALE
How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Appendix A: Balance sheet

EUROFIMA European Company for the Financing of Railroad Rolling Stock

	31 Dec 20			31 Dec 19		31 Dec 18	
Balance sheet	Year end (USDm) Original	Year end (EUR 000) Original	As % of Assets Original	Year end (EUR 000) Original	As % of assets Original	Year end (EUR 000) Original	As % of assets Original
A. Loans							
1. To/guaranteed by sovereigns	13,281.2	10,916,645.0	64.18	10,182,807.0	63.19	10,028,382.0	63.39
2. To/guaranteed by public institutions	n.a.	n.a.	-	n.a.	-	n.a.	-
3. To/guaranteed by private sector	n.a.	n.a.	-	n.a.	-	n.a.	-
A. Loans, total	**13,281.2**	**10,916,645.0**	**64.18**	**10,182,807.0**	**63.19**	**10,028,382.0**	**63.39**
B. Other earning assets							
1. Deposits with banks	3,837.9	3,154,616.0	18.55	3,005,671.0	18.65	2,965,132.0	18.74
2. Securities held for sale & trading	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Investment debt securities (including other investment)	1,754.8	1,442,414.0	8.48	1,378,199.0	8.55	1,374,611.0	8.69
4. Equity investments	n.a.	n.a.	-	n.a.	-	n.a.	-
5. Derivatives (including fair-value of guarantees)	1,445.6	1,188,202.0	6.99	1,425,930.0	8.85	1,352,075.0	8.55
B. Other earning assets, total	**7,038.3**	**5,785,232.0**	**34.01**	**5,809,800.0**	**36.06**	**5,691,818.0**	**35.98**
C. Total earning assets (a+b)	**20,319.5**	**16,701,877.0**	**98.2**	**15,992,607.0**	**99.2**	**15,720,200.0**	**99.4**
D. Fixed assets	**0.0**	**37.0**	**0.00**	**106.0**	**0.00**	**5,550.0**	**0.04**
E. Non-earning assets							
1. Cash and due from banks	359.1	295,198.0	1.74	68,255.0	0.42	81,879.0	0.52
2. Other	14.4	11,847.0	0.07	52,631.0	0.33	11,473.0	0.07
F. Total assets	**20,693.1**	**17,008,959.0**	**100.00**	**16,113,599.0**	**100.00**	**15,819,102.0**	**100.00**
G. Short-term funding							
1. Amounts due to banks and customers (< 1 year)	1,244.2	1,022,670.0	6.01	835,968.0	5.19	1,066,701.0	6.74
2. Securities issues (< 1 year)	3,947.5	3,244,681.0	19.08	3,660,156.0	22.71	2,272,676.0	14.37
3. Other (incl. deposits)	n.a.	n.a.	-	n.a.	-	n.a.	-
G. Short-term funding, total	**5,191.7**	**4,267,351.0**	**25.09**	**4,496,124.0**	**27.90**	**3,339,377.0**	**21.11**
H. Other funding							
1. Bank borrowings (> 1 year)	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Other borrowings (incl. Securities issues)	13,073.4	10,745,848.0	63.2	9,636,847.0	59.8	10,565,909.0	66.8
3. Subordinated debt	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Hybrid capital	n.a.	n.a.	-	n.a.	-	n.a.	-
H. Other funding, total	**13,073.4**	**10,745,848.0**	**63.18**	**9,636,847.0**	**59.81**	**10,565,909.0**	**66.79**
I. Other (non-interest bearing)							
1.derivatives (including fair value of guarantees)	507.1	416,788.0	2.45	342,053.0	2.12	340,149.0	2.15
2. Fair value portion of debt	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Other (non-interest bearing)	31.6	25,969.0	0.15	103,801.0	0.64	110,093.0	0.70
I. Other (non-interest bearing), total	**538.7**	**442,757.0**	**2.60**	**445,854.0**	**2.77**	**450,242.0**	**2.85**
J. General provisions & reserves	**6.1**	**5,006.0**	**0.03**	**6,271.0**	**0.04**	**3,598.0**	**0.02**
L. Equity							
1. Preference shares	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Subscribed capital	2,911.6	2,393,248.0	14.07	2,393,248.0	14.85	2,308,410.0	14.59
3. Callable capital	-2,329.3	-1,914,598.0	-11.26	-1,914,598.0	-11.88	-1,846,728.0	-11.67
4. Arrears/advances on capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00
5. Paid in capital (memo)	582.3	478,650.0	2.81	478,650.0	2.97	461,682.0	2.92
6. Reserves (including net income for the year)	1,299.3	1,067,993.0	6.28	1,049,609.0	6.51	998,294.0	6.31
7. Fair-value revaluation reserve	1.6	1,354.0	0.01	244.0	0.00	n.a.	-
K. Equity, total	**1,883.3**	**1,547,997.0**	**9.10**	**1,528,503.0**	**9.49**	**1,459,976.0**	**9.23**
M. Total liabilities & equity	**20,693.1**	**17,008,959.0**	**100.00**	**16,113,599.0**	**100.00**	**15,819,102.0**	**100.00**
Exchange rate		USD1 = EUR0.821963		USD1 = EUR0.89015		USD1 = EUR0.873057	

Source: Fitch Ratings

Appendix B: Income statement

EUROFIMA European Company for the Financing of Railroad Rolling Stock

Income statement	31 Dec 20 Year end (USDm) Original	31 Dec 20 Year end (EUR 000) Original	31 Dec 20 As % of earning assets	31 Dec 19 Year end (EUR 000) Original	31 Dec 19 As % of earning assets	31 Dec 18 Year end (EUR 000) Original	31 Dec 18 As % of earning assets
1. Interest received	452.8	372,156.0	2.45	465,284.0	3.28	552,608.0	3.99
2. Interest paid	429.8	353,315.0	2.32	448,441.0	3.16	537,804.0	3.88
3. Net interest revenue (1. - 2.)	**22.9**	**18,841.0**	**0.12**	**16,843.0**	**0.12**	**14,804.0**	**0.11**
4. Other operating income	16.5	13,558.0	0.09	10,806.0	0.08	7,849.0	0.06
5. Other income	-0.5	-370.0	0.0	4,253.0	0.0	-32.0	0.0
6. Personnel expenses	7.5	6,142.0	0.04	5,638.0	0.04	5,495.0	0.04
7. Other non-interest expenses	3.0	2,441.0	0.02	3,567.0	0.03	3,280.0	0.02
8. Allowance for Expected Credit Loss	-1.3	-1,047.0	0.0	-40.0	0.0	-20.0	0.0
9. Other provisions	n.a.	n.a.	-	n.a.	-	n.a.	-
10.Pre-derivative operating profit (3. + 4. + 5.) - (6. + 7. + 8. + 9.)	**29.8**	**24,493.0**	**0.16**	**22,737.0**	**0.16**	**13,866.0**	**0.10**
11. Net gains/(losses) on non-trading derivative instruments	n.a.	n.a.	-	n.a.	-	n.a.	-
12. Post-derivative operating profit (10. + 11.)	**29.8**	**24,493.0**	**0.16**	**22,737.0**	**0.16**	**13,866.0**	**0.10**
13. Other income and expenses	n.a.	n.a.	-	n.a.	-	n.a.	-
14. Net income (12. + 13.)	**29.8**	**24,493.0**	**0.16**	**22,737.0**	**0.16**	**13,866.0**	**0.10**
15. Fair value revaluations recognised in equity	n.a.	n.a.	-	n.a.	-	n.a.	-
16. Fitch's comprehensive net income (14. + 15.)	**29.8**	**24,493.0**	**0.16**	**22,737.0**	**0.16**	**13,866.0**	**0.10**

Source: Fitch Ratings

Appendix C: Ratio analysis

EUROFIMA European Company for the Financing of Railroad Rolling Stock

Ratio Analysis (%)	31 Dec 20 Year end Original	31 Dec 19 Year end Original	31 Dec 18 Year end Original
I. Profitability level			
1. Net income/equity (average)	1.6	1.5	n.a.
2. Cost-income ratio	26.5	33.3	38.7
3. Provisions/average total banking exposure (excluding letters of credit)	0.0	0.0	0.0
II. Capital adequacy			
1. Net total banking exposure (excl. LCS)/subscribed capital + reserves	315.4	295.8	303.3
2. Equity/adjusted total assets	9.3	9.7	9.4
3. Equity/adjusted total assets + guarantees	9.3	9.7	9.4
4. Paid-in capital/subscribed capital	20.0	20.0	20.0
5. Internal capital generation after distributions	1.2	0.9	n.a.
6. Usable capital/risk weighted assets (FRA ratio)	56.0	n.a.	n.a.
III. Liquidity			
1. Liquid assets/short-term debt	121.1	101.2	n.a.
2. Treasury assets/total assets	28.8	27.6	28.0
3. Liquid assets/total assets	28.2	27.6	28.0
IV. Asset quality			
1. Impaired loans/gross loans	0.0	0.0	0.0
2. Loan loss reserves/gross loans	0.0	0.0	0.0
3. Loan loss reserves/impaired loans	0.0	0.0	0.0
V. Leverage			
1. Debt/equity	969.8	924.6	952.4
2. Debt/subscribed capital + reserves	433.6	410.5	420.5
3. Debt/callable capital	784.1	738.2	753.0
4. Net income + interest paid/interest paid	106.9	105.1	102.6

Source: Fitch Ratings

Appendix D: Annex

EUROFIMA European Company for the Financing of Railroad Rolling Stock

Annex	31 Dec 20 (EUR 000) Original	31 Dec 19 (EUR 000) Original	31 Dec 18 (EUR 000) Original
1. Lending operations			
1. Loans outstanding	10,916,645.0	10,182,807.0	10,028,382.0
Memo: Loans to/guaranteed by sovereigns	10,916,645.0	10,182,807.0	10,028,382.0
Memo: Loans to non-sovereigns	0.0	0.0	0.0
2. Other banking operations			
1. Equity participations	0.0	0.0	0.0
2. Guarantees (off balance sheet)	0.0	0.0	0.0
Memo: Guarantees to sovereigns	0.0	0.0	0.0
Memo: Guarantees to non-sovereigns	0.0	0.0	0.0
3. Total banking exposure (balance sheet and off balance sheet)			
1. Total banking exposure (loans + equity participations + guarantees (off balance sheet))	10,916,645.0	10,182,807.0	10,028,382.0
2. Growth in total banking exposure	7.0	2.0	n.a.
Memo: Non-sovereign exposure	0.0	0.0	0.0
4. Support			
1. Share of AAA/AA shareholders in callable capital	73.0	73.0	73.0
2. Share of A/BBB shareholders in callable capital	23.0	23.0	23.0
3. Share of speculative-grade shareholders in callable capital	4.0	4.0	4.0
4. Rating of callable capital ensuring full coverage of net debt	N.C.	N.C.	N.C.
5. Weighted average Rating of key shareholders	AA-	AA-	AA-
5. Breakdown of banking portfolio			
1. Loans to sovereigns/total banking exposure	100.0	100.0	100.0
2. Loans to non-sovereigns/total banking exposure	0.0	0.0	0.0
3. Equity participation/total banking exposure	0.0	0.0	0.0
4. Guarantees covering sovereign risks/total banking exposure	0.0	0.0	0.0
5. Guarantees covering non-sovereign risks/total banking exposure	0.0	0.0	0.0
Memo: Non sovereign exposure [2.+3.+5.]/total banking exposure	0.0	0.0	0.0
6. Concentration measures			
1. Largest exposure	2,873,000.0	n.a.	n.a.
2. Five largest exposures	9,898,000.0	n.a.	n.a.
3. Largest exposure/equity (%)	185.6	n.a.	n.a.
4. Five largest exposures/equity (%)	639.4	n.a.	n.a.
5. Largest exposure/total banking exposure (%)	26.3	n.a.	n.a.
6. Five largest exposures/total banking exposure (%)	90.7	n.a.	n.a.
7. Credit Risk			
1. Average Rating of loans & guarantees	A+	n.a.	n.a.
2. Loans to IG borrowers/gross loans	98.5	n.a.	n.a.
3. Loans to sub-IG borrowers/gross loans	1.5	n.a.	n.a.
4. Share of treasury assets rated AAA-AA	59.1	n.a.	n.a.
8. Liquidity			
1. Treasury assets	4,892,228.0	4,452,125.0	4,421,622.0
2. Treasury assets o/w IG + eligible non-IG	4,805,000.0	n.a.	n.a.
3. Liquid assets [2]	4,805,000.0	n.a.	n.a.

Source: Fitch Ratings

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