Copenhagen main station; 18:42


# EUROFIMA®

# Annual report 2009

# Important data

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

| | **2009** | 2008 |
|---|---|---|
| *Balance sheet* | | |
| Total | 37 387 | 40 444 |
| *Assets* | | |
| Liquid assets [(1)] | 2 730 | 2 538 |
| Equipment financing contracts | 32 421 | 35 453 |
| Derivative financial instruments | 2 215 | 2 439 |
| *Liabilities* | | |
| Outstanding borrowings [(2)] | 32 216 | 33 863 |
| Derivative financial instruments | 3 757 | 5 254 |
| *Equity* | | |
| Equity + Callable share capital | 3 471 | 3 386 |
| *Net profit and appropriation to reserves* | | |
| Net profit for the financial year | 51 | 48 |
| Appropriation to statutory reserves | 27 | 24 |
| *Ratios in %* | | |
| Operating cost [(3)] / Net operating income [(4)] | 14.0 | 17.0 |
| Net profit / Average equity [(5)] | 3.8 | 3.8 |
| (Equity + Callable share capital) / Outstanding borrowings | 10.8 | 10.0 |
| (Sound share capital [(6)] + Shareholders' guarantee AAA/AA) / Outstanding borrowings | 15.5 | 14.8 |
| (Sound share capital [(7)] + Shareholders' guarantee Aaa/Aa) / Outstanding borrowings | 17.8 | 16.7 |
| *Borrowings and repayments during the financial year* | | |
| Borrowings | 4 330 | 8 733 |
| Repayments | 5 724 | 6 383 |
| Repayment rate in % | 132.2 | 73.1 |
| *Railway equipment financed during the financial year* | | |
| Locomotives | 180 | 182 |
| Multiple-unit trains | | |
| – Motor units | 261 | 674 |
| – Trailer cars | 580 | 629 |
| Passenger cars | 13 | 314 |
| Freight cars | 1 472 | 458 |
| Other equipment | 0 | 0 |

(1) Cash and cash equivalents and financial investments
(2) Amounts due to credit institutions and customers and debts evidenced by certificates
(3) Commission expenses and fees paid and general administrative expenses and depreciation on fixed assets
(4) Net interest income and commission income and fees received and net profit or loss on financial operations
(5) Average equity is calculated on a daily basis
(6) Equity and callable share capital AAA/AA
(7) Equity and callable share capital Aaa/Aa

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.


# EUROFIMA® European Company for the Financing of Railroad

*EUROFIMA is a supranational organization. Its shareholders, which are also its customers, are the railways of its member States. EUROFIMA fulfills a task of public interest. It is located in Basel, Switzerland.*

**Constitution and mission**

EUROFIMA was established on November 20, 1956 based on an international treaty (the "Convention") between sovereign States. It is governed by the Convention signed by its member 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 member States. EUROFIMA's shareholders are railways of the European member States which are parties to the Convention.

EUROFIMA's mission is to support the development of rail transportation in Europe and to support the railways which are its shareholders, as well as other railway bodies, in renewing and modernizing their equipment.

**Activity**

EUROFIMA finances railway equipment through borrowings or equity capital and encourages joint purchases. 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

**Shareholders' distribution**

| Shareholders | | Number of shares | in % of share capital | Subscribed share capital 2009 | Subscribed share capital 2008 | Callable share capital [1] 2009 | Callable share capital [1] 2008 |
|---|---|---|---|---|---|---|---|
| Deutsche Bahn AG | DB AG | 58 760 | 22.60 % | 587 600 000 | 587 600 000 | 470 080 000 | 470 080 000 |
| French National Railways | SNCF | 58 760 | 22.60 % | 587 600 000 | 587 600 000 | 470 080 000 | 470 080 000 |
| Ferrovie dello Stato S.p.A. | FS | 35 100 | 13.50 % | 351 000 000 | 351 000 000 | 280 800 000 | 280 800 000 |
| SNCB Holding | 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 |
| Železnice Srbije | ŽS | 5 824 [2] | 2.24 % | 58 240 000 | 58 240 000 | 46 592 000 | 46 592 000 |
| Swedish State Railways | | 5 200 | 2.00 % | 52 000 000 | 52 000 000 | 41 600 000 | 41 600 000 |
| Luxembourg National Railways | CFL | 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 |
| Portuguese Railways | CP | 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 |
| České dráhy, a.s. | ČD | 2 600 | 1.00 % | 26 000 000 | 26 000 000 | 20 800 000 | 20 800 000 |
| Hungarian State Railways Ltd. | MÁV | 1 820 | 0.70 % | 18 200 000 | 18 200 000 | 14 560 000 | 14 560 000 |
| Železničná spoločnost' Slovensko, a.s. | ŽSSK | 1 300 | 0.50 % | 13 000 000 | 13 000 000 | 10 400 000 | 10 400 000 |
| HŽ Putnički prijevoz d.o.o. | HŽ | 520 | 0.20 % | 5 200 000 | 5 200 000 | 4 160 000 | 4 160 000 |
| Slovenske železnice d.o.o. | SŽ | 520 | 0.20 % | 5 200 000 | 5 200 000 | 4 160 000 | 4 160 000 |
| Bosnia and Herzegovina Railways | ŽBH | 520 | 0.20 % | 5 200 000 | 5 200 000 | 4 160 000 | 4 160 000 |
| Bulgarian State Railways Ltd. | BDZ | 520 | 0.20 % | 5 200 000 | 5 200 000 | 4 160 000 | 4 160 000 |
| Javno pretprijatie Makedonski Železnici-Infrastruktura | MŽI | 208 | 0.08 % | 2 080 000 | 2 080 000 | 1 664 000 | 1 664 000 |
| Željeznički Prevoz Crne Gore A.D. | ZPCG | 156 | 0.06 % | 1 560 000 | 1 560 000 | 1 248 000 | 1 248 000 |
| Turkish State Railways | TCDD | 104 | 0.04 % | 1 040 000 | 1 040 000 | 832 000 | 832 000 |
| Danish State Railways | DSB | 52 | 0.02 % | 520 000 | 520 000 | 416 000 | 416 000 |
| Norwegian State Railways | NSB | 52 | 0.02 % | 520 000 | 520 000 | 416 000 | 416 000 |
| Makedonski Železnici – Transport A.D. | MŽT | 52 | 0.02 % | 520 000 | 520 000 | 416 000 | 416 000 |
| **Total** | | **260 000** | **100.00 %** | **2 600 000 000** | **2 600 000 000** | **2 080 000 000** | **2 080 000 000** |

(1) The unpaid subscribed share capital may be called in unconditionally at any time by decision of the Board of Directors

(2) 2 830 shares of which EUROFIMA holds in trust

Copenhagen main station; 18:42

# Rolling Stock

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 is primarily used for investments in money market paper or bonds and, to a limited extent, for financing railway equipment.

**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 guarantee reserve, as contemplated in Article 30 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 maximum 4 % of the paid-in share capital. After appropriation of the 2009 surplus, the guarantee reserve reached CHF 512 million.

In addition, pursuant to Article 27 of the Statutes, each shareholder guarantees the fulfillment of all equipment financing contracts in proportion to its participation in EUROFIMA's share capital and up to a maximum amount equal to its participation in EUROFIMA's subscribed share capital. This subsidiary shareholder guarantee can only be called where (i) a railway and its guaranteeing member State have not discharged obligations under equipment financing contracts and (ii) the guarantee reserve, as contemplated by Article 30 of the Statutes, is not sufficient to cover the loss resulting from such non-payment.

**State guarantee**

The railway shareholders' obligations towards EUROFIMA benefit from a double guarantee. Firstly, each member State is either directly liable for or guarantees the obligations of its railway under the equipment financing contracts. Secondly, each member State is either directly liable for or guarantees the obligations of its railway in such railway's capacity as a shareholder of EUROFIMA. In addition, the member States take the necessary measures to assure the transfer of funds arising from the company's activity. As of December 31, 2009, the equity and the sum of the uncalled capital and the shareholder guarantee, both taking into account only shareholders from member States rated AAA or AA, corresponded to 15.5 % respectively 17.8 % of total borrowings based on Standard & Poor's and Moody's ratings.

**Rating of the member States at December 31, 2009 and 2008**

| | **2009** | | 2008 | |
|---|---|---|---|---|
| | Standard & Poor's Corp. | Moody's Investors Service Inc. | Standard & Poor's Corp. | Moody's Investors Service Inc. |
| Germany | AAA | Aaa | AAA | Aaa |
| France | AAA | Aaa | AAA | Aaa |
| Italy | A+ | Aa2 | A+ | Aa2 |
| Belgium | AA+ | Aa1 | AA+ | Aa1 |
| Netherlands | AAA | Aaa | AAA | Aaa |
| Spain | AA+ | Aaa | AAA | Aaa |
| Switzerland | AAA | Aaa | AAA | Aaa |
| Serbia | BB– | – | BB– | – |
| Sweden | AAA | Aaa | AAA | Aaa |
| Luxembourg | AAA | Aaa | AAA | Aaa |
| Austria | AAA | Aaa | AAA | Aaa |
| Portugal | A+ | Aa2 | AA– | Aa2 |
| Czech Republic | A | A1 | A | A1 |
| Greece | BBB+ | A2 | A | A1 |
| Hungary | BBB– | Baa1 | BBB | A3 |
| Croatia | BBB | Baa3 | BBB | Baa3 |
| Slovenia | AA | Aa2 | AA | Aa2 |
| Bosnia and Herzegovina | B+ | B2 | B+ | B2 |
| Bulgaria | BBB | Baa3 | BBB | Baa3 |
| Slovakia | A+ | A1 | A+ | A1 |
| FYR Macedonia | BB | – | BB+ | – |
| Montenegro | BB+ | Ba3 | BB+ | Ba2 |
| Turkey | BB– | Ba3 | BB– | Ba3 |
| Denmark | AAA | Aaa | AAA | Aaa |
| Norway | AAA | Aaa | AAA | Aaa |

**Rating of EUROFIMA at December 31, 2009**

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

# Report of the Board of Directors to the General Assembly



**Annual report 2009**
**53rd financial year**

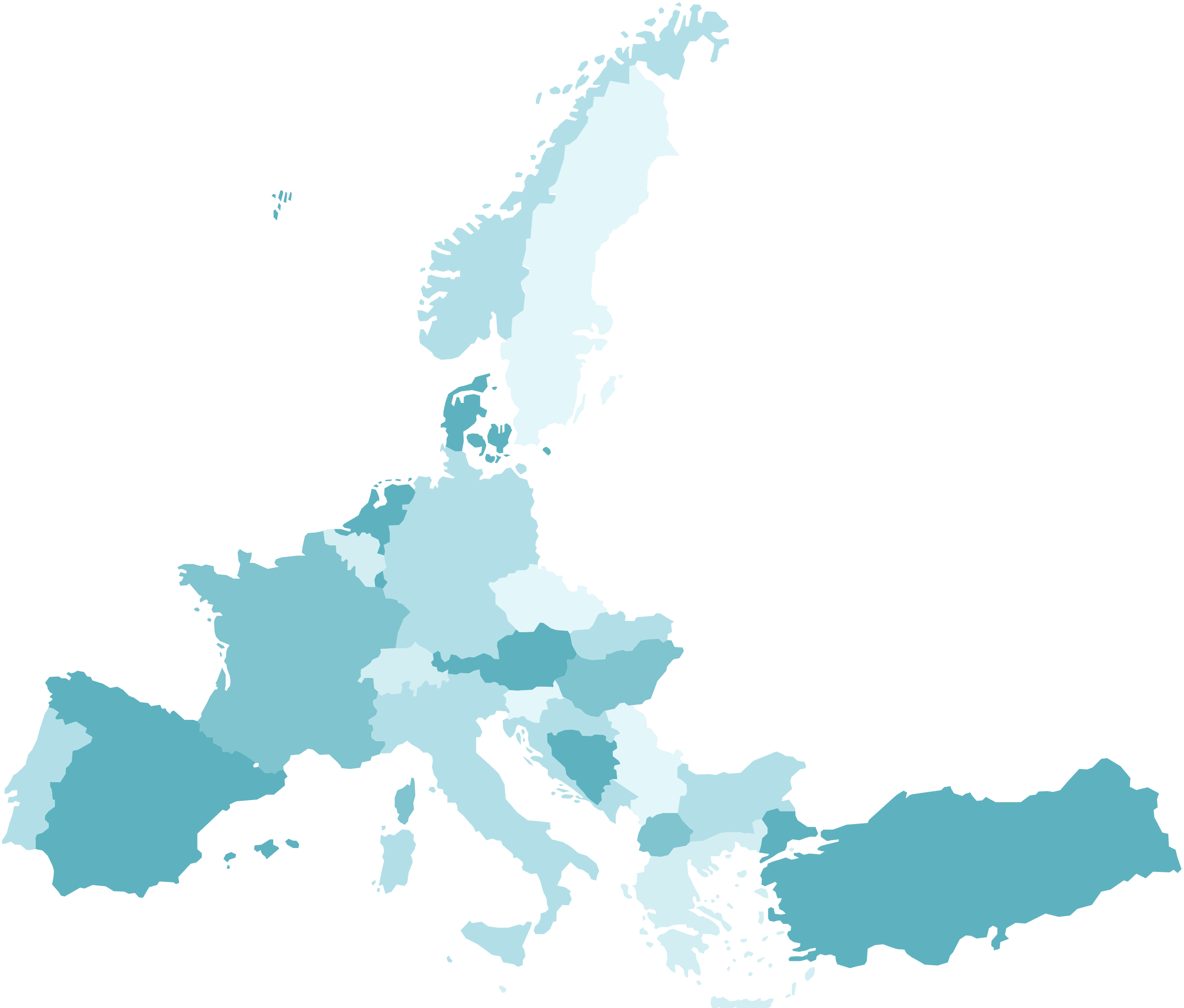
EUROFIMA®

European Company
for the Financing
of Railroad Rolling Stock

Société européenne
pour le financement
de matériel ferroviaire

Europäische Gesellschaft
für die Finanzierung
von Eisenbahnmaterial

Società europea
per il finanziamento
di materiale ferroviario



This annual report is also available on EUROFIMA's website www.eurofima.org



Helsingor, railway station; 16:20

Helsingor, railway station; 16:15

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Aalborg; 13:38




# Chairman’s statement

The political and social consequences of the worst economic crisis since the Great Depression have been milder than predicted. Governments have not fallen. Social protection programs have survived relatively unscathed.

The monetary and fiscal authorities have poured in cash: Governments have deliberately taken on debts of the private sector. A zero interest policy has supported risky assets, particularly equities. Through massive purchases of long-term bonds, the central banks have prevented enormous fiscal deficits from pushing up bond yields.

In the absence of inflationary pressure, depreciating the currency has in the past been a painless way of boosting the prospects of a country’s exporters. Hence the American and British authorities have been happy to let the dollar and sterling slide. In Europe, however, the single currency has removed the old escape route of devaluation.

The effects of this better than anticipated evolution have not been spread evenly of course: Countries that have seen faster than average cost growth will face years of austerity if their manufacturing sectors are to remain competitive, particularly vis-à-vis Germany and Asia. Sovereign risks as well as private sector borrowers were severely downgraded by the rating agencies. So far, though, resilience has been the order of the day.

Given the difficult economic circumstances that prevailed throughout 2009, our institution chose to follow a cautious path in extending loans to our shareholders. As a consequence, total facilities extended to our railway partners to finance rolling stock, making up 87 % of our asset base, declined by 8 % to CHF 32.4 billion at the closing of our 2009 financial year.

Despite tumultuous conditions in the markets, the high quality of our assets did not deteriorate as amplified by the fact that no write-offs or provisions for impairment were needed to be provided for. Net profit rose by 5 % compared to the previous year.

The outlook for 2010 will to a large extent depend on how well the monetary authorities succeed in reducing the massive liquidity injected without hampering the economic recovery. For us, the areas getting the prime focus will continue to be maintaining the quality of our assets as well as strengthening our liquidity and equity base.

The management and staff have weathered these demanding times in good spirit. I am pleased to convey to them the Board of Directors’ gratitude and thanks for their dedication and the results achieved. I look forward to a successful cooperation in the coming year.

Marcel NIGGEBRUGGE
Chairman of the Board

# Governance



As a public international body, EUROFIMA is governed in the first place by an international Treaty (the “Convention”) concluded between 25 sovereign member States, its articles of association (“Statutes”) and only subsidiarily by Swiss law. As a supranational organization, EUROFIMA is not subject to any national or international regulatory authority.

The member States have reserved extensive corporate governance rights over EUROFIMA. The following changes to EUROFIMA’s organization require the consent of the member States: head office, objective, duration, conditions for admission of shareholders, quora 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 on its activities to its member States annually. Such a reporting is done through the International Transport Forum. Transformed from the European Conference of Ministers of Transport, the International Transport Forum is an inter-governmental organization within the OECD family.

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

**General Assembly**

The General Assembly convenes at least once annually. It decides on the maximum amount of borrowings to be contracted during a given period. It approves the organization regulations established by the Board of Directors and the financial statements. Decisions are taken by the majority of votes of the shares represented. However, to amend the Statutes, to reduce or to increase the subscribed share capital, to transfer shares and subscription rights, to dissolve the institution, to appoint liquidators and to extend the institution’s duration, a majority representing at least seven-tenths of the subscribed share capital is required.

**Board of Directors**

The Board of Directors is responsible for conducting the institution’s business. It adopts decisions in matters that involve lending, borrowing and administrative matters.

It meets at least once quarterly. 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.

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 day to day management has been delegated to members of the Management. In this regard, the Board of Directors has established organization regulations determining the rights and responsibilities of the Board of Directors, its representatives and the Management.

The Board of Directors authorizes all equipment financing contracts and all borrowings within the limits laid down by the General Assembly. It is responsible for the financial statements as well as the existence and maintenance of the internal control system on financial reporting. The Board of Directors is the competent body to call in the non paid-in share capital.

The Board members including the Chairman and Vice Chairmen are appointed by the General Assembly, with two members 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. The Board of Directors presently consists of 25 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.

In order to ensure an efficient interaction with the Board of Directors, the meetings are also attended by the Chief Executive Officer and, as appropriate, by other members of the Management. The Chairman works closely with the Chief Executive Officer in between the meetings of the Board of Directors. Minutes are kept of the proceedings and decisions of the Board of Directors.

The Board of Directors met on four occasions in 2009. The main subjects examined by the Board of Directors on which it took decisions were: the annual budget, the general authorization to carry out borrowing transactions and associated treasury and derivative transactions, the quarterly and annual financial statements, the annual report to the General Assembly, the policies on internal control system on financial reporting, treasury and capital market activities, the internal organization, the commission structure on equipment financing contracts as well as the assessment of risks and capital adequacy.

The members of the Board of Directors are listed on page 7.

**Auditors Committee**

The Auditors Committee is composed of five members appointed by the General Assembly. They are normally designated for a period of three years and are eligible for re-election. The activities of the Auditors Committee cover the audit of the financial statements as well as the monitoring of the financial reporting process and the effectiveness of the internal control. In addition, it reviews the independence of the independent auditors and in particular the provision of additional services by the independent auditors. Each year the Committee provides statements on whether the financial statements give a true and fair view of the financial position of the institution.

The Auditors Committee met three times in 2009. The Committee carried out its audit as follows: It consulted the Management and other pertinent staff, scrutinized the financial statements, examined the reports of the internal audit, consulted the independent auditors, reviewed their audit planning process and examined their detailed report as well as obtained the opinion signed by the independent auditors. Other major topics examined by the Committee concerned: the approval of the yearly internal control programme, the review of the internal control reports, the assessment of financial risks, the capitalization and the liquidity. Members of the Auditors Committee also receive the minutes of the meetings of the Board of Directors.

The members of the Auditors Committee are listed on page 7.

**Independent Auditors**

The independent auditors are appointed by the Board of Directors in conformity with Article 22 of the Statutes. The task of the independent auditors is to audit the financial statements. They carry out their audit in accordance with Swiss Auditing Standards and with the International Standards on Auditing. The independent auditors also verify that an internal control system exists which has been designed for the preparation of the financial statements.

At the end of each financial year, following their review of the financial statements, the independent auditors issue a detailed report on the financial statements and the internal control system on financial reporting. The fee paid to the independent auditors is disclosed in note 6 to the financial statements. The independent auditors also receive the minutes of the meetings of the Board of Directors.

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.



**Members of the statutory bodies as of January 1, 2010**

**Board of Directors**

*Honorary Chairpersons*
**Claire Dreyfus-Cloarec**
Paris
**Etienne Schouppe**
Liedekerke
**Wolfgang Vaerst**
Frankfurt am Main

*Chairman*
**Marcel Niggebrugge** (1950, NL)
Member of the Board,
Chief Financial Officer,
NV Nederlandse Spoorwegen, Utrecht

*Vice Chairmen*
**David Azéma** (1960, FR)
Chief Financial and Strategy Officer,
SNCF group, Paris
**Reto Feissli** (1951, CH)
Head Corporate Treasury,
Swiss Federal Railways SBB, Bern
**Luigi Lenci** (1947, IT)
Chief Financial Officer,
Ferrovie dello Stato S.p.A., Rome
**Wolfgang Reuter** (1950, DE)
Group Treasurer,
Deutsche Bahn AG, Berlin

*Members*
**Michel Allé** (1950, BE)
Chief Financial Officer,
SNCB Holding, Brussels
**Nicholas Th. Beis** (1952, GR)
General Director of Administration and Finance, Hellenic Railways, Athens
**Pilar Cutanda González** (1962, ES)
Financial Director, RENFE Operadora, Madrid
**Lennart Dahlborg** (1943, SE)
President,
Swedish State Railways, Stockholm
**Paulo José da Silva Magina** (1968, PT)
Member of the Board of Directors,
Portuguese Railways, Lisbon
**Francisco Celso Gonzalez** (1949, ES)
General Director Finance,
RENFE Operadora, Madrid
**Jannie Haek** (1965, BE)
Chief Executive Officer,
SNCB Holding, Brussels
**Mats Hanser** (1948, SE)
Member of the Board of Directors,
Swedish State Railways, Stockholm
**Bojan Ilkic** (1964, RS)
Assistant General Manager for Strategy and Development,
Železnice Srbije, Belgrade
**Ronald Klein Wassink** (1966, NL)
Corporate Treasurer,
NV Nederlandse Spoorwegen, Utrecht
**Alex Kremer** (1947, LU)
General Director,
Luxembourg National Railways,
Luxembourg
**Gerhard Leitner** (1949, AT)
Director Finance,
Rail Cargo Austria AG, Vienna
**Milovan Marković** (1954, RS)
General Director,
Železnice Srbije, Belgrade
**Alain Picard** (1963, FR)
Chief Financial Officer of SNCF group,
Paris
**Stefano Pierini** (1965, IT)
Head of Finance,
Ferrovie dello Stato S.p.A., Rome
**Alfeu Pimentel Saraiva** (1950, PT)
Director of Finance,
Portuguese Railways, Lisbon
**Georg Radon** (1958, CH)
Chief Financial Officer,
Swiss Federal Railways SBB, Bern
**Markus Richter** (1962, DE)
Head of Group Finance,
ÖBB Holding AG, Vienna
**Hartwig Schneidereit** (1951, DE)
Head of Capital Market Department,
Deutsche Bahn AG, Berlin
**Jeannot Waringo** (1952, LU)
Chairman of the Board of Directors,
Luxembourg National Railways,
Luxembourg

*Secretary*
**Susanne Honegger** (1961, CH)
Assistant to the Chief Executive Officer

**Auditors Committee**
**José Luis Martínez Giménez** (1951, ES)
Director of Accounting Systems,
RENFE Operadora, Madrid
**Stefano Pierini** (1965, IT)
Head of Finance,
Ferrovie dello Stato S.p.A., Rome
**Kurt Röck** (1958, AT)
Head of Finance, Accounting, Controlling,
ÖBB Personenverkehr AG, Vienna
**Dick Snel** (1967, NL)
Chief Financial Officer,
Servex BV (NV Nederlandse Spoorwegen), Utrecht
**Marc Wengler** (1967, LU)
Deputy General Director,
Luxembourg National Railways,
Luxembourg

**Management**
**André Bovet** (1954, CH)
Chief Executive Officer
**Martin Fleischer** (1970, AT)
Chief Financial Officer
**Marco Termignone** (1959, CH)
Head of Accounting, IT, Payments

**Independent auditors**
PricewaterhouseCoopers AG
St. Jakobs-Strasse 25
P.O. Box
CH-4002 Basel
Tel: + 41 58 792 51 11

**Changes in the Board of Directors and the Auditors Committee**
The following members resigned in 2009:
**Jean-Luc Drugeon**
**Nikolaos M. Empeoglou**
**Natalia Garzón Pacheco**
**Alfred Lutschinger**

The outgoing members are sincerely thanked for their active service.



# Activity report

Søro – Nyborg; 08:55

Borrowings and repayments during the financial year 2009
Equipment financed during the financial year 2009
Distribution of equipment financing contracts by types of equipment
2009 results and outlook for 2010

# Borrowings and repayments during the financial year 2009



## Borrowings

EUROFIMA raised a total amount of CHF 2.3 billion in the capital markets in 2009, a reduction of 42 % compared to 2008. The lower financing activity resulted from the following factors:

– A reinforced focus on risk mitigation and control rather than business volume due to the ongoing financial markets crisis;

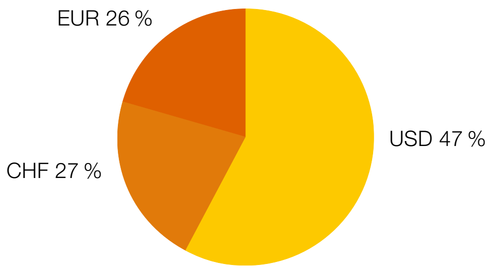
– The highly distorted funding levels especially at the start of the year, which convinced EUROFIMA and its shareholders to postpone its funding activity.

For the first time since 2004, EUROFIMA re-entered the Euro market with a new EUR 500 million bond due 2021, successfully increased shortly after to EUR 700 million. After establishing itself in the US Dollar market with six new benchmarks in the past years, in 2009 EUROFIMA decided to look for duration in the Euro market, as issuance in the US Dollar market was mainly focused in short to medium-term maturities. This new Euro issue also allowed EUROFIMA to specifically target investors in its member States and to further broaden its investor base.

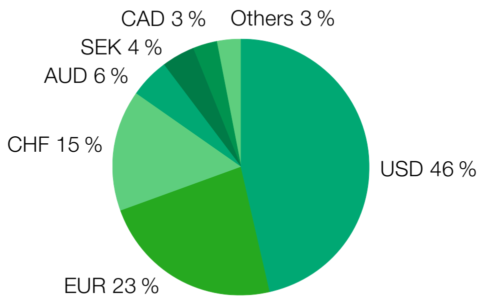
In line with its long-term commitment to its own domestic market, EUROFIMA further completed its extensive yield curve with a new CHF 270 million bond due 2017 and increased the existing 2020 and 2030 lines.

| Type of borrowings | **2009** | 2008 |
|---|---|---|
| Listed bond issues | 1 861 504 867 | 3 360 962 077 |
| Unlisted bond issues | 422 865 612 | 574 251 880 |
| Loans | 217 197 319 | 987 253 750 |
| Commercial paper | 1 827 981 397 | 3 810 214 043 |
| **Total** | **4 329 549 194** | **8 732 681 750** |

**Borrowings breakdown per currency**




**Repayments breakdown per currency**




## Repayments

Based on the exchange rates fixed at the date of the balance sheet, repayments reached the equivalent of CHF 5 724 million, CHF 2 334 million of which were due to repayments on short-term borrowings.



# Equipment financed during the financial year 2009

EUROFIMA concluded 15 contracts with 8 shareholders or their affiliates for the financing of railway equipment or leasing contracts concluded by the shareholders. The railway equipment and the related financing amounts are given below.

| Member State | Railway/ Company | Locomotives | | | Multiple-unit trains | | | Passenger cars | Freight cars | New financing (in million CHF) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | main-line | | shunting | motor units | | trailer cars | | | |
| | | diesel | electric | | diesel | electric | | | | |
| France | SNCF | | | | | 10 | 40 | | | 147 |
| Italy | CISALPINO | | | | | 2 | 5 | | | 26 |
| Belgium | SNCB | | 40 | | | | | | | 217 |
| Spain | RENFE | 32 | 100 | | | 182 | 494 | | | 697 |
| Switzerland | SBB | | 2 | | | 25 | 26 | | | 300 |
| | CISALPINO | | | | | 2 | 5 | | | 26 |
| Austria | IWAG | | | | | | | | 1 472 | 164 |
| Slovenia | SŽ | | 6 | | | | | | | 36 |
| Slovakia | ŽSSK | | | | | | | 13 | | 27 |
| Denmark | DSB | | | | 40 | | 10 | | | 115 |
| **Total** | | **32** | **148** | **0** | **40** | **221** | **580** | **13** | **1 472** | **1 754** |

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 11.

# Distribution of equipment financing contracts by types of equipment

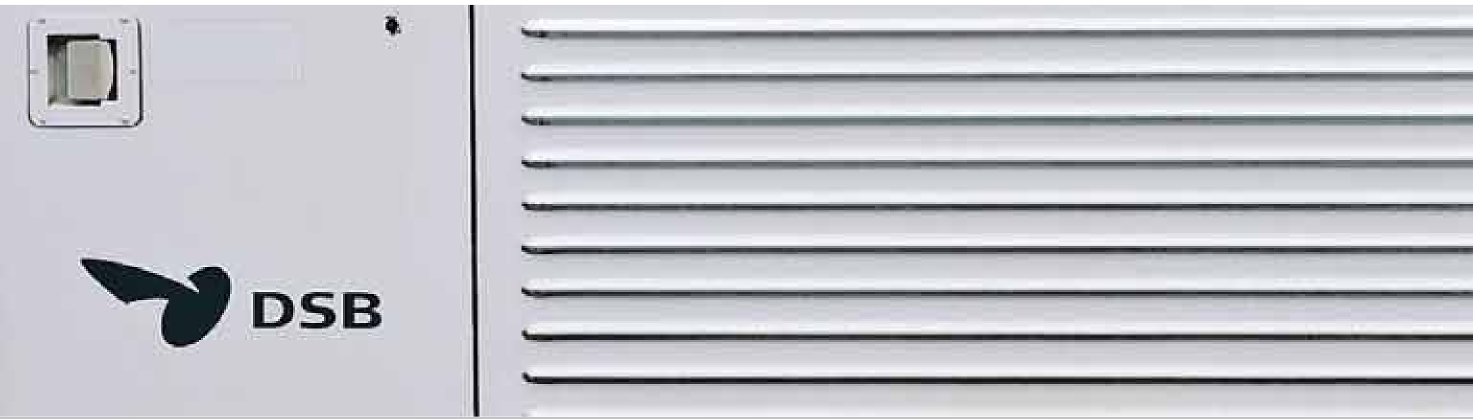


The following table indicates the equipment of each shareholder or their affiliates to which the company holds title or in which it has direct or indirect security interests deemed equivalent, in particular pledges.

**Equipment at December 31, 2009**

| Member State | Railway/ Company | Locomotives | | | Multiple-unit trains | | | Pas-senger cars | Freight cars | Other equip-ment | Book value of outstanding equipment financing contracts |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | main-line | | shunting | motor units | | trailer cars | | | | |
| | | diesel | electric | | diesel | electric | | | | | |
| Germany | DB AG | | 198 | | 14 | 40 | 260 | | | | 1 527 756 267 |
| France | SNCF | | 228 | 2 | | 318 | 1 244 | | 12 | | 5 061 333 003 |
| Italy | FS | 1 | 685 | | 275 | 428 | 606 | 3 001 | | | 4 870 943 639 |
| | CISALPINO AG | | | | | 8 | 20 | | | | 121 943 007 |
| Belgium | SNCB | 101 | 196 | 11 | 152 | 177 | 235 | 1 038 | 1 300 | 28 | 3 765 583 120 |
| Netherlands | NS | | 40 | 38 | | 63 | 140 | 197 | | | 953 582 080 |
| Spain | RENFE | 87 | 265 | | 9 | 643 | 1 069 | 39 | | | 3 867 833 980 |
| Switzerland | SBB | | 152 | 48 | | 306 | 585 | 76 | | | 3 568 511 638 |
| | CISALPINO AG | | | | | 8 | 20 | | | | 121 943 007 |
| Serbia | ŽS | 2 | 57 | 28 | | 30 | 34 | 37 | | | 154 955 609 |
| Sweden | | | 71 | | | 60 | 127 | 266 | 3 479 | | 540 885 776 |
| Luxembourg | CFL | | 19 | | | 24 | 36 | | 470 | | 282 324 241 |
| Austria | ÖBB | 87 | 440 | 99 | 68 | 290 | 376 | 211 | 10 216 | | 3 156 056 480 |
| Portugal | CP | 28 | 67 | 35 | 147 | 359 | 528 | 104 | | | 1 465 057 300 |
| Greece | OSE | 36 | 30 | | 56 | 40 | 150 | 266 | 363 | | 1 479 958 225 |
| Hungary | MÁV | 140 | 217 | 100 | 71 | 15 | | 138 | | | 416 875 339(1) |
| Croatia | HŽ | | 1 | 5 | 9 | 4 | 7 | 67 | 226 | 5 | 102 031 207(2) |
| Slovenia | SŽ | | 32 | | | 60 | 20 | | | | 298 490 939 |
| Bosnia and Herzegovina | ŽBH | | | | | | | 3 | | | 5 328 279 |
| Slovakia | ŽSSK | 2 | | | 54 | | 21 | 154 | | | 208 296 820 |
| FYR Macedonia | MŽT | | 3 | | | | | | | | 5 690 042 |
| | MŽI | | | | | | | 1 | | | 247 577 |
| Montenegro | ZPCG | 12 | 8 | 1 | | 10 | 10 | 22 | 10 | | 35 605 486(3) |
| Czech Republic | ČD | | 5 | | | 15 | 30 | 26 | | | 244 842 023 |
| Bulgaria | BDZ | 5 | 8 | | | | | 35 | | | 44 453 987 |
| Denmark | DSB | | | | 40 | | 10 | | | | 120 122 313 |
| **Total** | | **501** | **2 722** | **367** | **895** | **2 898** | **5 528** | **5 681** | **16 076** | **33** | **32 420 651 382** |
| of which under construction | | | 40 | | 40 | 48 | 58 | 6 | 370 | | |

(1) 145.4 million of which assumed by the Republic of Hungary
(2) 65.0 million of which assumed by the Republic of Croatia
(3) 35.6 million of which assumed by Montenegro





# 2009 results and outlook for 2010

**2009 results**

While financial markets improved in 2009 thanks to public sector support, the risk environment remained challenging. Against this background EUROFIMA again achieved a very satisfactory financial performance. Net profit for 2009 amounted to CHF 50.8 million, compared to CHF 48.4 million for the previous year. The increase in net profit (+4.8 %) originated primarily in the evolution of net interest income and reduced operating costs.

*Income statement*

At CHF 40.4 million, net interest income rose by 6.8 %. A larger investment volume and reduced borrowing cost explained this positive development. With a contribution of more than 68 % to the net operating income, the net interest income remained the major source of income.

At CHF 16.9 million, commission income and fees received decreased by 6.2 %. The evolution of this second largest source of income originated in a net repayment of CHF 1.3 billion in the portfolio of equipment financing contracts.

At CHF 2.1 million, net profit on financial operations remained the third largest source of income. This volatile income position, predominantly made up of realized and unrealized gains and losses on financial instruments, decreased by 16.8 %.

Total operating cost, which comprises general administrative expenses, depreciation on fixed assets as well as commission expenses and fees paid, was successfully cut by 16.0 % to CHF 8.3 million. This reduction in operating cost was mainly due to lower personnel costs and consulting fees.

*Balance sheet*

Total assets were reduced from CHF 40.4 billion to CHF 37.4 billion (–7.6 %). Based on the same exchange rates used at the end of 2008, total assets would reach CHF 36.6 billion (–9.5 %).

The book value of the equipment financing contracts outstanding at year end totalled CHF 32.4 billion (2008: CHF 35.5 billion). Accounting for 86.7 % of the total assets, this position represented the largest single asset in EUROFIMA's balance sheet. The risk profile of the portfolio of equipment financing contracts was kept at a high level. No impairment charges had to be recognized during the year for any equipment financing contract or other financial asset.

The situation in the credit market improved in 2009 which was reflected in a tightening of credit spreads. This development positively influenced the market valuation of the financial investments. As a consequence, the net unrealized loss on financial assets classified as available for sale of CHF 38.4 million at the end of the previous year turned into a net unrealized gain of CHF 9.8 million at December 31, 2009.

As a result of the persisting challenging risk environment, a cautious financial risk management was pursued. The focus was particularly placed on strengthening the liquidity and the capitalization ratios. This led to the decision not to pay out any dividend for the financial year 2009.

As of December 31, 2009, equity including callable share capital reached 10.8 % of outstanding borrowings compared to 10.0 % at the end of 2008. After appropriation of the surplus, the statutory reserves and the fund for general risks totalled CHF 860.8 million (2008: CHF 803.0 million). With the sum of cash and cash equivalents as well as financial investments amounting to CHF 2.7 billion (+7.6 %), liquid assets reached 48.0% (2008: 44.2 %) of the total one year debt service [(1)].

**Outlook for 2010**

While economic growth and financial markets have significantly improved thanks to public sector support, the economic recovery should not yet be taken for granted. Indeed, it remains uncertain whether the recovery will be sustainable once fiscal and monetary stimuli are withdrawn.

As a result of this uncertainty, EUROFIMA's major objective for 2010 is to pursue the cautious path adopted in 2009. Measures to strengthen capitalization and liquidity ratios will be carried on. A further decrease in the total loan book is anticipated for 2010. As a result of the focus placed on strengthening capitalization and liquidity ratios, the net profit is expected to remain below the level of the previous year.

(1) Interest and similar charges plus outstanding borrowings due in less than one year

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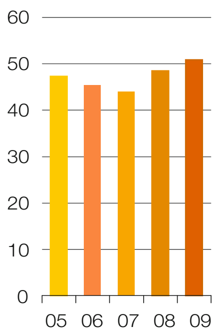
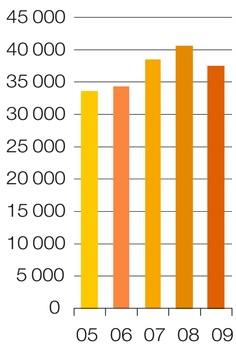
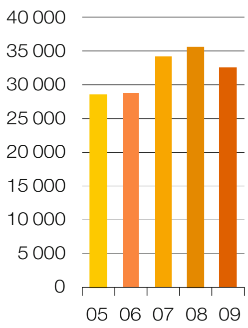
**Net profit for the financial year (in million CHF)**



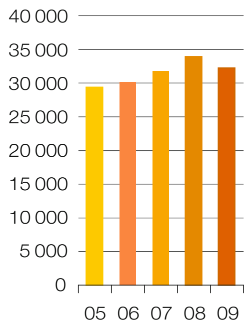

**Total assets (in million CHF)**




**Equipment financing contracts (in million CHF)**




**Outstanding borrowings (in million CHF)**





# Financial statements

Income statement

Balance sheet

Statement of comprehensive income

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

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# Income statement

| (all amounts in CHF) | Notes | 2009 | 2008 |
|---|---|---|---|
| Interest and similar income | 3 | 1 891 518 300 | 2 112 798 916 |
| Interest and similar charges | 3 | –1 851 109 325 | –2 074 946 994 |
| **Net interest income** | | **40 408 974** | **37 851 922** |
| Commission income and fees received | 4 | 16 855 286 | 17 970 520 |
| Commission expenses and fees paid | 4 | –880 682 | –1 141 340 |
| Net profit on financial operations | 5 | 2 132 600 | 2 563 305 |
| **Net profit on other financial operations** | | **18 107 203** | **19 392 485** |
| Foreign exchange gains / losses | | –290 908 | –32 326 |
| General administrative expenses | 6 | –7 450 046 | –8 796 081 |
| Depreciation on fixed assets | | –11 842 | 0 |
| Impairment charge | 7 | 0 | 0 |
| **Net profit for the financial year** | | **50 763 381** | **48 416 000** |
| Appropriation to / from fund for general risks | | 0 | 0 |
| **Profit to be appropriated** | | **50 763 381** | **48 416 000** |

# Balance sheet



| (all amounts in CHF) | Notes | December 31, 2009 | % | December 31, 2008 | % |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | | 1 006 356 847 | 3 % | 627 282 503 | 2 % |
| Financial investments | 8 | 1 723 689 085 | 5 % | 1 911 065 322 | 5 % |
| Placements with credit institutions | | 165 273 245 | 0 % | 539 678 319 | 1 % |
| Debt securities | | 1 558 415 840 | 4 % | 1 311 811 342 | 3 % |
| Other | | 0 | 0 % | 59 575 661 | 0 % |
| Equipment financing contracts | 9 | 32 420 651 382 | 87 % | 35 452 682 516 | 88 % |
| Derivative financial instruments | 10 | 2 214 645 600 | 6 % | 2 439 433 504 | 6 % |
| Other assets | | 7 398 427 | 0 % | 6 223 160 | 0 % |
| Accrued income and prepaid expenses | 11 | 7 173 264 | 0 % | 7 425 997 | 0 % |
| Fixed assets | 12 | 7 238 159 | 0 % | 1 | 0 % |
| **Total assets** | | **37 387 152 763** | 100 % | **40 444 113 001** | 100 % |
| **Liabilities** | | | | | |
| Amounts due to credit institutions and customers | 13 | 3 674 344 792 | 10 % | 4 591 026 966 | 12 % |
| Debts evidenced by certificates | 14 | 28 541 881 351 | 79 % | 29 271 480 652 | 75 % |
| Senior borrowings | | 26 003 541 945 | 72 % | 26 761 584 888 | 68 % |
| Other debts evidenced by certificates | | 2 538 339 407 | 7 % | 2 509 895 764 | 6 % |
| Derivative financial instruments | 15 | 3 756 826 240 | 10 % | 5 253 631 603 | 13 % |
| Other liabilities | | 22 146 994 | 0 % | 21 020 337 | 0 % |
| Accrued expenses and deferred income | 16 | 637 058 | 0 % | 1 116 190 | 0 % |
| **Total liabilities** | | **35 995 836 434** | 100 % | **39 138 275 748** | 100 % |
| **Equity** | | | | | |
| Subscribed share capital | | 2 600 000 000 | 187 % | 2 600 000 000 | 199 % |
| Callable share capital | | –2 080 000 000 | –149 % | –2 080 000 000 | –159 % |
| Statutory reserves | 17 | 528 357 000 | 38 % | 500 936 000 | 38 % |
| Fund for general risks | | 274 656 827 | 20 % | 249 368 388 | 19 % |
| Other value adjustments | | 9 830 822 | 1 % | –38 434 872 | –3 % |
| Surplus to be distributed | | 58 471 680 | 4 % | 73 967 738 | 6 % |
| Unappropriated surplus previous year | | 458 299 | 0 % | 263 298 | 0 % |
| Net profit for the financial year, before appropriation | | 50 763 381 | 4 % | 48 416 000 | 4 % |
| Appropriation to / from fund for general risks | | 0 | 0 % | 0 | 0 % |
| Net result from transition to new accounting policies | | 7 250 000 | 1 % | 25 288 439 | 2 % |
| **Total equity** | | **1 391 316 329** | 100 % | **1 305 837 253** | 100 % |
| **Total liabilities and equity** | | **37 387 152 763** | | **40 444 113 001** | |



# Statement of comprehensive income

| (all amounts in CHF) | Note | **2009** | 2008 |
|---|---|---|---|
| **Net profit for the financial year** | | **50 763 381** | **48 416 000** |
| **Other comprehensive income** | | | |
| Fair value adjustments on available-for-sale financial assets | 18 | 48 265 694 | –8 639 676 |
| Revaluation of property | | 7 250 000 | 0 |
| **Other comprehensive income for the financial year** | | **55 515 694** | **–8 639 676** |
| **Total comprehensive income for the financial year** | | **106 279 075** | **39 776 324** |

# Statement of changes in equity

| (all amounts in CHF) | Subscribed share capital | Callable share capital | Statutory reserves | Fund for general risks | Available-for-sale financial assets | Surplus to be distributed | **Total** |
|---|---|---|---|---|---|---|---|
| **Balance at January 1, 2008** | **2 600 000 000** | **–2 080 000 000** | **476 709 000** | **249 368 388** | **–29 795 196** | **70 578 738** | **1 286 860 929** |
| Appropriation between reserves | | | 24 227 000 | | | –24 227 000 | **0** |
| Dividend payment | | | | | | –20 800 000 | **–20 800 000** |
| Paid-in capital | | | | | | | **0** |
| Total comprehensive income for the financial year | | | | | –8 639 676 | 48 416 000 | **39 776 324** |
| **Balance at December 31, 2008** | **2 600 000 000** | **–2 080 000 000** | **500 936 000** | **249 368 388** | **–38 434 872** | **73 967 738** | **1 305 837 253** |

| (all amounts in CHF) | Subscribed share capital | Callable share capital | Statutory reserves | Fund for general risks | Available-for-sale financial assets | Surplus to be distributed | **Total** |
|---|---|---|---|---|---|---|---|
| **Balance at January 1, 2009** | **2 600 000 000** | **–2 080 000 000** | **500 936 000** | **249 368 388** | **–38 434 872** | **73 967 738** | **1 305 837 253** |
| Appropriation between reserves | | | 27 421 000 | 25 288 439 | | –52 709 439 | **0** |
| Dividend payment | | | | | | –20 800 000 | **–20 800 000** |
| Paid-in capital | | | | | | | **0** |
| Total comprehensive income for the financial year | | | | | 48 265 694 | 58 013 381(1) | **106 279 075** |
| **Balance at December 31, 2009** | **2 600 000 000** | **–2 080 000 000** | **528 357 000** | **274 656 827** | **9 830 822** | **58 471 680** | **1 391 316 329** |

(1) includes net profit for the financial year and revaluation of property

# Statement of cash flows



| (all amounts in CHF) | **2009** | 2008 |
|---|---|---|
| **Cash flows from operating activities (direct method)** | | |
| FX amounts paid | –81 142 196 | –34 848 586 |
| FX amounts received | 81 182 177 | 34 822 879 |
| Interest paid | –2 658 574 665 | –3 194 967 348 |
| Interest received | 2 711 658 761 | 3 224 926 947 |
| Operational cash flows paid | –238 813 098 | –335 211 454 |
| Operational cash flows received | 231 335 635 | 304 476 558 |
| Commission and fees received | 17 102 056 | 17 329 135 |
| Dividend paid | –20 706 320 | –20 706 320 |
| **Net cash from operating activities** | **42 042 351** | **–4 178 189** |
| **Cash flows from investing activities** | | |
| Lending | | |
| Disbursement of equipment financings | –2 234 165 439 | –4 573 520 129 |
| Repayments of equipment financings | 2 963 298 691 | 1 710 476 571 |
| Financial investments | | |
| Purchase of debt securities | –501 234 034 | –538 734 028 |
| Redemptions | 196 730 634 | 504 600 160 |
| Sales of debt securities | 104 657 500 | 198 170 501 |
| Placement with credit institutions | –348 097 072 | –695 820 040 |
| Repayment of placements with credit institutions | 718 169 377 | 455 531 470 |
| Other financial investments | 0 | 0 |
| Repayment of other financial investments | 60 764 000 | 0 |
| Other items | | |
| Net movements in other assets | 0 | 0 |
| Net movements in fixed assets | 0 | 0 |
| **Net cash from investing activities** | **960 123 658** | **–2 939 295 494** |




| (all amounts in CHF) | 2009 | 2008 |
|---|---|---|
| **Cash flows from financing activities** | | |
| Issues of new debt | 4 235 629 201 | 8 385 331 750 |
| Redemptions | –5 254 943 384 | –5 422 013 534 |
| Placements from credit institutions and customers | 208 051 835 | 991 203 642 |
| Redemptions of placements from credit institutions and customers | –269 808 287 | –927 665 926 |
| Net cash flow from derivative financial instruments | 467 606 107 | –198 988 956 |
| Paid-in capital | 0 | 0 |
| **Net cash from financing activities** | **–613 464 529** | **2 827 866 975** |
| Exchange rate difference | –6 757 534 | –109 427 660 |
| Others | –2 869 602 | 3 593 775 |
| **(Decrease)/increase in cash and cash equivalents** | **379 074 344** | **–221 440 593** |
| Cash and cash equivalents at the beginning of the year | 627 282 503 | 848 723 096 |
| Cash and cash equivalents at the end of the year | 1 006 356 847 | 627 282 503 |

# Notes to the financial statements



***Note 1: Significant accounting policies***

**Basis of preparation**

While EUROFIMA is not subject to legislation by the European Union, the financial statements have been prepared in accordance with the general principles of the European Parliament and European Union Council directive on the annual accounts and consolidated accounts of banks and other financial institutions (Directive 86/635/EEC). However, the financial statements do not include any management report. An activity report is prepared and presented separately from the financial statements. Its consistency with the financial statements is not audited. With the exceptions noted below, the financial statements are based on historical cost, as modified by available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

As of November 30, 2009 the company migrated to a "deemed cost" approach for the valuation of its premises "Ritterhof". The related gain is recognized directly into equity in "Net result from transition to new accounting policies". The financial statements were reviewed and authorized by the Board of Directors on March 26, 2010. They were approved by the General Assembly on the same date.

**Significant accounting judgments and estimates**

In preparing the financial statements, the Management 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 judgment made by the Management. Actual results in the future could deviate from such estimates and the difference may be material to the financial statements. The two main areas involving higher degree of judgment and complexity or areas where assumptions and estimates are significant to the financial statements are the determination of fair values of financial instruments and impairments. Where the fair values of financial assets and financial liabilities are not obtained from external pricing services (e.g. Reuters and Bloomberg), they are determined using internal valuation techniques. The resulting estimated fair values are highly dependent on the market data used, such as interest rates and foreign exchange rates as well as other factors. Regarding impairments, in the presence of impairment indicators judgment by the Management is required to estimate the amount and timing of future cash flows when determining impairment charges.

**Recognition and derecognition of financial instruments**

Financial instruments are recognized and derecognized in the balance sheet using settlement date accounting. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and EUROFIMA 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.

**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"). The financial statements are presented in Swiss Francs ("the presentation currency").

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the translation of all assets and liabilities denominated in foreign currencies are recognized in the income statement under the heading "foreign exchange gains/losses".

EUROFIMA uses the official foreign exchange rates published by the European Central Bank.

**Determination of fair value**

The fair values of quoted debt securities issued by third parties are based on current prices provided by external pricing services. If such prices are not available, EUROFIMA establishes the fair value 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 discounted cash flow analysis. For all other financial instruments, in particular for the swaps, the borrowings and the equipment financing contracts, the fair values are determined through an internal discounted cash flow model. This process involves the determination of future expected cash flows and the computation of their present value using current money market yield curves, swap yield curves and foreign exchange rates. The present value calculation does not take into account additional credit spreads than those included in the yield curves. Therefore, the estimated fair value of such financial instruments may not be realizable in the market and deviate significantly under different assumptions and parameters.



**Cash and cash equivalents**

Cash and cash equivalents comprise cash deposits held at call with banks and other short-term investments with original maturities of 3 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.

**Financial investments**

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

***Financial assets or financial liabilities designated as at fair value through profit or loss***

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

1. A financial asset or financial liability is classified in this category if acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if so designated by management. Derivatives are also classified as held for trading.
2. For financial assets or financial liabilities designated as at fair value through profit or loss, the criteria for so designating such financial assets or financial liabilities on initial recognition is that all these positions including derivatives are significantly matched together offsetting the changes in fair values in the income statement. In such instances the application of the Fair Value Option results in more relevant information, as accounting mismatches are significantly reduced in the sense that the same accounting valuation can be applied for all involved financial instruments. Without the use of the Fair Value Option an accounting mismatch would arise as only some of the instruments would be measured at fair value through profit or loss (i.e. derivatives).

***Loans and receivables***

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

***Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that EUROFIMA's management has the positive intention and ability to hold to maturity. Such investments can never be sold nor exchanged, except under exceptional circumstances.

***Available-for-sale financial assets***

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

Financial assets are initially recognized at fair value plus, in the case of financial assets not carried at fair value through profit or loss, transaction costs. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity assets are carried at amortized cost using the effective interest 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 profit or loss on financial operations". Unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets are included under a specific heading in the equity "other value adjustments". Available-for-sale financial assets may be sold in anticipation of or in response to changes in interest level, creditworthiness or liquidity needs. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement.

EUROFIMA assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss) is removed from equity and recognized in the income statement.

**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 eligibility criteria for 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.

**Derivative financial instruments**

Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently remeasured at fair value. They are recorded in the balance sheet under the item “derivative financial instruments” as an asset in cases of positive fair value and as a liability in cases of negative fair value.

While in most cases derivative transactions provide effective economic hedges under EUROFIMA’s risk management policies, EUROFIMA does not use hedge accounting, but applies the Fair Value Option. With the Fair Value Option a natural hedge can be achieved. 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 avoided. The application of the Fair Value Option is based on a clearly documented relationship between the derivative transaction and the related borrowings and equipment financing contracts established at the time the transactions are entered into. The matching of the cash flows is also assessed on a regular basis.

**Fixed assets**

Fixed assets include the company’s premises “Ritterhof”, office equipment and other tangible assets owned by the company. The company’s premises “Ritterhof” are stated at deemed cost as per November 30, 2009 plus historical cost of subsequent investments which increase the premises’ value less depreciation less any impairment loss. All other property and equipment are stated at historical cost less depreciation less any impairment loss. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement. Assets which are purchased with a low cost are not recorded as tangible fixed assets, but recognized as an immediate cost in the income statement. A threshold of CHF 20 000 is used for the capitalization of equipment.

**Amounts due to credit institutions and customers**

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

**Debts evidenced by certificates**

Outstanding debts evidenced by certificates are carried at amortized cost using the effective interest method if the Fair Value Option is not applied. In most cases borrowings involved in the financing of railway equipment are designated as at fair value through profit or loss (see section above). The matching of the equipment financing contracts, swaps and borrowings is the reason for the designation at fair value through profit or loss of all involved financial instruments.

Borrowings carried at amortized cost are recognized initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction cost) and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest method.

**Impairment of assets**

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the income statement under “impairment charge” for the amount by which the asset’s carrying amount exceeds its recoverable amount or net present value of expected future cash flows.

**Equity**

The subscribed share capital is made up of 260 000 registered shares of a nominal value of CHF 10 000, 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.

The statutory reserves are made 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 30 of the Statutes, may be called upon.

The fund for general risks includes amounts which EUROFIMA 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.

**Interest, fees and commissions**

- Interest income and interest expenses are recognized in the income statement on an accrual basis using the effective interest method. The effective interest rate is the rate that discounts future cash flows to the net carrying amount of the instrument. Accrued interest is included in the book value of all interest bearing financial instruments.
- Commissions on equipment financing contracts are recorded on an accrual basis. The commission rate is based on the credit risk associated with the equipment financing contract at its inception. It remains unchanged over the life of the contract. Following the adaptation of the commission rates by the Board of Directors in March 2009, the commission rate on new equipment financing contracts varies between 0.05 % and 0.50 % per annum. Fees received on leasing contracts are taken to income upfront. Issuance fees and redemption premiums or discounts are accrued over the period to maturity of the related borrowings.

**Net profit or loss on financial operations**

EUROFIMA recognizes in “net profit or loss on financial operations” both realized and unrealized gains and losses on debt securities and other financial instruments.

**Taxation**

As a supranational organization set up by a large number of States EUROFIMA 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 from corporations, such privileges include the following privileges relevant to the capital market: exemption from stamp duties on any issuance of debt instruments by EUROFIMA and exemption of EUROFIMA’s debt instruments issued outside Switzerland from turnover taxes and finally exemption of debt instruments issued outside Switzerland from Swiss withholding taxes.

**Dividend distribution**

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

***Note 2: Financial risk and capital management***

**Financial risk management**

Within the normal course of its borrowing, lending and investment activities, EUROFIMA is exposed to a variety of financial risks. The main risks are: credit risk, market risk and liquidity risk. EUROFIMA’s risk management focuses on the unpredictability of financial markets and aims at minimizing potential adverse effects on the financial performance of the institution. EUROFIMA’s risk management seeks to appropriately identify, measure, monitor and report all types of financial risks inherent in the institution’s operations. The risk management and control processes are reviewed and refined on a regular basis.

The Board of Directors approves the policies regulating the treasury and capital market 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 the light of external developments and experience. The compliance with established limits and policies is monitored by financial control and internal audit which are independent from the units carrying out the transactions. The results of such compliance checks are reviewed by the Management and the Auditors Committee.

EUROFIMA is an end user of derivative financial instruments. It does not perform any trading activities and uses derivative financial instruments solely for hedging market risk exposure. Principally it uses interest rate and currency swaps. It is not a user of credit derivatives.

*(i) Credit risk*

Credit risk is the risk of financial loss resulting from a counterparty failing to discharge an obligation. Credit risk is the main financial risk in EUROFIMA’s operations. It primarily originates from EUROFIMA’s core activities, namely borrowing and lending. EUROFIMA is also exposed to a lesser extent to credit risk in its treasury operations through the financial instruments used for investing and managing the liquidity.

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 by the rating agencies. For investment in securities of maturities greater than one year, the



minimum rating at the time of purchase is AA–/Aa3 (based on Standard & Poor's and Moody's ratings). For instruments maturing in less than one year, a prerequisite minimum rating is A1/P1. Swap counterparties must have at the outset a minimum rating of AA–/Aa3.

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 a one obligor basis, i.e. the exposure to a group of connected individual counterparties is consolidated. The breakdown by rating of the financial investments is given in note 8. Per year-end 2009 the nominal value of credit exposure in asset-backed securities amounted to CHF 115.0 million (2008: CHF 171.0 million). All short-term positions under cash and cash equivalents were rated A1+ or A1 or P1. EUROFIMA did not enter into any security lending transaction in 2009.

The estimated net positive replacement value of all interest rate and currency swaps concluded with financial counterparties reached CHF 948.5 million as of December 31, 2009 (2008: CHF 1 083.7 million). In order to reduce the credit exposures of swaps, EUROFIMA has entered into one-way Credit Support Annex (CSA) collateral agreements with various major swap counterparties. Such CSA collateral agreements result in collateral being posted by the swap counterparty once the exposure exceeds a pre-agreed threshold. The total market value of the collateral received by EUROFIMA per December 31, 2009 reached CHF 276.7 million (2008: CHF 215.2 million). Such collateral was exclusively made of AAA/Aaa rated government bonds. As a rule, swaps are concluded in the contractual framework of International Swaps and Derivatives Association (ISDA) master agreements. In case of insolvency such agreements permit the netting of the obligations arising under all derivative transactions covered by the agreement. All swaps are valued at their net present value and the positions per counterparty are monitored on a daily basis.

The credit risk inherent in the portfolio of equipment financing contracts is reviewed and monitored regularly. The nominal value (accrued interest not included) of equipment financing contracts in non-investment grade or unrated countries improved from CHF 222.2 million per year-end 2008 to CHF 194.6 per year-end 2009. As of December 31, 2009, apart from a single maturity in the portfolio of equipment financing contracts totalling CHF 248 749 overdue since 13 days, all assets were fully performing. A breakdown by rating of the portfolio of equipment financing contracts is given in note 9.

*(ii) Market risk*

Market risk includes the risk that losses incur as a result of adverse fluctuations in exchange rates or interest rates.

EUROFIMA is exposed in its core activities to foreign exchange and interest rate fluctuations primarily from the fact that borrowing operations are often carried out 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 is a systematic hedging of such mismatches so that the potential adverse effect of foreign exchange and interest rate fluctuations be reduced to virtually nil. In order to hedge such mismatches EUROFIMA resorts to interest rate and currency swaps. These swaps are used within the ambit of 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.

Pre-funding for future equipment financing is limited to a maximum amount equivalent to EUR 1 billion. Pre-funding allows tapping into the capital markets when borrowing conditions are favourable. All pre-funding operations are transacted (after swaps) on a variable interest rate basis so that the funds can be warehoused with a minimum interest rate risk until they are needed for lending disbursement.

A residual exposure to market risk arises almost exclusively in the investment of the funded liquidity and equity funds. 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. Compliance with these limits is controlled on a regular basis by financial control and internal audit.

Investments of the funded liquidity and of the equity are exposed to changes in market interest rates. First, the future interest income derived from such investments is influenced by the level of market interest rate prevailing at the time of their investment or reinvestment. The institution's earnings and equity are also affected by the fluctuations in the fair value of such investments induced by changes in market interest rates and credit spreads, when classified as "at fair value through profit or loss" or "available for sale". 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 "available for sale" to parallel changes in all yield curves. Based on the balance sheet at December 31, 2009 the sensitivity analysis indicates that if all rates would increase by 100 bp the net profit and the equity would decrease by CHF 0.6 million and CHF 36.3 million respectively. Conversely, the net profit and the equity would increase by CHF 0.6 million and CHF 38.4 million respectively if rates would decrease by 100 bp.

The stabilization of credit spreads in 2009 led to a positive marked-to-market effect on the financial instruments classified as "available for sale". As a result, the total value adjustment reported in the equity for the securities classified as "available for sale" amounted to CHF 9.8 million (2008: CHF –38.4 million).

EUROFIMA measures and manages its foreign exchange risk in terms of the difference between assets and liabilities per currency on a daily basis. It aims at keeping such foreign exchange risk as close as possible to zero. Future net interest income and commission income in foreign currency are not hedged since they may induce only minor fluctuations in the future stream of income. As of December 31, 2009 the counter value in Swiss francs of all net open foreign exchange positions amounted to CHF 0.1 million (2008: CHF 0.7 million).

*(iii) Liquidity risk*

Liquidity risk is the risk that the company is unable to meet out of available funds all payment obligations when they become due.

The main objective of the liquidity management is to make sure that EUROFIMA can meet its payment obligations punctually and in full. The planning of the liquidity takes into account all known future cash flows, especially the needs to service the debts, the disbursements and repayments from the equipment financing contracts as well as the cash flows from the swap portfolio. The projected liquidity position is subject to a daily computation and monitoring.

EUROFIMA maintains a pool of liquidity and spreads the maturities of its placements to take into account the forecasted liquidity needs. The pool of liquidity is invested in highly rated debt instruments and placements with credit institutions. According to the treasury policy, a minimum volume of the pool of liquidity has to be invested at all times in securities of sovereign issuers or issuers with an explicit sovereign guarantee.

EUROFIMA strives to secure a level of net liquidity that would meet its expected liquidity requirements for a period of 12 months. To compute such liquidity requirements a default probability of 100 % is applied to assets below the investment grade level.

In order to increase the pool of liquidity, the volume of equity funds used to fund individual equipment financing contracts was strongly reduced in 2009 reaching CHF 11.9 million at year end (2008: CHF 231.3 million).

At year-end 2009 total liquid assets, made of cash and cash equivalents as well as financial investments, represented 48 % of the total one year debt service (2008: 44.2 %).

*(iv) Risk assessment*

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 institution. The risk report provides the Board of Directors with the evolution of various quantitative risk parameters. In terms of credit risk, such parameters include the credit exposure per consolidated one obligor, the breakdown of assets per credit rating, the composition of the swap book and security portfolios. In terms of interest rate and foreign exchange risk, such indicators include the sensitivity of the fair value of instruments classified as "available for sale", the treasury gap, the maturity profile of the whole balance sheet and the foreign exchange position. Regarding the liquidity risk, the risk report includes the overall liquidity position and liquidity ratios. As deemed appropriate or requested, the Management also provides the Board of Directors with regular updates on key risk issues and other significant events.

A review of the major risks which could affect the financials of the institution is included in the agenda of every quarterly Board meeting. For each category of risk the assessment takes into account the probability of occurrence and the potential impact on the financials. The last assessment of risks by the Board of Directors was done on December 18, 2009.

**Capital management**

In 2009, through a reduction of total assets by CHF 3.1 billion and an increase in the equity by CHF 85.5 million, the institution's leverage was reduced. The ratio resulting from dividing total equity plus callable share capital by total outstanding borrowings improved from 10.0 % per year-end 2008 to 10.8 % at year-end 2009.

As a supranational institution, EUROFIMA is not subject to regulatory capital requirements. However, the adequacy of the capital base is assessed at every quarterly Board meeting.



The Basel II capital ratio is one of the tools used to estimate the capital requirements for each major risk. The Standardised Approach is adopted to calculate the capital requirement for the credit risk. The Standardised 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. As of December 31, 2009 EUROFIMA's estimated total Basel II ratio amounted to 38.4 % (2008: 42.6 %).

Other tools used to assess the capital adequacy include the evolution of large exposure and standard leverage ratios. A large exposure to a group of related counterparties exists when the exposure is equal to or exceeds 10 % of EUROFIMA's sound capital. For this purpose, EUROFIMA considers as sound capital the sum of the paid-in capital, reserves, fund for general risks, unrealized gains and losses on available-for-sale financial assets, profits plus uncalled capital from member States rated AAA or AA. Sovereign risk is excluded for this calculation. As of December 31, 2009 EUROFIMA had no such large exposure in its balance sheet.

One specific element of EUROFIMA's credit backing system also taken into account in the assessment of the capital base is the subsidiary shareholder guarantee. Pursuant to Article 27 of the Statutes, each shareholder guarantees the fulfilment 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 member State have not discharged obligations under equipment financing contracts and (ii) the guarantee reserve as contemplated by Article 30 of the EUROFIMA's Statutes is not sufficient to cover the loss resulting from such non-payment. As of December 31, 2009, taking into account only shareholders from member States rated AAA or AA, the shareholder guarantee amounted to CHF 2.0 billion respectively CHF 2.4 billion based on the ratings of Standard & Poor's and Moody's. The equity cushion made of this AAA/AA shareholder guarantee and sound capital (equity plus uncalled capital from member States rated AAA or AA) corresponded to 15.5 % respectively 17.8 % of total outstanding borrowings.

***Note 3: Net interest income***

| | **2009** | 2008 |
|---|---|---|
| Cash and cash equivalents | 6 702 026 | 48 325 182 |
| Financial investments | 49 235 202 | 60 934 804 |
| Placements with credit institutions | 9 321 597 | 12 126 537 |
| Debt securities | 39 192 587 | 45 658 457 |
| Other | 721 019 | 3 149 811 |
| Equipment financing contracts | 1 179 016 762 | 1 774 909 351 |
| Derivative financial instruments | 655 592 712 | 228 462 204 |
| Other interest income | 971 598 | 167 374 |
| **Total interest and similar income** | **1 891 518 300** | **2 112 798 916** |
| | | |
| Amounts due to credit institutions and customers | –148 745 653 | –181 956 871 |
| Debt evidenced by certificates | –1 281 012 114 | –1 337 053 350 |
| Senior borrowings | –1 191 977 545 | –1 237 380 852 |
| Other debts evidenced by certificates | –89 034 569 | –99 672 497 |
| Derivative financial instruments | –420 403 077 | –555 836 320 |
| Other interest expenses | –948 481 | –100 453 |
| **Total interest and similar charges** | **–1 851 109 325** | **–2 074 946 994** |



***Note 4: Commission income and fees received and commission expenses and fees paid***

| | **2009** | 2008 |
|---|---|---|
| Commission on equipment financing contracts | 15 984 748 | 16 994 667 |
| Upfront fees | 870 538 | 886 223 |
| Commission on lending of securities | 0 | 89 629 |
| Commission expenses and fees paid | –880 682 | –1 141 340 |
| **Total commission income and fees received and commission expenses and fees paid** | **15 974 604** | **16 829 181** |

***Note 5: Net profit on financial operations***

| | **2009** | 2008 |
|---|---|---|
| Realized gains / losses on financial instruments | –7 219 223 | 8 883 018 |
| Unrealized gains / losses on financial instruments | 9 102 217 | –6 474 710 |
| Repurchase of EUROFIMA securities | 0 | 0 |
| Other | 249 605 | 154 997 |
| **Total net profit on financial operations** | **2 132 600** | **2 563 305** |

***Note 6: General administrative expenses***

| | **2009** | 2008 |
|---|---|---|
| Personnel costs | –4 447 766 | –4 896 378 |
| Social security and pension costs | –1 435 687 | –1 367 944 |
| Office premises cost | –101 171 | –114 906 |
| Other general administrative expenses | –1 479 729 | –2 443 240 |
| Cost coverage, rental and other administrative income | 14 306 | 26 388 |
| **Total general administrative expenses** | **–7 450 046** | **–8 796 081** |

On December 31, 2009 EUROFIMA had 28 employees in permanent positions, comprising 8 women and 20 men, representing 5 nationalities. The average age of EUROFIMA's employees was 44.0 years and the average length of service was 10.4 years.

**Amounts paid to the independent auditors**

| | **2009** | 2008 |
|---|---|---|
| Audit fees | 168 250 | 307 700 |
| Non-audit services | 5 703 | 0 |
| **Total** | **173 953** | **307 700** |

***Note 7: Impairment charge***

| | **2009** | 2008 |
|---|---|---|
| Impairment charge | 0 | 0 |
| Reversals of impairment | 0 | 0 |
| **Total impairment charge** | **0** | **0** |



***Note 8: Financial investments***

The financial investments are shown with their long-term rating. If a specific rating is not available, the issuer or the guarantor rating is applied, whichever is better.

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.

**Placements with credit institutions**

| Standard & Poor's ratings | **December 31, 2009** | December 31, 2008 | Moody's ratings | **December 31, 2009** | December 31, 2008 |
|---|---|---|---|---|---|
| AAA | 0 | 0 | Aaa | 73 341 252 | 0 |
| AA | 163 487 758 | 250 920 889 | Aa | 91 931 993 | 457 597 920 |
| A | 1 785 487 | 288 757 430 | A | 0 | 82 080 399 |
| BBB | 0 | 0 | Baa | 0 | 0 |
| <BBB | 0 | 0 | <Baa | 0 | 0 |
| not rated | 0 | 0 | not rated | 0 | 0 |
| **Total** | **165 273 245** | **539 678 319** | **Total** | **165 273 245** | **539 678 319** |

**Debt securities – bonds**

| Standard & Poor's ratings | **December 31, 2009** | December 31, 2008 | Moody's ratings | **December 31, 2009** | December 31, 2008 |
|---|---|---|---|---|---|
| AAA | 986 959 869 | 914 884 937 | Aaa | 1 112 622 522 | 980 053 952 |
| AA | 348 425 751 | 205 766 426 | Aa | 392 453 318 | 292 629 196 |
| A | 116 277 267 | 70 132 013 | A | 43 599 617 | 9 100 938 |
| BBB | 0 | 0 | Baa | 0 | 5 660 491 |
| <BBB | 1 866 116 | 0 | <Baa | 1 866 116 | 0 |
| not rated | 104 886 837 | 104 466 117 | not rated | 7 874 267 | 7 804 917 |
| **Total** | **1 558 415 840** | **1 295 249 493** | **Total** | **1 558 415 840** | **1 295 249 493** |

**Debt securities – commercial paper**

| Standard & Poor's ratings | **December 31, 2009** | December 31, 2008 | Moody's ratings | **December 31, 2009** | December 31, 2008 |
|---|---|---|---|---|---|
| AAA | 0 | 0 | Aaa | 0 | 0 |
| AA | 0 | 16 561 849 | Aa | 0 | 16 561 849 |
| A | 0 | 0 | A | 0 | 0 |
| BBB | 0 | 0 | Baa | 0 | 0 |
| <BBB | 0 | 0 | <Baa | 0 | 0 |
| not rated | 0 | 0 | not rated | 0 | 0 |
| **Total** | **0** | **16 561 849** | **Total** | **0** | **16 561 849** |



## Other financial investments

| Standard & Poor's ratings | December 31, 2009 | December 31, 2008 |
|---|---|---|
| AAA | 0 | 0 |
| AA | 0 | 0 |
| A | 0 | 59 575 661 |
| BBB | 0 | 0 |
| <BBB | 0 | 0 |
| not rated | 0 | 0 |
| **Total** | **0** | **59 575 661** |

| Moody's ratings | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Aaa | 0 | 0 |
| Aa | 0 | 59 575 661 |
| A | 0 | 0 |
| Baa | 0 | 0 |
| <Baa | 0 | 0 |
| not rated | 0 | 0 |
| **Total** | **0** | **59 575 661** |

## Financial investments neither rated by Standard & Poor's nor Moody's

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Placements with credit institutions | 0 | 0 |
| Debt securities – bonds | 7 874 267 | 7 804 917 |
| Debt securities – commercial paper | 0 | 0 |
| Other financial investments | 0 | 0 |
| **Total** | **7 874 267** | **7 804 917** |

## Classification of debt securities

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Debt securities classified as financial assets at fair value through profit or loss | 0 | 16 561 849 |
| Debt securities classified as available for sale | 1 356 818 668 | 1 093 136 260 |
| Debt securities classified as held to maturity | 155 943 341 | 126 373 520 |
| Debt securities classified as loans and receivables | 45 653 830 | 75 739 712 |
| **Total debt securities** | **1 558 415 840** | **1 311 811 342** |

## Available-for-sale investments

| | 2009 | 2008 |
|---|---|---|
| **Balance at January 1,** | 1 093 136 260 | 1 043 417 049 |
| Difference to principal | 23 924 692 | 17 599 862 |
| **Principal at January 1,** | 1 117 060 952 | 1 061 016 911 |
| Exchange rate difference | –2 461 435 | –57 467 273 |
| Additions (gross) | 438 078 520 | 365 498 238 |
| Sales (gross) | –104 016 000 | –154 224 649 |
| Redemptions (gross) | –123 651 825 | –97 762 276 |
| **Principal at December 31,** | 1 325 010 211 | 1 117 060 952 |
| Difference to book value | 31 808 457 | –23 924 692 |
| **Balance at December 31,** | **1 356 818 668** | **1 093 136 260** |

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***Note 9: Equipment financing contracts***

These equipment financing contracts were concluded exclusively with shareholders or their guaranteed affiliates.

**Ratings**

The equipment financing contracts are shown with the long-term rating of the respective member State.

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 ratings | **December 31, 2009** | December 31, 2008 |
|---|---|---|
| AAA | 15 332 514 804 | 21 620 856 205 |
| AA | 7 931 908 040 | 6 046 017 629 |
| A | 6 911 082 789 | 6 975 000 528 |
| BBB | 2 043 318 757 | 580 078 236 |
| <BBB | 201 826 993 | 230 729 916 |
| not rated | 0 | 0 |
| **Total** | **32 420 651 382** | **35 452 682 516** |

| Moody's ratings | **December 31, 2009** | December 31, 2008 |
|---|---|---|
| Aaa | 19 200 348 784 | 21 620 856 205 |
| Aa | 10 522 018 006 | 11 057 993 252 |
| A | 1 933 097 068 | 2 385 554 364 |
| Baa | 563 360 532 | 157 548 778 |
| <Baa | 40 933 764 | 48 788 804 |
| not rated | 160 893 228 | 181 941 112 |
| **Total** | **32 420 651 382** | **35 452 682 516** |

**Classification of equipment financing contracts**

| | **December 31, 2009** | December 31, 2008 |
|---|---|---|
| Equipment financing contracts classified as financial assets at fair value through profit or loss | 32 007 364 141 | 35 221 385 316 |
| Equipment financing contracts classified as loans and receivables | 413 039 663 | 231 297 200 |
| Equipment financing contracts past due | 247 577 | 0 |
| **Total equipment financing contracts** | **32 420 651 382** | **35 452 682 516** |

**Currency distribution**

| | **Equipment financing contracts at December 31, 2009** | | | Equipment financing contracts at December 31, 2008 | | |
|---|---|---|---|---|---|---|
| Currency | Principal in currency units | Principal in CHF | % | Principal in currency units | Principal in CHF | % |
| CHF | 2 976 950 329 | 2 976 950 329 | 9.9 % | 2 839 911 261 | 2 839 911 261 | 8.9 % |
| EUR | 14 714 175 709 | 21 829 951 082 | 72.3 % | 14 476 341 798 | 21 497 367 569 | 67.7 % |
| JPY | 3 300 000 000 | 36 766 897 | 0.1 % | 3 300 000 000 | 38 849 691 | 0.1 % |
| SEK | 3 530 995 284 | 510 981 721 | 1.7 % | 3 611 717 479 | 493 413 105 | 1.6 % |
| USD | 4 699 504 767 | 4 839 778 753 | 16.0 % | 6 434 962 366 | 6 866 364 241 | 21.6 % |
| **Total** | | **30 194 428 782** | 100.0 % | | **31 735 905 867** | 100.0 % |
| Difference to book value | | 2 226 222 600 | | | 3 716 776 648 | |
| **Total book value** | | **32 420 651 382** | | | **35 452 682 516** | |



**Distribution of equipment financing contracts**

| Member State | Railway/ Company | Principal at January 1, 2009 | Exchange rate difference / currency change difference | Financing | Redemptions | Principal at December 31, 2009 CHF | in % |
|---|---|---|---|---|---|---|---|
| Germany | DB AG | 2 388 839 222 | –2 252 104 | 0 | –972 716 317 | 1 413 870 800 | 4.7 % |
| France | SNCF | 4 665 868 773 | –95 378 474 | 308 355 055 | –617 763 971 | 4 261 081 383 | 14.1 % |
| Italy | FS | 4 889 214 000 | –4 609 360 | 0 | 0 | 4 884 604 640 | 16.2 % |
| | CISALPINO AG | 92 434 500 | –10 780 | 25 963 000 | 0 | 118 386 720 | 0.4 % |
| Belgium | SNCB | 3 289 678 219 | –40 169 176 | 737 976 023 | –778 858 585 (1) | 3 208 626 482 | 10.6 % |
| Netherlands | NS | 970 194 585 | –14 360 107 | 230 912 924 | –269 388 237 | 917 359 165 | 3.0 % |
| Spain | RENFE | 3 212 892 350 | –3 028 989 | 963 598 200 | –537 100 078 | 3 636 361 482 | 12.0 % |
| Switzerland | SBB | 3 492 595 767 | –42 288 691 | 441 212 217 | –476 356 262 | 3 415 163 031 | 11.3 % |
| | CISALPINO AG | 92 434 500 | –10 780 | 25 963 000 | 0 | 118 386 720 | 0.4 % |
| Serbia | ŽS | 169 500 000 | 0 | 0 | –20 000 000 | 149 500 000 | 0.5 % |
| Sweden | | 866 751 841 | –9 350 426 | 120 245 | –424 201 020 | 433 320 641 | 1.4 % |
| Luxembourg | CFL | 239 976 600 | 5 890 997 | 0 | –3 739 142 | 242 128 456 | 0.8 % |
| Austria | ÖBB | 3 045 947 015 | –22 867 871 | 343 305 040 | –338 864 734 | 3 027 519 450 | 10.0 % |
| Portugal | CP | 1 538 804 520 | –1 450 725 | 0 | –74 180 000 | 1 463 173 795 | 4.8 % |
| Hungary | MÁV | 417 285 000 | –393 400 | 0 | 0 | 416 891 600 (2) | 1.4 % |
| Czech Republic | ČD | 245 022 030 | –230 997 | 0 | 0 | 244 791 033 | 0.8 % |
| Slovakia | ŽSSK | 180 576 000 | –170 240 | 27 224 060 | 0 | 207 629 820 | 0.7 % |
| Greece | OSE | 1 472 764 003 | –1 388 464 | 0 | –33 559 435 | 1 437 816 104 | 4.8 % |
| Croatia | HŽ | 106 921 644 | –86 660 | 0 | –10 385 344 | 96 449 640 (3) | 0.3 % |
| Slovenia | SŽ | 260 982 000 | –215 600 | 36 039 068 | 0 | 296 805 468 | 1.0 % |
| Bosnia and Herzegovina | ŽBH | 12 592 684 | –7 158 | 0 | –7 585 526 | 5 000 000 | 0.0 % |
| Bulgaria | BDZ | 44 550 000 | –42 000 | 0 | 0 | 44 508 000 | 0.1 % |
| FYR Macedonia | MŽI | 234 614 | –221 | 0 | 0 | 234 393 | 0.0 % |
| | MŽT | 5 346 000 | –5 040 | 0 | 0 | 5 340 960 | 0.0 % |
| Montenegro | ZPCG | 34 500 000 | 0 | 0 | 0 | 34 500 000 (4) | 0.1 % |
| Denmark | DSB | 0 | 0 | 114 979 000 | 0 | 114 979 000 | 0.4 % |
| **Total principal** | | **31 735 905 867** | **–232 426 267** | **3 255 647 833** | **–4 564 698 651** | **30 194 428 782** | 100.0 % |
| Difference to book value | | 3 716 776 648 | | | | 2 226 222 600 | |
| **Total book value** | | **35 452 682 516** | | | | **32 420 651 382** | |

(1) 18.4 million of which booked in 'Other liabilities'
(2) 145.4 million of which assumed by the Republic of Hungary
(3) 59.4 million of which assumed by the Republic of Croatia
(4) 34.5 million of which assumed by Montenegro

Øresund bridge; 12:10



***Note 10: Derivative financial instruments – assets***

| | **December 31, 2009** | December 31, 2008 |
|---|---|---|
| Derivative financial instruments with positive fair value included in assets: | | |
| Forex forward | 73 977 | 680 434 |
| Forex swap | 24 403 251 | 17 451 744 |
| Forex swap forward | 8 654 | 0 |
| Forward rate agreement | 0 | 0 |
| Cross currency swap | 1 694 775 110 | 1 684 574 844 |
| Interest rate swap | 489 325 987 | 731 060 937 |
| Other | 6 058 621 | 5 665 545 |
| **Total book value** | **2 214 645 600** | **2 439 433 504** |

Derivative financial instruments are carried at fair value in the balance sheet net per contract. Derivative financial instruments with a negative net fair value are reported under liabilities.

***Note 11: Accrued income and prepaid expenses***

| | **December 31, 2009** | December 31, 2008 |
|---|---|---|
| Commissions on equipment financing contracts | 7 173 264 | 7 425 997 |
| Other accrued income and prepaid expenses | 0 | 0 |
| **Total accrued income and prepaid expenses** | **7 173 264** | **7 425 997** |

***Note 12: Fixed assets***

The fixed assets covered the premises of EUROFIMA “Ritterhof” at Rittergasse 20 in Basel with a fire insurance value at January 1, 2010 of CHF 12 650 000.



***Note 13: Amounts due to credit institutions and customers***

| | **2009** | | 2008 | |
|---|---|---|---|---|
| **Balance at January 1,** | 4 591 026 966 | | 4 331 502 955 | |
| Difference to principal | –904 340 662 | | –514 278 412 | |
| **Principal at January 1,** | 3 686 686 304 | | 3 817 224 543 | |
| Exchange rate difference | –123 221 693 | | 58 222 985 | |
| Financing during the year | 217 197 319 | | 987 253 750 | |
| Redemptions during the year | –612 228 015 (1) | | –1 176 014 973 | |
| **Principal at December 31,** | 3 168 433 915 | | 3 686 686 304 | |
| Difference to book value | 505 910 877 | | 904 340 662 | |
| **Balance at December 31,** | **3 674 344 792** | | **4 591 026 966** | |
| | | | | |
| The structure according to the maturities was as follows: | **December 31, 2009** | | December 31, 2008 | |
| – less than 1 year | 441 118 683 | 14 % | 161 745 357 | 4 % |
| – from 1 to 5 years | 338 320 837 | 11 % | 729 044 577 | 20 % |
| – more than 5 years | 2 388 994 395 | 75 % | 2 795 896 370 | 76 % |
| **Total principal** | **3 168 433 915** | 100 % | **3 686 686 304** | 100 % |

(1) –18.4 million of which booked in 'Other assets'

The book value of amounts due to shareholders and related entities included in this item reached CHF 1 757 911 193 as of December 31, 2009. The book value of amounts due to credit institutions and customers payable on demand was 0 as of December 31, 2009.

***Note 14: Debts evidenced by certificates***

**Classification of debts evidenced by certificates**

| | **December 31, 2009** | December 31, 2008 |
|---|---|---|
| Debts evidenced by certificates designated at fair value through profit or loss | 28 108 644 137 | 29 251 832 675 |
| Debts evidenced by certificates measured at amortized cost | 433 237 215 | 19 647 976 |
| **Total debts evidenced by certificates** | **28 541 881 351** | **29 271 480 652** |

| | **2009** | | 2008 | |
|---|---|---|---|---|
| **Balance at January 1,** | 29 271 480 652 | | 27 423 928 495 | |
| Difference to principal | –2 673 894 732 | | –158 969 639 | |
| **Principal at January 1,** | 26 597 585 919 | | 27 264 958 855 | |
| Exchange rate difference | 1 296 958 318 | | –3 206 138 858 | |
| Financing during the year | 4 112 351 876 | | 7 745 428 000 | |
| Redemptions during the year | –5 130 539 873 | | –5 206 662 078 | |
| **Principal at December 31,** | 26 876 356 240 | | 26 597 585 919 | |
| Difference to book value | 1 665 525 111 | | 2 673 894 732 | |
| **Balance at December 31,** | **28 541 881 351** | | **29 271 480 652** | |
| | | | | |
| The structure according to the maturities was as follows: | **December 31, 2009** | | December 31, 2008 | |
| – less than 1 year | 3 398 645 618 | 13 % | 3 501 299 814 | 13 % |
| – from 1 to 5 years | 9 399 815 762 | 35 % | 8 473 088 001 | 32 % |
| – more than 5 years | 14 077 894 861 | 52 % | 14 623 198 105 | 55 % |
| **Total principal** | **26 876 356 240** | 100 % | **26 597 585 919** | 100 % |

Copenhagen; 12:11



**Bond issues**

| Maturity | Callable | Interest rate in % | Date of issuance | | Principal in currency units at December 31, 2009 | Book value in currency units at December 31, 2009 |
|---|---|---|---|---|---|---|
| **AUD** | | | | | | |
| 15.08.2010 | | 6 | 22.05.2008 / 15.04.2008 / 10.10.2007 / 29.06.2005 / 18.03.2005 | (1) | 850 000 000 | 876 421 619 |
| 22.08.2011 | | 6.5 | 18.07.2002 / 10.07.2002 / 07.03.2002 / 05.11.2001 / 22.08.2001 | (1) | 1 000 000 000 | 1 044 386 362 |
| 28.01.2014 | | 6 | 09.03.2007 / 13.12.2006 / 08.11.2005 / 29.09.2005 / 11.08.2005 / 28.01.2004 | (1) | 1 000 000 000 | 1 035 895 674 |
| 29.07.2015 | | 5.625 | 09.09.2008 / 29.05.2007 / 29.07.2005 | (1) | 225 000 000 | 225 894 085 |
| 24.10.2016 | | 5.625 | 30.10.2007 / 30.08.2006 / 29.06.2006 / 24.10.2005 | (1) | 650 000 000 | 639 926 849 |
| 28.12.2018 | | 6.25 | 28.03.2008 / 22.01.2008 / 12.12.2005 / 08.11.2005 / 11.08.2005 / 13.12.2004 / 23.01.2004 / 30.12.2003 | (1) | 1 500 000 000 | 1 504 826 627 |
| 30.06.2020 | | 5.5 | 18.09.2007 / 22.05.2007 / 11.08.2005 / 30.06.2005 | (1) | 500 000 000 | 470 568 441 |
| 30.03.2022 | | 6 | 30.03.2007 | (1) | 200 000 000 | 198 205 392 |
| **CAD** | | | | | | |
| 18.07.2012 | | 5.25 | 23.01.2003 / 18.07.2002 | (1) | 200 000 000 | 221 729 746 |
| 04.12.2012 | | 4.875 | 04.12.2002 | (1) | 200 000 000 | 216 750 378 |
| 12.05.2014 | | 4.875 | 12.05.2004 | (1) | 100 000 000 | 112 332 037 |
| 13.12.2019 | | 5.15 | 13.12.2004 | (1) | 250 000 000 | 278 687 344 |
| 30.03.2027 | | 4.55 | 08.05.2007 / 30.03.2007 | (1) | 300 000 000 | 307 331 328 |
| **CHF** | | | | | | |
| 27.07.2010 | | 3.375 | 27.07.2001 | | 250 000 000 | 257 939 614 |
| 26.09.2011 | | 2.625 | 01.10.2003 | | 200 000 000 | 207 723 831 |
| 16.11.2011 | | 3.375 | 16.11.2001 | | 250 000 000 | 262 931 143 |
| 19.12.2011 | | 2.5 | 29.09.2004 / 30.06.2003 / 19.05.2003 | | 445 000 000 | 459 786 868 |
| 27.02.2012 | | 3.5 | 27.03.2002 / 27.02.2002 | | 500 000 000 | 542 572 851 |



**Bond issues (continued)**

| Maturity | Callable | Interest rate in % | Date of issuance | | **Principal in currency units at December 31, 2009** | **Book value in currency units at December 31, 2009** |
|---|---|---|---|---|---|---|
| 09.08.2012 | | 4.375 | 09.08.2000 | | 200 000 000 | 220 587 684 |
| 04.12.2012 | | 2.375 | 06.05.2003 / 17.03.2003 | | 515 000 000 | 534 219 438 |
| 19.06.2015 | | 2.75 | 19.11.2004 / 19.06.2003 | | 565 000 000 | 601 742 602 |
| 15.06.2016 | | 2.25 | 15.06.2005 | | 350 000 000 | 359 894 104 |
| 10.11.2017 | | 2.125 | 10.11.2009 | | 270 000 000 | 268 953 806 |
| 28.12.2018 | | 3.25 | 06.05.2004 / 30.12.2003 | | 450 000 000 | 482 747 300 |
| 03.08.2020 | | 2.375 | 07.12.2009 / 03.03.2009 / 30.11.2005 / 10.08.2005 / 03.08.2005 | | 595 000 000 | 591 779 068 |
| 29.12.2020 | | 3.375 | 03.07.2009 / 15.05.2008 / 29.06.2004 | | 365 000 000 | 394 097 917 |
| 22.05.2024 | | 3 | 18.09.2007 / 22.05.2007 | | 600 000 000 | 625 930 813 |
| 15.05.2026 | | 3 | 02.04.2007 / 30.08.2006 / 15.08.2006 / 03.08.2006 / 15.05.2006 | | 1 000 000 000 | 1 036 375 332 |
| 04.02.2030 | | 2.875 | 03.03.2009 / 30.07.2007 / 21.06.2007 / 04.02.2005 | | 450 000 000 | 456 427 066 |
| **EUR** | | | | | | |
| 27.12.2012 | | 4.02 | 20.03.1998 | (4) | 120 202 400 | 126 401 931 |
| 18.11.2014 | | 11 | 18.11.1994 | (4) | 120 202 400 | 166 982 480 |
| 03.11.2015 | | 10.68 | 03.11.1995 | (4) | 120 202 000 | 171 860 518 |
| 21.10.2019 | | 4.375 | 21.10.2004 | (1) | 500 000 000 | 538 369 463 |
| 27.10.2021 | | 4 | 23.12.2009 / 27.10.2009 | (1) | 700 000 000 | 723 859 924 |
| **(ITL)** (3) | | | | | | |
| 16.02.2011 | | 11.5 / 7 /FRN | 16.02.1998 | (1)(2) | 200 000 000 000 | 222 866 114 625 |
| **GBP** | | | | | | |
| 11.02.2013 | | 4.375 | 11.02.2003 | (1) | 100 000 000 | 108 780 144 |
| 14.10.2014 | | 6.125 | 16.10.2000 / 08.12.1999 / 14.10.1999 | (1) | 265 000 000 | 300 685 784 |
| 07.06.2032 | | 5.5 | 10.10.2002 / 12.07.2001 | (1) | 150 000 000 | 177 977 125 |
| **ISK** | | | | | | |
| 05.02.2010 | | 11 | 05.02.2008 | (1) | 5 000 000 000 | 5 508 495 020 |



**Bond issues (continued)**

| Maturity | Callable | Interest rate in % | Date of issuance | | Principal in currency units at December 31, 2009 | Book value in currency units at December 31, 2009 |
|---|---|---|---|---|---|---|
| **MXN** | | | | | | |
| 21.12.2010 | | 10 | 29.06.2005 | (1) | 700 000 000 | 730 964 244 |
| **NZD** | | | | | | |
| 21.10.2010 | | 6.5 | 25.01.2007 / 31.10.2005 / 21.10.2004 | (1) | 300 000 000 | 310 158 127 |
| 22.05.2013 | | 7.125 | 22.05.2008 | (1) | 275 000 000 | 293 566 835 |
| **SEK** | | | | | | |
| 29.12.2011 | | 4.375 | 31.08.2007 / 29.09.2004 | (1) | 700 000 000 | 738 618 924 |
| **USD** | | | | | | |
| 15.11.2010 | | 3.25 | 06.10.2008 | (1) | 1 000 000 000 | 1 025 037 235 |
| 25.07.2011 | | FRN | 28.08.2009 / 13.08.2009 | (1) | 100 000 000 | 100 240 017 |
| 02.08.2012 | | 5.125 | 02.08.2002 | (1) | 500 000 000 | 552 994 320 |
| 14.12.2012 | | 4.39 | 14.12.2004 | (1) | 100 000 000 | 107 122 328 |
| 05.09.2013 | | 4.25 | 18.06.2008 | (1) | 1 000 000 000 | 1 079 430 590 |
| 04.02.2014 | | 4.25 | 12.11.2004 / 04.08.2004 / 30.04.2004 / 04.02.2004 | (1) | 1 000 000 000 | 1 103 116 001 |
| 06.03.2015 | | 4.5 | 29.09.2005 / 07.03.2005 | (1) | 1 000 000 000 | 1 108 874 701 |
| 07.04.2016 | | 5.25 | 07.04.2006 | (1) | 1 000 000 000 | 1 147 972 830 |
| 03.04.2017 | | 5 | 03.04.2007 | (1) | 1 000 000 000 | 1 130 525 811 |
| 25.03.2022 | 25.03.2010 | 6.31 | 25.03.2002 | (1) | 20 000 000 | 25 155 075 |
| **ZAR** | | | | | | |
| 15.06.2011 | | 8.5 | 30.10.2006 | (1) | 460 000 000 | 484 449 032 |
| **Total bond issues (in CHF)** | | | | | **24 451 934 682** | **26 003 541 945** |

(1) Issued under the programme for the issuance of debt instruments
(2) With special conditions
(3) The ISO codes in parentheses correspond to the original currencies of the bond issues which have not been redenominated by EUROFIMA
(4) Redenominated



**Other debts evidenced by certificates**

| | **Book value at December 31, 2009** | Book value at December 31, 2008 |
|---|---|---|
| Unlisted stand-alone issues | 564 014 915 | 164 479 438 |
| Unlisted issues under the programme for the issuance of debt instruments | 1 485 305 610 | 1 506 047 199 |
| Commercial paper | 489 018 882 | 839 369 127 |
| **Total other debts evidenced by certificates** | **2 538 339 407** | **2 509 895 764** |

***Note 15: Derivative financial instruments – liabilities***

| | **December 31, 2009** | December 31, 2008 |
|---|---|---|
| Derivative financial instruments with negative fair value included in liabilities: | | |
| Forex forward | 0 | 317 044 |
| Forex swap | 0 | 49 489 593 |
| Forex swap forward | 0 | 4 860 808 |
| Forward rate agreement | 0 | 0 |
| Cross currency swap | 3 662 726 299 | 5 133 236 801 |
| Interest rate swap | 91 962 013 | 60 544 676 |
| Other | 2 137 927 | 5 182 680 |
| **Total book value** | **3 756 826 240** | **5 253 631 603** |

Derivative financial instruments are carried at fair value in the balance sheet net per contract. Derivative financial instruments with a positive net fair value are reported under assets.

***Note 16: Accrued expenses and deferred income***

| | **December 31, 2009** | December 31, 2008 |
|---|---|---|
| Accrued general administrative expenses | 637 058 | 1 014 549 |
| Other accrued expenses and deferred income | 0 | 101 641 |
| **Total accrued expenses and deferred income** | **637 058** | **1 116 190** |

***Note 17: Statutory reserves***

| | **December 31, 2009** | December 31, 2008 |
|---|---|---|
| Ordinary reserve | 64 357 000 | 61 936 000 |
| Guarantee reserve | 464 000 000 | 439 000 000 |
| **Total statutory reserves** | **528 357 000** | **500 936 000** |

***Note 18: Other comprehensive income – available-for-sale financial assets***

| | **2009** | 2008 |
|---|---|---|
| Changes in fair value during the financial year | 50 700 240 | –6 090 716 |
| Realized net gains transferred to the income statement | –2 434 546 | –2 548 960 |
| **Total other comprehensive income – available-for-sale financial assets** | **48 265 694** | **–8 639 676** |

Aalborg; 12:33



***Note 19: Maturity profile***

(all amounts in million CHF)

| December 31, 2009 | 0–3 months | 3–6 months | 6–12 months | 1–5 years | 5–10 years | More than 10 years | Undefined | Total | Difference to book value | Book value |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | |
| Cash and cash equivalents | 925 | 0 | 0 | 0 | 0 | 0 | 82 | 1 007 | 0 | 1 006 |
| Financial investments | 188 | 144 | 127 | 1 020 | 363 | 35 | 0 | 1 876 | –153 | 1 724 |
| Placements with credit institutions | 74 | 92 | 0 | 0 | 0 | 0 | 0 | 166 | 0 | 165 |
| Debt securities | 114 | 52 | 127 | 1 020 | 363 | 35 | 0 | 1 711 | –152 | 1 558 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equipment financing contracts | 1 189 | 215 | 2 552 | 13 212 | 12 688 | 10 735 | 0 | 40 591 | –8 170 | 32 421 |
| Derivative financial instruments | –199 | 192 | 510 | 1 704 | 402 | –436 | 0 | 2 174 | 41 | 2 215 |
| Other assets | 0 | 5 | 1 | 5 | 8 | –32 | 1 | –12 | 19 | 7 |
| Accrued income and prepaid expenses | 4 | 4 | 8 | 47 | 28 | 13 | 0 | 104 | –96 | 7 |
| Fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 7 | 0 | 7 |
| **Total assets** | **2 106** | **561** | **3 197** | **15 988** | **13 489** | **10 315** | **91** | **45 747** | **–8 360** | **37 387** |
| **Liabilities** | | | | | | | | | | |
| Amounts due to credit institutions and customers | 146 | 332 | 105 | 787 | 1 456 | 1 775 | 0 | 4 601 | –927 | 3 674 |
| Debts evidenced by certificates | 848 | 319 | 3 428 | 12 994 | 10 684 | 6 410 | 0 | 34 683 | –6 141 | 28 542 |
| Senior borrowings | 262 | 290 | 2 939 | 12 138 | 10 150 | 6 140 | 0 | 31 920 | –5 916 | 26 004 |
| Other debts evidenced by certificates | 586 | 29 | 489 | 856 | 533 | 270 | 0 | 2 763 | –225 | 2 538 |
| Derivative financial instruments | 652 | –239 | –316 | 1 390 | 1 063 | 2 401 | 0 | 4 950 | –1 194 | 3 757 |
| Other liabilities | 12 | –10 | 1 | 5 | 8 | –32 | 20 | 3 | 20 | 22 |
| Accrued expenses and deferred income | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 1 |
| Equity | 0 | 0 | 0 | 0 | 0 | 0 | 1 391 | 1 391 | 0 | 1 391 |
| **Total liabilities and equity** | **1 657** | **402** | **3 217** | **15 176** | **13 211** | **10 554** | **1 412** | **45 629** | **–8 242** | **37 387** |
| Net during the period | 449 | 159 | –20 | 812 | 278 | –239 | –1 321 | 118 | –118 | 0 |
| **Cumulative net during the period** | **449** | **608** | **588** | **1 400** | **1 678** | **1 439** | **118** | **118** | **–118** | **0** |



***Note 20: Net currency position***

(all amounts in CHF)

| December 31, 2009 | CHF | EUR | USD | AUD | Other | Total book value |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and cash equivalents | 107 849 192 | 893 713 275 | 4 672 298 | 2 803 | 119 279 | 1 006 356 847 |
| Financial investments | | | | | | |
| Placements with credit institutions | 38 022 464 | 127 250 782 | 0 | 0 | 0 | 165 273 245 |
| Debt securities | 678 623 938 | 806 496 044 | 73 295 857 | 0 | 0 | 1 558 415 840 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 |
| Equipment financing contracts | 2 966 076 917 | 22 489 722 217 | 6 263 618 050 | 0 | 701 234 198 | 32 420 651 382 |
| Derivative financial instruments | 6 655 178 062 | –13 877 193 971 | 2 698 419 078 | 4 717 132 432 | 2 021 109 998 | 2 214 645 600 |
| Other assets | 6 278 004 | 39 819 | 1 074 590 | 0 | 6 014 | 7 398 427 |
| Accrued income and prepaid expenses | 1 092 888 | 5 806 681 | 14 630 | 0 | 259 065 | 7 173 264 |
| Fixed assets | 7 238 159 | 0 | 0 | 0 | 0 | 7 238 159 |
| **Total assets** | **10 460 359 623** | **10 445 834 848** | **9 041 094 503** | **4 717 135 235** | **2 722 728 555** | **37 387 152 763** |
| **Liabilities** | | | | | | |
| Amounts due to credit institutions and customers | 584 377 749 | 161 060 563 | 1 465 363 698 | 0 | 1 463 542 782 | 3 674 344 792 |
| Debts evidenced by certificates | | | | | | |
| Senior borrowings | 7 303 709 438 | 2 733 644 357 | 7 600 766 121 | 5 557 128 387 | 2 808 293 642 | 26 003 541 945 |
| Other debts evidenced by certificates | 529 881 468 | 510 107 664 | 572 070 023 | 386 480 533 | 539 799 719 | 2 538 339 407 |
| Derivative financial instruments | 629 695 622 | 7 040 764 042 | –598 092 501 | –1 226 476 488 | –2 089 064 435 | 3 756 826 240 |
| Other liabilities | 20 827 253 | 171 673 | 1 074 592 | 0 | 73 476 | 22 146 994 |
| Accrued expenses and deferred income | 637 058 | 0 | 0 | 0 | 0 | 637 058 |
| **Total liabilities** | **9 069 128 588** | **10 445 748 299** | **9 041 181 932** | **4 717 132 432** | **2 722 645 184** | **35 995 836 434** |
| **Net currency position** | **1 391 231 036** | **86 549** | **–87 429** | **2 803** | **83 371** | **1 391 316 329** |




***Note 21: Foreign exchange rates***

| CHF exchange rates | | December 31, 2009 | December 31, 2008 | CHF exchange rates | | December 31, 2009 | December 31, 2008 |
|---|---|---|---|---|---|---|---|
| 1 | AUD | 0.926787 | 0.732465 | 100 | JPY | 1.114148 | 1.177263 |
| 1 | CAD | 0.980698 | 0.873632 | 100 | MXN | 7.840485 | 7.720984 |
| 100 | CZK | 5.604201 | 5.525581 | 100 | NOK | 17.874699 | 15.230769 |
| 100 | DKK | 19.936037 | 19.931281 | 1 | NZD | 0.749179 | 0.613865 |
| 1 | EUR | 1.483600 | 1.485000 | 100 | SEK | 14.471323 | 13.661454 |
| 1 | GBP | 1.670533 | 1.559055 | 1 | TRY | 0.688541 | 0.691083 |
| 1 | HKD | 0.132809 | 0.137681 | 1 | USD | 1.029849 | 1.067040 |
| 100 | ISK | 0.511586 | 0.512069 | 1 | ZAR | 0.139096 | 0.113648 |

EUROFIMA uses the official foreign exchange rates published by the European Central Bank.

***Note 22: Off-balance sheet business***

| | **December 31, 2009** | | December 31, 2008 | |
|---|---|---|---|---|
| | Principal | Fair value | Principal | Fair value |
| Contingent liabilities | 0 | 0 | 0 | 0 |
| Off-balance liabilities for which recourse is limited to or which are offset by a matching off-balance asset of the company | 720 461 237 | 871 240 151 | 926 677 079 | 1 139 099 315 |
| **Total** | **720 461 237** | **871 240 151** | **926 677 079** | **1 139 099 315** |

***Note 23: Proposed appropriation of surplus***

With last year's unappropriated surplus of 458 299 carried forward, the net profit for the financial year 2009 of 50 763 381 and the net gain of 7 250 000 from the migration to a "deemed cost" approach for the valuation of the premises "Ritterhof", the surplus to be distributed is 58 471 680. According to Article 30 of the Statutes, the Board of Directors proposes the following allocation of the surplus to the General Assembly:

| | |
|---|---|
| Appropriation to the ordinary reserve | 2 539 000 |
| Dividend of 0 % (statutory maximum is 4 %) on the paid-in share capital of 520 million | 0 |
| Appropriation to the guarantee reserve | 48 000 000 |
| Appropriation to the fund for general risks | 7 250 000 |
| Unappropriated surplus to be carried forward | 682 680 |



# Auditors’ reports

**Report of the independent auditors on the financial statements**

In accordance with the mandate given to us, according to Article 22 of the Statutes, we have audited the accompanying financial statements of EUROFIMA, which comprise the income statement, the balance sheet, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the year ended December 31, 2009 (on pages 16 to 41).

*Board of Directors’ Responsibility*
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of the international Convention for the establishment of the company, the Statutes and the Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

*Independent Auditor’s Responsibility*
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards and with the International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the independent auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the independent auditor considers the internal control system relevant to the entity’s preparation of the financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*
In our opinion, the financial statements for the year ended December 31, 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the general directives of the European Union and the accounting and valuation principles described in the annual report. Furthermore, the accounting records and the financial statements comply with the international Convention for the establishment of the company, the Statutes and the Swiss law.

**Report on other legal requirements**
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO 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

Martin Frei
Audit expert
Auditor in charge

Diego J. Alvarez
Audit expert

Basel, March 5, 2010

Østerport – Copenhagen; 18:33



**Report of the Auditors Committee**

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

Mr. Chairman, Ladies and Gentlemen,

As auditors of your company, elected by the General Assembly according to Article 28 of the Statutes, we have audited the accounting records and the financial statements, consisting of the income statement, the balance sheet, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the year ended December 31, 2009.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we have the professional qualification and independence necessary to fulfill this task.

We believe that our own examination and the review of the independent auditors' report of March 5, 2010 prepared by PricewaterhouseCoopers AG, Basel, constitute a reasonable basis for our opinion.

In our opinion, the financial statements for the year ended December 31, 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the general principles of the European Parliament and European Union Council directive on the annual accounts of banks and other financial institutions (Directive 86/635/EEC) and the significant accounting policies described in the note 1 to the financial statements. Furthermore, the accounting records and the financial statements comply with the international Convention for the establishment of the company, the Statutes and Swiss law.

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

José Luis Martínez Giménez

Dick Snel

Stefano Pierini

Marc Wengler

Kurt Röck

Basel, March 5, 2010



# 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 in the Euromarket
**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
**1974** First issue in US dollars in the Middle East
**1975** First issue in US dollars in the "Yankee" market
**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
First issue in ECU
**1986** Total assets exceed 10 billion Swiss francs for the first time
First issue in Italian lira
**1987** EUROFIMA opens the Spanish "Matador" market
First issue in Australian, Canadian and New Zealand dollars
**1988** Multi-currency Euro and US commercial paper programs
**1989** First issue in Swedish krona
First issue in Portuguese escudos
**1990** Fifth share capital increase from 750 to 1 050 million Swiss francs
**1991** Total assets exceed 20 billion Swiss francs for the first time
Program for the Issuance of Debt Instruments
**1992** First global bond issue in Australian dollars
Admission of the Hungarian State Railways (MÁV)
**1993** Sixth share capital increase from 1 050 to 2 100 million Swiss francs
**1994** Total assets exceed 30 billion Swiss francs for the first time
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
First financing of other railway equipment
**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)
**2000** Adhesion of the Slovak Republic to EUROFIMA's Convention
**2001** Admission of the Railways of the Slovak Republic (ZSSK)
First domestic "Kangaroo" issue in Australian dollars
**2002** First issue in Norwegian krona
Admission of the Railways of the Czech Republic (ČD)
**2003** Increase of Railway Company JSC's (ZSSK) participation in EUROFIMA's share capital
Increase of Hungarian State Railways Ltd.'s (MÁV) participation in EUROFIMA's share capital
**2004** Increase of Czech Railways JSC's (ČD) participation in EUROFIMA's share capital
Increase of Hellenic Railways' (OSE) participation in EUROFIMA's share capital
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** Increase of Hungarian State Railways Ltd.'s (MÁV) participation in EUROFIMA's share capital
First issue in Icelandic krona
50th Anniversary of EUROFIMA
**2007** Increase of Portuguese Railways' (CP) participation in EUROFIMA's share capital
Increase of Hellenic Railways' (OSE) participation in EUROFIMA's share capital
First Swiss franc 1 billion benchmark issue
**2008** Total assets exceed 40 billion Swiss francs for the first time
First domestic "Kauri" issue in New Zealand dollars
First issue in the Japanese "Uridashi" market
**2009** First equipment financing with Danish State Railways


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