

European Investment Fund

Full Rating Report

Ratings

Long-Term IDR	AAA
Short-Term IDR	F1+

Outlook

Long-Term IDR	Stable
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Financial Data

European Investment Fund

(EURm)	2017	2018
Total equity	1,958	1,991
Total debt and hybrids	0	0
Total assets	2,489	2,665
Total earnings	263	293
Net income	110	128

Source: Fitch Ratings, EIF

Key Rating Drivers

Strong Shareholder Support: The European Investment Fund's (EIF) ratings are driven by the strong support it would receive from its shareholders, the European Investment Bank (EIB; AAA/Stable; 58.5% of subscribed capital) and the EU (AAA/Stable; 29.7%). EIF's role in the European Fund for Strategic Investments (EFSI; the Juncker Plan), alongside that of EIB and the EU, is evidence of its strategic importance. The EUR1.5 billion increase in subscribed capital since 2013 shows the shareholders' willingness to support the fund.

Fitch Ratings views EIF's intrinsic rating to be in the 'AA' range based on our *Insurance Rating Criteria*.

Exceptionally Strong Capitalisation: EIF's par/capital ratio (drawn amount of guarantees for own risk/own funds) improved to 1.5x at end-2018 (end-2017: 1.7x), reflecting increased own-funds due to retained earnings and that the strongest growing part of the portfolio is covered by a first loss tranche provided by the European Commission. Fitch expects this ratio to remain below the 'AAA' allowance of 2.1x for a "high frequency/high severity" guarantee portfolio with currency risk, such as EIF's.

Stable Risk Profile: EIF's guarantee portfolio is strong and stable. The weighted average rating of EIF's own-risk guarantee portfolio was 'A' at end-2018 and has been stable in recent years. EIF has a strong record of low levels of guarantee calls. EIF follows conservative investment guidelines for its bond portfolio, but investment risk is relatively high as a consequence of the fund's private equity investments for own risk.

Strong Liquidity: EIF's liquidity position is strong, with its liquidity ratio (liquid assets/total liabilities) of 315% at end-2018 comfortably exceeding Fitch's 'AAA' sector credit factor requirement of 188%. When also taking into account the outstanding amount of drawn guarantees for own risk, EIF's liquidity ratio reduces to 59%. However, EIF has no financial debt and a record of very limited cash requirements for guarantee calls.

Stable Profitability: Profitability remained healthy in 2018, with a return on equity (RoE) of 6.5% compared with 5.7% in 2017. EIF's 2018 result was negatively affected by the deferral of management fee revenue following the implementation of IFRS 15 in 2018. However, profitability benefited from the implementation of IFRS 9 due to overall positive fair-value changes. Fitch expects EIF to report a stable RoE between 5% and 6% in 2019-2021.

Conservative Risk Management: In Fitch's views, EIF's risk management is consistent with the fund's 'AAA' rating. EIF keeps own-risk guarantees and private-equity portfolios well balanced and diversified and follows strict internal prudential rules, despite the fundamentally risky nature of the fund's focus on SMEs.

Rating Sensitivities

Diminished Shareholder Support: A negative rating action on EIF's key shareholder, EIB, would lead to a negative rating action on the fund, since EIF's rating is based on extraordinary support from shareholders.

Weaker Intrinsic Rating: A downgrade could also be triggered by severe deterioration in intrinsic credit quality, leading to a downward revision of EIF's intrinsic rating. This could result from pressure on liquidity and investment risks or from a deterioration of the fund's capitalisation.

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Rating Assessment

Indicative value	Assessment
Support rating	aaa
Intrinsic rating	aa category

Source: Fitch Ratings

Extraordinary Support

EIF's ratings are driven by the strong support it would receive from its shareholders, EIB and the EU. EIF's role in the Juncker Plan, alongside that of EIB and the EU, is evidence of its strategic importance.

Fitch assesses EIF's support rating at 'aaa' in line with the rating of its key shareholder, EIB. Additionally, Fitch views shareholders' propensity to support EIF as 'strong', reflecting its strategic importance for its key shareholders. EIF's support rating provides an uplift over its intrinsic rating, which Fitch assesses within the 'aa' category, based on Fitch's *Supranationals Rating Criteria*.

Peer Comparison: Shareholder Support

	EIF (AAA)		EIB (AAA)	ESM ^b (AAA)	GIC ^c (BBB+)
	End-2018	Projection ^a	End-2018	End-2018	End-2018
Coverage of net debt by callable capital	AAA	AAA	NC	AAA	NC
Average rating of key shareholders	AAA	AAA	A+	AA-	A-
Propensity to support	0	0	0	1	-1

^a Medium-term projections; ^b ESM: European Stability Mechanism; ^c GIC: Gulf Investment Corporation
Source: Fitch Ratings, Fitch calculations, estimates and methodology, MDBs

European Investment Fund's Largest Shareholders

	LT IDR	Share in subscribed capital	Total
European Investment Bank	AAA	58.5	2,634
European Union	AAA	29.7	1,337
EPIC Bpifrance	AA	2.3	102
KfW	AAA	2.3	102
Cassa Depositi e Prestiti	BBB	1.1	50

Source: Fitch Ratings

Capacity to Provide Extraordinary Support

Fitch evaluates EIF's shareholders' support capacity at 'aaa', reflecting the ratings of EIB, EIF's sole key shareholder, as defined in Fitch's *Supranationals Rating Criteria*.

At end-2018, EIF's shareholders included EIB (58.5% of total subscribed capital), the EU (29.7%) and a group of 34 financial institutions based in the EU and Turkey. An overwhelming majority (91.3%) of EIF's shareholders were rated 'AAA' in 2018, the highest share of any Fitch-rated supranational.

Propensity to Provide Extraordinary Support

Fitch considers the shareholders' propensity to support EIF as 'strong', leading to a zero-notch adjustment for support propensity over shareholders' capacity to provide extraordinary support.

This assessment primarily reflects EIF's role in leveraging funds for SMEs in the EU through its participation in EFSI, alongside EIB and the EU. By end-June 2018, EIB Group mobilised about EUR335 billion under the EFSI plan, whose target has recently been extended to EUR500 billion from EUR315 billion by end-2020. This highlights the group's strong counter-cyclical lending contribution into the EU's economy.

The 'strong' assessment also reflects EIF's strategic importance to its shareholders and commitment from these institutions. This was evidenced in timely disbursements of the latest EUR1.5 billion capital increase during 2014-2017.

Related Criteria

[Insurance Rating Criteria \(January 2019\)](#)

[Supranationals Rating Criteria \(May 2019\)](#)

Business Profile

Most Favourable Business Profile

EIF's intrinsic rating is assessed within the 'aa' rating category. This chiefly reflects EIF's strong capital position and its absence of leverage, as well as its unique market position, despite its weaker-than-median liquidity. Consistent with Fitch's Supranationals *Rating Criteria*, the assessment of the intrinsic rating relies on Fitch's *Insurance Rating Criteria*.

We view EIF's business profile as most favourable compared with the financial guaranty sector, reflecting a most favourable competitive positioning and business risk profile as well as favourable diversification.

Financial Guarantor with Unique Market Position

EIF plays a key role in achieving EU objectives. EIF's main objectives are to promote access to affordable finance for SMEs in order to support innovation and entrepreneurship growth in the EU. EIF's business primarily consists of securitisations and guarantees, which both are either managed as part of EIF's portfolio for own risk or under mandates, and private-equity mandates, which are typically run on mandate either directly from the EU or from development institutions of EU member countries. For some of its mandates, EIF becomes co-guarantor or co-investor to increase the economic impact of these mandates.

Fitch rates EIF based on its *Insurance Rating Criteria*, as the fund mainly faces guarantee risk from guarantees for own risk and investment risk from private-equity investments from own risk arising from the mandates in which EIF acts as co-guarantor and co-investor respectively. Therefore, EIF's risk profile is similar to that of a financial guarantor.

EIF does not face any direct competition and has a unique market position, given that it is a fully integrated EU institution that provides products in cooperation with local development banks. As a consequence, Fitch regards EIF as having a most favourable business profile.

High Frequency/High Severity Portfolio with Currency Risk

Fitch considers EIF's guarantee portfolio to be one of high frequency/high severity. EIF provides guarantees to issuers in the 28 EU countries and also to some non-EU countries, such as Switzerland, Turkey, Ukraine and western Balkan countries. As a result, it is exposed to volatile guarantee risk and foreign-currency risks.

The weighted average rating of the own-risk guarantee portfolio was 'A' at end-2018 and has been stable in recent years. The majority of EIF's guarantee portfolio for own-risk has a rating of 'A' (83% at end-2018), followed by 'AA' (10%) and 'BBB' rated guarantees (4%). The exposure to below-investment-grade guarantees is relatively small (2%). Fitch expects that the share of 'BBB' rated guarantees could increase based on EIF's target rating split for its biggest mandate.

In total, about 20% of EIF's guarantees for own risk were to counterparties outside of the eurozone at end-2018. The highest non-euro exposure comes from the UK. UK counterparties were 4% of EIF's guarantees for own risk at end-2018, indicating a low vulnerability to Brexit-related issues.

Fitch assesses the EIF's currency risk as manageable due to the company's strong capitalisation. Currency risk may increase as the company continues to grow, which Fitch will monitor.

Capitalisation and Leverage

(EURm)	2014	2015	2016	2017	2018	Fitch's expectation
Own funds ^a	1,525	1,680	1,716	1,811	1,991	Fitch expects capitalisation to remain strong, with a net par/capital ratio below 2.5x.
Maximum guaranteed amount ^b	2,032	2,192	2,925	3,001 ^c	2,890 ^c	
Net par to capital leverage (x)	1.3	1.3	1.7	1.7	1.5	
Net par to capital leverage (incl. callable capital) (x)	0.4	0.4	0.6	0.6	0.5	
Financial leverage (%)	0	0	0	0	0	
TFC ratio (x)	0	0	0	0	0	

^a Paid-in capital plus capital reserves (excluding revaluation reserves)

^b Drawn amount of guarantees for own-risk

^c Excluding guarantees covered by a first loss tranche provided by the European Commission

Source: Fitch Ratings, Annual reports

Capitalisation Supports Rating

EIF's capitalisation is exceptionally strong and a positive driver for the intrinsic rating.

Strong Capital Position Positive Rating Driver

EIF has maintained its strong capitalisation with a net par/capital ratio of 1.5x at end-2018 (end-2017: 1.5x). The improvement in 2018 reflects increased own funds due to retained earnings and that most of the increase in the drawn amount of guarantees for own risk is covered by a first loss tranche provided by the European Commission.

Callable Capital Provides Additional Safety Buffer

In the event of a guarantee call that is not under third-party mandate, EIF will first use its own funds (paid-in capital less revaluation reserves), which are invested in a buffer made up of cash and other liquid assets. It can then call on callable capital subscribed to by EIF's owners. At end-2018, the callable capital facility was EUR3.6 billion.

Fitch views the callable capital as providing an additional safety buffer, but does not include it in its net par/capital leverage calculation. This is because the callable capital has only to be provided to EIF if the fund requires it to pay creditors under a (short) 90 days payment obligation. As a consequence, payments to debtors face the risk of being delayed should the callable capital not have been made available to EIF in time.

Financial Flexibility Adequate

Fitch views EIF's financial flexibility as adequate. This is based on the company's strong capitalisation. Additionally, EIF's owners have strong credit quality and have shown their commitment by providing callable capital, which increased to EUR3.6 billion at end-2018 from EUR2.4 billion at end-2013, and also by increasing the EIF's paid-in capital in recent years. Fitch views the owners' ability and willingness to support EIF as strong, which enhances financial flexibility.

Financial Performance and Earnings

(EURm)	2014	2015	2016	2017	2018	Fitch's expectation
Net income	84	97	122	110	128	Fitch expects EIF's profitability to be fairly stable as projected revenue increases will be balanced by higher costs.
Net income return on equity (%)	6	6	7	6	6	
Income from financial guarantee operations	45	50	47	49	66	
Income from private equity operations	9	13	23	28	33	
Commission income	71	103	139	153	149	
Income from treasury investments	29	26	26	23	22	
Staff and other admin costs	66	93	112	150	166	
Combined ratio (%)	n.a	n.a.	n.a.	n.a.	n.a.	

Source: Fitch Ratings, Annual reports

Stable Profitability

Due to EIF's focus on supporting the EU to achieve development goals, profitability is not a key performance metric for the fund. Nevertheless, EIF has been profitable and achieved a stable RoE in recent years.

Strong RoE

EIF's RoE improved in 2018 and is strong at 6.5% (2017: 5.7%). EIF's large equity base penalises the fund's RoE ratio, which has also been affected by the relatively low profitability of the treasury assets portfolio in recent years (2018: EUR21.9 million and 7.5% of total earnings; versus EUR33.4 million and 34.8%, respectively, in 2012).

EIF's 2018 result was negatively affected by the deferral of management fee revenue following the implementation of IFRS 15 in 2018. However, profitability has benefited from the implementation of IFRS 9 due to overall positive fair-value changes.

Fitch expects EIF's RoE to be fairly stable in the coming years as projected revenue increases will be balanced by increasing costs.

Commission Income Main Profit Source

Overall, EIF's net income increased to EUR128 million in 2018, equalling a 16% yoy increase. This was primarily driven by higher income from guarantee operations. Due to increased business volumes, income from guarantee operations increased to EUR66 million (2017: EUR49 million) despite a negative impact from the implementation of IFRS 9.

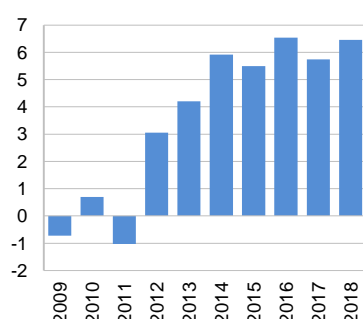
However, commission income remains EIF's main profit source. In 2018, commission income was EUR149 million (2017: EUR153 million) and equalled about 50% of EIF's total earnings. The reduction in commission income in 2018 was driven by the implementation of IFRS 15.

The fund's income from its private-equity investments for own risk (EUR23 million in 2016) has had strong growth every year since 2012, but has remained EIF's smallest income source.

Low Yields Pressure Investment Earnings

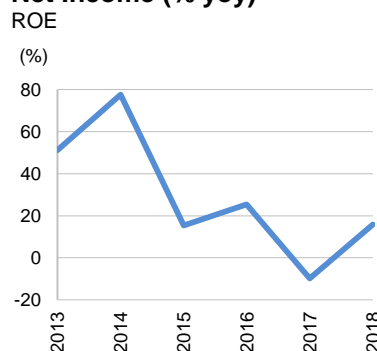
As a consequence of the declining investment yields in recent years, the earnings from the EIF's treasury portfolio, which consists of cash and highly rated bonds, have been subdued. Treasury earnings declined to EUR22 million in 2018 from EUR31 million in 2013, although the treasury portfolio increased to EUR1.5 billion at end-2018 from EUR1.1 billion at end-2013.

Return on Equity (%)



Source: Fitch Ratings, EIF

Net Income (% yoy)



Source: Fitch Ratings, EIF

Investment and Liquidity Risk

	2014	2015	2016	2017	2018	Fitch's expectation
Risky assets to own funds (%)	23	23	25	26	28	Fitch expects EIF's investment risk and liquidity position to be stable.
Non-investment-grade bonds to own funds (%)	3	2	2	1	1	
Unaffiliated equity investments to own funds (%)	21	21	22	25	27	
Affiliated investments to own funds (%)	0	0	0	0	0	
Liquid assets to total liabilities (%)	537	600	446	373	315	
Liquid assets to total liabilities and drawn guarantees for own risk (%)	81	78	56	56	59	

Source: Fitch Ratings, EIF

Business Model Drives Investment and Liquidity Risk

EIF's business model, which not only includes financial guaranty operations but also private-equity operations, leads to a relatively high investment risk.

Private Equity Investments Drive Investment Risk

EIF follows conservative investment guidelines for its treasury portfolio, which consists of bonds and cash. The bond portfolio is of high credit quality with 55% rated 'AA' or 'AAA' at end-2018 and has an average rating of 'A+'. This results in a very strong non-investment-grade bonds/own-funds ratio of 1% at end-2018.

However, EIF's risky assets/own funds ratio is high for a financial guarantor at 28% at end-2018. This is the result of the company's private-equity investments for own risk. The drawn amount of EIF's equity portfolio was EUR533 million at end-2018, equalling 27% of the company's own funds.

Strong Liquidity

EIF's liquidity position is strong in regards to on-balance-sheet obligations, as evidenced by a ratio of liquid assets/total liabilities of 315%, comfortably exceeding Fitch's 'AAA' sector credit factor requirement of 188%.

When also taking into account the outstanding amount of drawn guarantees for own risk, EIF's liquidity ratio reduces to 59%. However, EIF has no financial debt and a record of very limited cash requirements for disbursements of guarantee calls on own-risk exposures.

Reserve Adequacy

(Currency)	2014	2015	2016	2017	2018	Fitch's expectation
Reserve development to prior year reserves(%)	-15	-20	-21	-59	52	Fitch expects that EIF's reserve development will be more volatile in the future as a consequence of IFRS 9.
Reserve development to previous year own funds(%)	-2	-2	-1	-1	0	
Net par to gross par	100	100	100	69	58	
Reinsurance recoverables to equity	0	0	0	0	0	

Source: Fitch Ratings, EIF

Strong Reserve Adequacy

Fitch views EIF's reserve adequacy as neutral to the rating.

Prudent Default Assumptions Ensure Reserve Adequacy

EIF sets up a reserve based on default assumptions whenever a new guarantee is signed. Due to prudent default assumptions, EIF has been able to release at least about EUR15 million a year between 2012 and 2017 (2017: EUR16.9 million). In 2014 and 2015, reserve releases were even stronger at EUR26.6 million and EUR28.9 million, respectively, driven by recoveries from a fully provisioned default.

In 2018, EIF implemented IFRS 9, which requires a more regular review of the expected loss reserve and the default assumptions used. This led to an additional reserving requirement of EUR8 million, which equals 52% of the prior year reserve but is very low compared with an overall portfolio of EUR5.0 billion of drawn guarantees for own risk.

Fitch expects that EIF's reserve development will be more volatile in the future as a consequence of IFRS 9.

Reinsurance and Risk Management

Fitch views the EIF's reinsurance and risk management as neutral to the rating.

Strong Risk Management Framework

EIF does not purchase reinsurance coverage, but callable capital from highly rated donors gives a sufficient cushion against higher-than-expected guarantee defaults or investment losses. Since 2016, the European Commission provides EIF with first loss tranches for EIF's own-risk guarantees provided and private-equity investments made under the Innovation Finance Programme for SMEs (part of the Juncker Plan). This has led to a significant reduction in EIF's net par/gross par ratio.

EIF has a strong risk management framework in place and risk management processes compare favourably with other supranationals.

Appendix A: Industry Profile and Operating Environment

This section discusses the financial guaranty sector.

Monoline Focus and High Sensitivity to Economic Changes

The typical Insurer Financial Strength (IFS) rating range for companies operating in the financial guaranty sector can extend from 'AA' through to 'BBB' categories, with 'A' being the most common rating.

Prior to the financial crisis, most financial guarantors carried 'AAA' IFS ratings; Fitch no longer considers 'AAA' an appropriate IFS rating in the commercial financial guaranty industry. This reflects the industry's monoline focus; common use of high par/capital leverage (in the case of low-risk insured portfolios) or a focus on high-risk business.

Financial guarantors owned by supranationals could, in select cases, be rated up to 'AAA', if the supranational is rated 'AAA'. However, support from the supranational would need to be strong and explicit through public statements that financial support would be forthcoming in the event of need. Fitch would look for such statements of support to be demonstrated formally, such as by provision of an unconditional guarantee or a robust callable capital facility (coupled with a strongly funded balance-sheet capitalisation) that would provide an adequate buffer in the event of stress. In the case of EIF, a robust callable capital facility and a strongly funded balance-sheet capitalisation are in place.

Fitch considers the current financial guaranty industry to be a grouping of niche markets.

Appendix B: Other Ratings Considerations

Below is a summary of additional rating considerations that are part of Fitch's ratings criteria.

Group IFS Rating Approach

Not applicable.

Notching

EIF is a supranational headquartered in Luxembourg, but due to its supranational status it is exempt from regulation.

Notching Summary

Holding company

Not applicable

IFS Ratings

A baseline recovery assumption of "average" applies to the IFS rating due to the absence of policyholder priority of claim payment. Standard notching was used from the "anchor" IFS rating to the operating company's Issuer Default Rating (IDR).

Debt

Not applicable

Hybrids

Not applicable

Source: Fitch Ratings

Short-Term Ratings

Standard notching was used to determine EIF's short-term ratings, resulting in a Short-Term IDR of 'F1+'.

Hybrids – Equity/Debt Treatment

Not applicable.

Corporate Governance and Management

Corporate governance and management are adequate and neutral to the rating.

Transfer and Convertibility Risk (Country Ceiling)

EIF is headquartered in Luxembourg (Country Ceiling: AAA) and its operations have exposure to EU members, candidates and potential candidate countries. As a supranational, EIF enjoys a de-facto Preferred Creditor Status on its investments in government bonds.

As a result, no Country Ceiling is applicable for EIF, in line with other supranationals.

European Investment Fund Income Statement

	31 Dec 2018			31 Dec 2017		31 Dec 2016		31 Dec 2015	
	Year End USDm Original	Year End EURm Original	As % of Earning Assets	Year End EURm Original	As % of Earning Assets	Year End EURm Original	As % of Earning Assets	Year End EURm Original	As % of Earning Assets
1. Interest Received	62.1	54.2	2.59	51.2	2.51	48.8	2.56	38.8	2.06
2. Interest Paid	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. NET INTEREST REVENUE	62.1	54.2	2.59	51.2	2.51	48.8	2.56	38.8	2.06
4. Other Operating Income	196.4	171.5	8.21	163.5	8.01	140.8	7.40	115.3	6.13
5. Other Income	55.0	48.0	2.3	34.7	1.7	31.4	1.7	19.4	1.0
6. Personnel Expenses	142.3	124.2	5.95	106.3	5.21	81.2	4.27	68.1	3.62
7. Other Non-Interest Expenses	47.6	41.6	1.99	44.0	2.16	31.2	1.64	25.8	1.37
8. Impairment charge	(22.3)	(19.5)	-0.9	(16.9)	-0.8	(16.8)	-0.9	(18.8)	-1.0
9. Other Provisions	(0.2)	(0.2)	0.0	5.9	0.3	3.3	0.2	1.0	0.1
10. PRE-DERIVATIVE OPERATING PROFIT	146.2	127.6	6.11	110.1	5.39	122.1	6.42	97.4	5.18
11. Net gains / (losses) on non-trading derivative instruments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. POST-DERIVATIVE OPERATING PROFIT	146.2	127.6	6.11	110.1	5.39	122.1	6.42	97.4	5.18
13. Other income and expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. NET INCOME	146.2	127.6	6.11	110.1	5.39	122.1	6.42	97.4	5.18
15. Fair value revaluations recognised in equity	15.8	13.8	0.7	(56.1)	-2.7	(114.3)	-6.0	43.3	2.3
16. FITCH'S COMPREHENSIVE NET INCOME	162.0	141.4	6.77	54.0	2.65	7.8	0.41	140.7	7.48

European Investment Fund
Balance Sheet

	31 Dec 2018			31 Dec 2017			31 Dec 2016			31 Dec 2015		
	Year End USDm Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original	As % of Assets Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original
A. LOANS												
1. To / Guaranteed by Sovereigns	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.0			
2. To / Guaranteed by public institutions	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.0			
3. To / Guaranteed by Private Sector	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.0			
4. Trade Financing Loans (memo)	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.0			
5. Other Loans	229.5	200.4	7.52	210.7	8.46	178.7	7.76	60.3	2.76			
6. Loan Loss Reserves (deducted)	n.a.	n.a.	-	n.a.	-	n.a.	-	10.1	0.46			
TOTAL A	229.5	200.4	7.52	210.7	8.46	178.7	7.76	50.2	2.30			
B. OTHER EARNING ASSETS												
1. Deposits with Banks	84.8	74.0	2.78	114.8	4.61	51.4	2.23	88.9	4.07			
2. Securities held for Sale & Trading	0.0	0.0	0.00	1,249.0	50.17	1,285.9	55.87	1,397.1	64.01			
3. Investment Debt Securities (incl. other invest.)	1,425.1	1,244.2	46.69	n.a.	-	n.a.	-	0.0	0.00			
4. Equity Investments	653.1	570.2	21.40	466.3	18.73	386.9	16.81	345.7	15.84			
5. Derivatives (incl. Fair-value of guarantees)	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00			
TOTAL B	2,163.0	1,888.4	70.87	1,830.1	73.52	1,724.2	74.92	1,831.7	83.92			
C. TOTAL EARNING ASSETS (A+B)	2,392.5	2,088.8	78.39	2,040.8	81.98	1,902.9	82.68	1,881.9	86.22			
D. FIXED ASSETS	0.5	0.4	0.02	0.4	0.02	0.5	0.02	0.2	0.01			
E. NON-EARNING ASSETS												
1. Cash and Due from Banks	270.0	235.7	8.85	169.3	6.80	166.7	7.24	138.4	6.34			
2. Other	389.2	339.8	12.75	278.8	11.20	231.3	10.05	162.1	7.43			
F. TOTAL ASSETS	3,052.1	2,664.7	100.00	2,489.3	100.00	2,301.4	100.00	2,182.6	100.00			
G. SHORT-TERM FUNDING												
1. Bank Borrowings (< 1 Year)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
2. Securities Issues (< 1 Year)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Other (incl. Deposits)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
TOTAL G	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
H. OTHER FUNDING												
1. Bank Borrowings (> 1 Year)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
2. Other Borrowings (incl. Securities Issues)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
4. Hybrid Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
TOTAL H	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
I. OTHER (Non-Int Bearing)												
1. Derivatives (incl. Fair value of guarantees)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
2. Fair value portion of debt	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00			
3. Other (Non-Int Bearing)	241.7	211.0	7.92	96.6	3.88	62.2	2.70	55.3	2.53			
TOTAL I	241.7	211.0	7.92	96.6	3.88	62.2	2.70	55.3	2.53			
J. GENERAL PROVISIONS & RESERVES	529.9	462.6	17.36	435.1	17.48	360.5	15.66	273.0	12.51			
L. EQUITY												
1. Preference Shares	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
2. Subscribed Capital	5,154.3	4,500.0	168.87	4,500.0	180.77	4,382.0	190.41	4,286.0	196.37			
3. Callable Capital	(4,123.4)	(3,600.0)	(135.10)	(3,600.0)	(144.62)	(3,505.6)	(152.32)	(3,428.8)	(157.10)			
4. Arrears/Advances on Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
5. Paid in Capital (memo)	1,030.9	900.0	33.77	900.0	36.15	876.4	38.08	857.2	39.27			
6. Reserves (incl. Net Income for the year)	1,249.7	1,091.1	40.95	911.3	36.61	839.4	36.47	823.0	37.71			
7. Fair-value revaluation reserve	0.0	0.0	0.00	146.3	5.88	162.9	7.08	174.1	7.98			
TOTAL L	2,280.6	1,991.1	74.72	1,957.6	78.64	1,878.7	81.63	1,854.3	84.96			
M. TOTAL LIABILITIES & EQUITY	3,052.1	2,664.7	100.00	2,489.3	100.00	2,301.4	100.00	2,182.6	100.00			

Exchange rate

USD1 = EUR0.873057

USD1 = EUR0.83382

USD1 = EUR0.9487

USD1 = EUR0.9185

European Investment Fund

Ratio Analysis

	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
	Year End	Year End	Year End	Year End
	%	%	%	%
	Original	Original	Original	Original
I. PROFITABILITY LEVEL				
1. Net Income/Equity (av.)	6.5	5.7	6.5	5.5
2. Net Income/Total Assets (av.)	0.6	0.6	0.8	0.9
3. Net Interest Revenue + Commitment Fees / Gross Loans + Treasury Assets + Guarantees (av.)	n.a.	n.a.	n.a.	n.a.
4. Cost-Income Ratio	73.5	70.0	59.3	60.9
5. Income from Equity Investment / Equity Investment (av.)	n.a.	n.a.	n.a.	n.a.
6. Provisions / Average Total Banking Exposure (excl LCs)	n.a.	n.a.	n.a.	n.a.
II. CAPITAL ADEQUACY				
1. Net Total Banking Exposure (excl LCs) / Subscribed Capital + Reserves	342.2	319.0	273.3	188.1
2. Equity/Adjusted Total Assets	74.7	78.6	81.6	85.0
3. Equity /Adjusted Total Assets + Guarantees	9.5	10.3	11.7	16.2
4. Paid-in capital / Subscribed capital	20.0	20.0	20.0	20.0
5. Internal Capital Generation after Distributions	n.a.	n.a.	n.a.	n.a.
III. LIQUIDITY				
1. Liquid Assets / Short-term debt	n.a.	n.a.	n.a.	n.a.
2. Treasury Assets / Total Assets	58.3	61.6	65.4	74.4
3. Treasury Assets IG + eligible non IG / Total Assets	57.5	60.8	54.1	62.1
4. Unimpaired Trade Financing Loans / Total Assets	n.a.	n.a.	n.a.	0.0
5. Liquid Assets / Total Assets	57.5	60.8	54.1	62.1
6. Liquid Assets / Undisbursed Loans & Equity	n.a.	n.a.	n.a.	n.a.
IV. ASSET QUALITY				
1. Impaired Loans /Gross Loans	n.a.	n.a.	n.a.	n.a.
2. Loan Loss Reserves / Gross Loans	n.a.	n.a.	n.a.	16.8
3. Total reserves / Gross Loans, Equity Investment & Guarantees	0.0	0.1	0.2	1.0
4. Loan Loss Reserves/Impaired Loans	n.a.	n.a.	n.a.	n.a.
V. LEVERAGE				
1. Debt/Equity	n.a.	n.a.	n.a.	n.a.
2. Debt/Subscribed Capital + Reserves	n.a.	n.a.	n.a.	n.a.
3. Debt/Callable Capital	n.a.	n.a.	n.a.	n.a.
4. Net Income + Interest Paid/Interest Paid	n.a.	n.a.	n.a.	n.a.

European Investment Fund
Spread Sheet Annex

	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
	EURm Original	EURm Original	EURm Original	EURm Original
1. LENDING OPERATIONS				
1. Loans outstanding	200.4	210.7	178.7	60.3
2. Undisbursed Loans	n.a.	n.a.	n.a.	n.a.
3. Approved Loans	n.a.	n.a.	n.a.	n.a.
4. Disbursed Loans	n.a.	n.a.	n.a.	n.a.
5. Loan Repayments	n.a.	n.a.	n.a.	n.a.
6. Net disbursements	n.a.	n.a.	n.a.	n.a.
Memo: Loans to Sovereigns	n.a.	n.a.	n.a.	0.0
Memo: Loans to Non-Sovereigns	200.4	210.7	178.7	60.3
2. OTHER BANKING OPERATIONS				
1. Equity participations	570.2	466.3	386.9	345.7
2. Guarantees (off BS)	18,360.0	16,600.0	13,734.0	9,293.0
Memo: Guarantees to Sovereigns	18,360.0	16,600.0	13,734.0	9,293.0
Memo: Guarantees to Non-Sovereigns	n.a.	n.a.	n.a.	n.a.
3. TOTAL BANKING EXPOSURE (BS and off BS)				
1. Total banking exposure (Loans + Equity Participations + Guarantees (off BS))	19,130.6	17,277.0	14,299.6	9,699.0
2. Growth in total banking exposure	10.7	20.8	47.4	64.6
Memo: Non Sovereign Exposure	770.6	677.0	565.6	406.0
Memo: LCs and other off BS credit commitments (not incl. in Total Banking Exposure)	n.a.	n.a.	n.a.	n.a.
4. SUPPORT				
1. Share of AAA / AA shareholders in callable capital	91.8	91.6	90.9	90.2
2. Share of A / BBB shareholders in callable capital	6.6	6.8	8.2	8.8
3. Share of Speculative Grade shareholders in callable capital	1.6	1.6	0.9	0.9
4. Rating of callable capital ensuring full coverage of net debt	n.a.	n.a.	n.a.	n.a.
5. Weighted Average Rating of Key Shareholders	21.0	21.0	21.0	21.0
5. BREAKDOWN OF BANKING PORTFOLIO				
1. Loans to Sovereigns / Total Banking Exposure	n.a.	n.a.	n.a.	0.0
2. Loans to Non Sovereigns / Total Banking Exposure	1.1	1.2	1.3	0.6
3. Equity participation / Total Banking Exposure	3.0	2.7	2.7	3.6
4. Guarantees covering Sovereign risks / Total Banking Exposure	96.0	96.1	96.0	95.8
5. Guarantees covering Non-Sovereign risks / Total Banking Exposure	n.a.	n.a.	n.a.	n.a.
Memo: Non Sovereign Exposure [2.+3.+5.] / Total Banking Exposure	4.0	3.9	4.0	4.2
6. CONCENTRATION MEASURES				
1. Largest exposure	285.0	258.1	250.0	175.0
2. Five largest exposures	1,097.0	991.0	975.2	621.2
3. Largest exposure / Equity (%)	14.3	13.2	13.3	9.4
4. Five largest exposures / Equity (%)	55.1	50.6	51.9	33.5
5. Largest exposure / Total Banking Exposure (%)	1.5	1.5	1.8	1.8
6. Five largest exposures / Total Banking Exposure (%)	5.7	5.7	6.8	6.4
7. CREDIT RISK				
1. Average Rating of Loans & Guarantees	n.a.	n.a.	n.a.	n.a.
2. Loans to Investment Grade Borrowers / Gross Loans	n.a.	n.a.	n.a.	n.a.
3. Loans to Sub-Investment Grade Borrowers / Gross Loans	n.a.	n.a.	n.a.	n.a.
4. Share of Treasury Assets rated AAA-AA	52.7	43.3	45.1	43.8
5. Average rating of treasury assets	n.a.	n.a.	n.a.	n.a.
8. LIQUIDITY				
1. Treasury Assets	1,553.9	1,533.1	1,504.0	1,624.4
2. Treasury Assets o/w IG + eligible non-IG	1,531.6	1,513.0	1,244.9	1,355.7
3. Unimpaired Short-Term Trade Financing Loans	n.a.	n.a.	n.a.	0.0
4. Unimpaired Short-Term Trade Financing Loans - discounted 40%	n.a.	n.a.	n.a.	0.0
5. Liquid Assets [2. + 4.]	1,531.6	1,513.0	1,244.9	1,355.7

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