European Investment Bank

The EU bank

EUROPEAN INVESTMENT FUND

2017 EFSI REPORT

From the European Investment Bank to the European Parliament and the Council on 2017 EIB Group Financing and Investment Operations under EFSI

The present report addresses the legal requirements foreseen in Articles 16(2) and 22(1) of the Regulation (EU) 2017/2396 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub (OJ L 345, 27.12.2017, p. 34).

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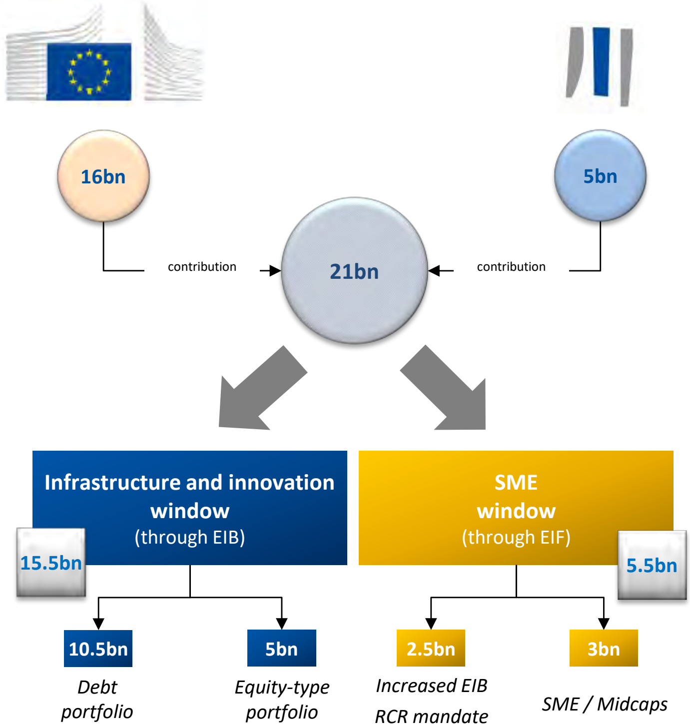
I. INTRODUCTION

The European Fund for Strategic Investment (EFSI) was set up in July 2015 and recently extended in December 2017 as one of the three pillars of the Investment Plan for Europe (IPE) (see Figures 1 and 2). The second pillar of IPE is dedicated *to support investment in the real economy*, by improving the pipeline of investable projects and by strengthening the provision of advisory services to project promoters. The European Investment Project Portal and the European Investment Advisory Hub have been established to help investment finance reach the real economy. The third pillar of the IPE focuses on *enabling an investment friendly environment in Europe*, identifying and removing barriers at EU and national levels in order to facilitate investments. All three pillars of the IPE need to work in sync for triggering maximum impact on the EU economy.

Figure 1. The three pillars of the Investment Plan for Europe and EFSI 1.0 overview

Figure 2. European Fund for Strategic Investment – original set-up in 2015[1]



[1] Due to the strong market demand, in 2016, the maximum volume of the EU Guarantee coverage for the SMEW increased from EUR 2.5bn to EUR 3bn.

The implementation of EFSI and in particular the compliance with the objectives set in the Regulation 2017/2396 (hereafter the EFSI Regulation)[2] must be reported on an annual basis to the European Parliament and the Council. This Report covers the EIB Group financing and investment operations approved under EFSI and signed as at end-2017. The scope of the report is described in Articles 16(2) and 22(1)[3] of the EFSI Regulation. The annual report by the EIB to the Parliament and the Council therefore differ from the more regular updates provided by the EIB Group on its website, namely after each Board of Directors' meeting.

In line with other official EFSI reports, the annual EFSI Report presented by the EIB to the Parliament and the Council are based on signed operations in order to be able to provide reliable figures in terms of potential impact in the real economy, in particular on indicators such as the mobilisation of private resources, the combination with European Structural and Investment Funds and leverage effects, as these figures cannot be known with accuracy before co-financiers finalise their contribution to EFSI projects. In line with the EFSI Regulation, figures in the enclosed financial annual reports are audited by independent external evaluators.

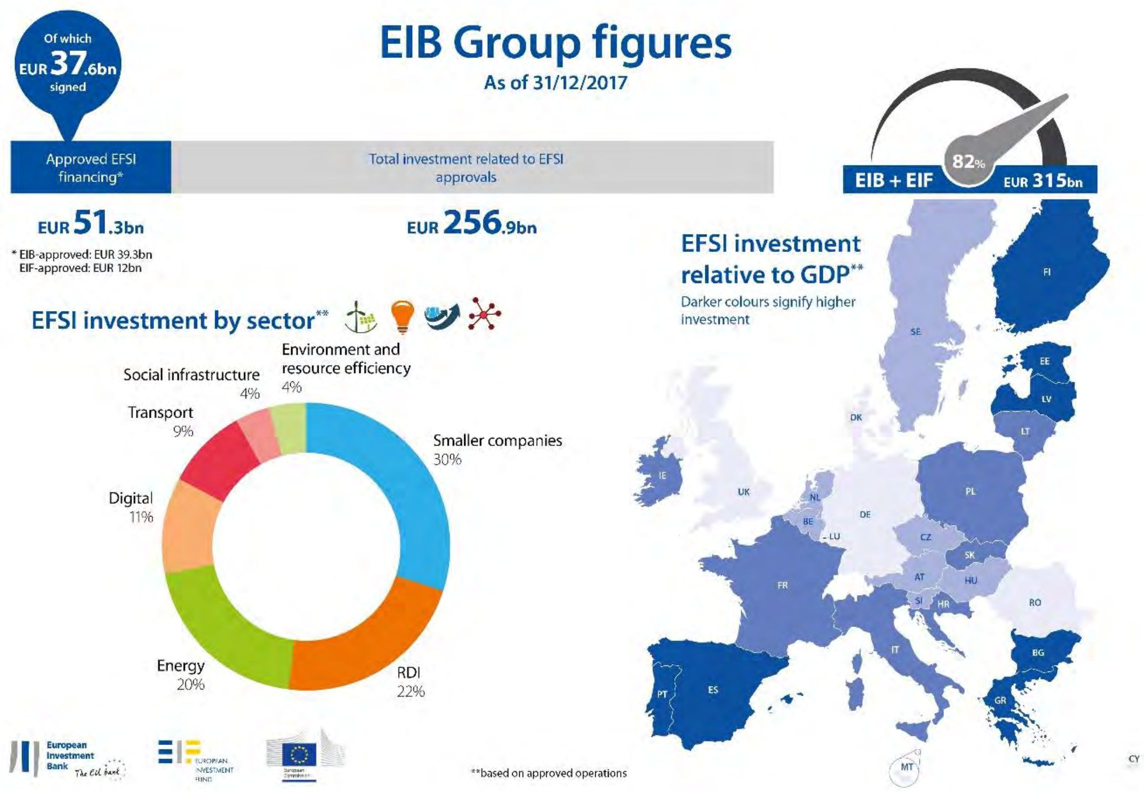
[2] Regulation (EU) 2017/2396 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub (OJ L 345, 27.12.2017, p. 34).

[3] The new reporting obligation foreseen under Article 22(1) of the amended EFSI Regulation shall apply as of 2018 EFSI reporting. Operations approved under EFSI during 2015-2017 have fallen within the scope of the original EFSI Regulation.

II. KEY RESULTS DURING 2017

The results so far show that EFSI is working in supporting investment projects as well as providing the necessary financing for small businesses across the EU. Since the launch of its investment activities under EFSI in 2015 until end-2017, the EIB Group under both EFSI windows – Infrastructure and Innovation Window (IIW) and SME Window (SMEW) – reached 82% of the initial investment target of EUR 315bn as regards operations approved[4]. As illustrated in Figure 3, at end-2017, more than EUR 51bn of EIB Group financing has been approved under EFSI with a related investment of close to EUR 257bn, of which EUR 37.6bn of financing has been signed.

Figure 3. EIB Group financing under EFSI as at end-2017



Source: EIB website (amounts in EUR are based on the exchange rate of the event (approval / signature)).

In 2017, EFSI reached its cruising speed thanks to the rollout of the new products designed by the EIB Group during 2015 and 2016 for the purpose of delivering on EFSI objectives. In that respect, the EIB, through IIW, has continued deploying new products developed under EFSI, in particular equity and risk sharing instruments, allowing for more risk taking and reaching new counterparts. The market absorption of the EIF offer has continued to be quick under SMEW, reflecting a strong demand from intermediary institutions and fund managers. As approved by the EFSI Investment Committee, as of mid-2017, EIF is also implementing on behalf of the EIB three equity investment facilities under IIW: the EIB-EIF SME Investment Facility, the EIB-EIF Mid-Cap Investment Facility and the EIB-EIF Co-Investment Facility. The European Investment Advisory Hub (EIAH)[5] – part of the IPE's second pillar

[4] The detailed lists of projects under both EFSI windows are accessible to the public. For the Infrastructure and Innovation Window (IIW), the list of approved projects is available at http://www.eib.org/efsi/efsi-projects/index.htm. For the SME Window (SMEW), the list of agreements signed with intermediaries is available at http://www.eif.org/what_we_do/efsi/index.htm.

[5] EIAH is a joint European Commission and EIB initiative, established within the EIB, which is responsible for its daily management. The Commission is responsible to award annual EIAH grants to the EIB, used to party cover EIAH's operational costs.

– after finalising its recruitment by end-2016, progressed from a set-up phase to actual delivery and focused its activities on strengthening advisory support and local networks.

While investment has been picking up, the profound effect of the crisis on the pipeline of infrastructure investment still persists. As further elaborated below in Box 1, the EIB 2017 Investment Report identifies that while Europe's economy is bouncing back, reaching cruising speed, there are legacy investment deficits and new gaps arising from the phase shift of the economy in the areas of infrastructure, innovation and skills, and climate change. The generally improved financing conditions are still uneven across Member States and sectors, and investment financing remains an issue for young and innovative firms in particular. Moreover, there is still a substantial gap between on the one side the EU policy objectives for instance in terms of climate change mitigation and adaptation, infrastructure development, research and innovation, and on the other, public and private investment levels supporting those objectives.

This environment continues to raise concerns for the future competitiveness of the EU and job creation. Therefore, building upon the EFSI results to date as well as on the lessons learned from past and ongoing evaluations and audits[6], in December 2017, EFSI's lifetime and firepower were extended (hereafter EFSI 2.0), coinciding with the end of the current Multiannual Financial Framework (see details in the section below). EFSI thus continues to be one of the key policy tools to maintain the positive investment momentum and to bring investments back to a long-term sustainable trend. Thanks to EFSI, the EIB Group shall continue mobilising investments in key sectors for Europe, where market failures or sub-optimal investment situations remain. For the EIB Group, this extension shall avoid disruptions in financing and reassure project promoters that they can prepare projects with a longer time horizon.

Box 1. Key findings from the EIB 2017 Investment Report

The EU economy experienced a phase change in 2017, as it reached cruising speed, allowing for a refocus on structural deficits, which have festered over a decade of tepid post-crisis recovery. A series of upward revisions by market observers since late 2016 underlines the unexpected and significant nature of this phase change for the EU as a whole as well as for individual Member States.[7] In March 2018, Eurostat recorded GDP growth of 2.4%, well-ahead of the European Commission's 2016 Autumn forecast of 1.6%. Economic activity was particularly vigorous in Central and South East European (CSEE) Member States while remaining rather tepid in France, Belgium, and Italy. In its Spring 2018 forecast, the Commission maintained its forecast of GDP growth in the EU28 of 2.3% and 2.0% in 2018 and 2019, respectively.[8] With limited potential output growth accompanying the cyclical upswing, structural deficits come to the fore.

Gross fixed capital formation (GFCF) is recovering – a sustained impetus is required, however, to see the accumulated investment deficit addressed and adjust to emerging needs. This dynamic marks a watershed for the post-crisis decade, during which investment lagged behind and investment gaps festered. As such, GFCF accounted for nearly one-third of 2017 GDP growth and amounted to 20.1% of EU GDP. While the latter represents a reasonable average for a mature economy, considerable heterogeneity persists across Member States, with a lower investment share particularly persistent where the crisis hit hardest. As further elaborated below, the EIB's 2017 Investment Report[9] identifies legacy investment deficits and as well new gaps arising from the phase shift of the economy in the areas of infrastructure, innovation and skills, and climate change. The generally improved financing conditions notwithstanding, these are uneven across Member States

[6] Evaluations, audits and stock-taking exercises that took place in 2016 are detailed in the 2016 EFSI Report. During 2017, works have commenced on the EFSI Performance Audit of the European Court of Auditors and, as foreseen in the EFSI Regulation, on (i) the EIB evaluation of the impact of EFSI on investment in the Union, employment creation and access to financing for SMEs and Mid-Caps and (ii) the European Commission's comprehensive report on the use of the EU guarantee and the functioning of the guarantee fund; both due by 30 June 2018. The European Commission's independent evaluation of the application of the EFSI Regulation is also in the pipeline of 2018 deliverables.

[7] For instance, in November 2016, the European Commission forecast 1.6% growth of GDP and 2.6% for GFCF for the EU in 2017.

[8] The first quarter of 2018 offered portends of a possible slowdown, however.

[9] Cf. *The EIB Investment Report 2017/2018: from recovery to sustainable growth*, EIB, November 2017: http://www.eib.org/about/economic-research/eib-investment-report.htm

and sectors. Investment financing remains an issue for young and innovative firms, in particular.

The profound effect of the crisis on the pipeline of infrastructure investment persists. Austerity measures disproportionately squeezed public capital expenditure, the principal source of project financing, especially in Member States with a poorer quality infrastructure stock. The private sector did not pick up the resulting slack, notwithstanding high liquidity and long-term low interest rates, suggesting a need to complement available financing. Compounding this drying up of the pipeline are the significant implementation lags particular to infrastructure projects, related to the complexities of project assessment, risky implementation and their lumpy nature. Fiscal constraints remain binding and the EIB's 2017 Municipality Investment Survey[10] confirms that fiscal constraints are the main limitation to investment projects. The Municipality Survey further shows that there is room for improved planning and coordination. In the first place, this calls for improved prioritisation and coordination. A pooling of EU technical assistance capacities could improve the efficiency and effectiveness of planning and implementation. Beyond that arises the question of increasing available financing.

The EU corporate sector leads the emergence from the post-crisis low-investment phase, yet struggles to keep pace with the improved outlook, notwithstanding generally improving financing conditions and it faces barriers to investment. Sectoral accounts confirm a rise in EU corporates' investment share since 2014, which had hitherto lagged behind in the economic recovery. Results from the 2017 EIB Investment Survey (EIBIS)[11] identify investment in intangible assets and innovation as particular issues, with access to finance a limiting factor, including for younger firms. Surveyed firms specifically noted collateral requirements as a concern. It is also important to note the complementarities that exist between different types of investment, such as for training and machinery & equipment, especially at a time of rapid technological change. Continued public sector support is needed to facilitate lending to riskier, more innovative borrowers and deployment of financial instruments can facilitate the required risk transfer. Taking a wider view, a broad-based and inclusive approach is needed in order to accommodate for an evolving concept of what it takes to innovate. Beyond innovation, most Member States continue to lag behind 2020 goals for research and development, as EU expenditure on R&D remains well below that of competitors, such as the US and Japan, while falling behind that of China and South Korea. While the public sector plays an important catalytic role, the private sector drives most innovation.

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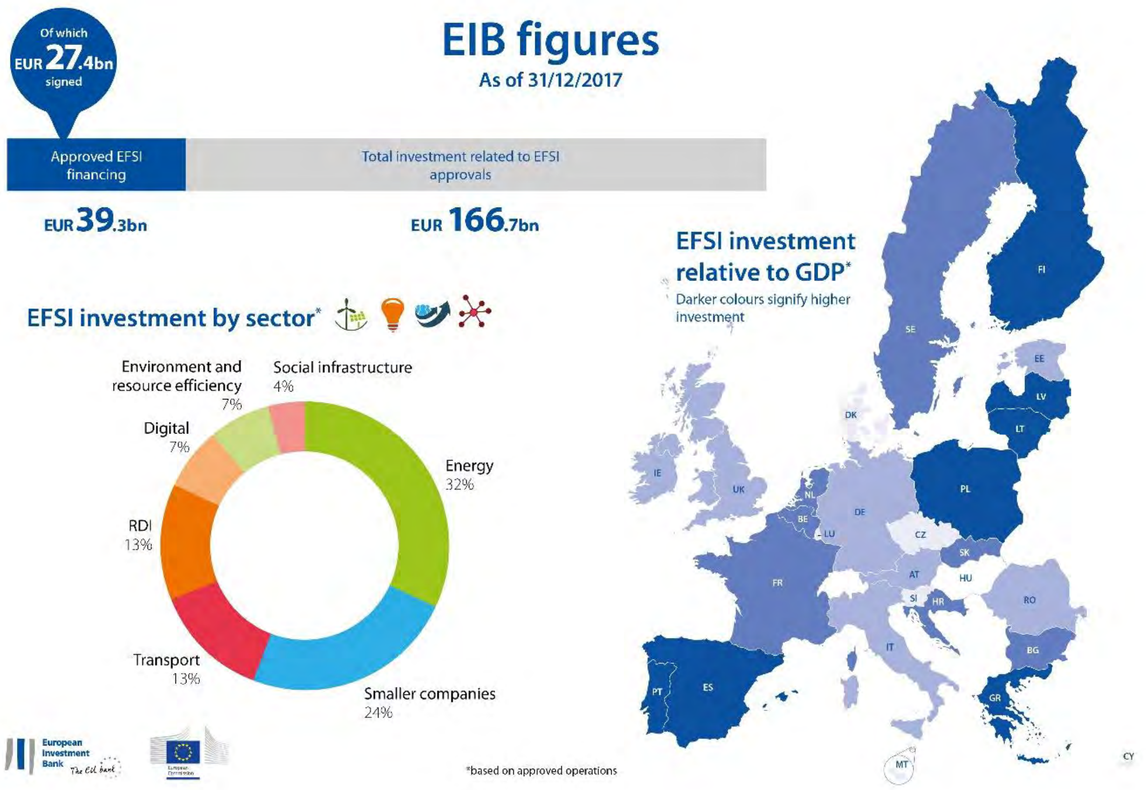
[10] Cf. *EIB Investment Survey 2017 - Municipal Infrastructure*, EIB, November 2017: http://www.eib.org/infocentre/publications/all/econ-eibis-2017-municipal-infrastructure.htm The Municipality Survey gathered information from some 600 municipalities in the EU on their approach to investment and overall investment situation. It is the topical module of the 2017 edition of the EIB's annual EIB Investment Survey.

[11] The EIB Group Survey on Investment and Investment Finance is the EIB's annual investment and investment financing survey of 12,500 firms across the EU. It commenced in spring 2016 and provides rich and unique information on investment and financing needs across the EU: http://www.eib.org/about/economic-research/eibis

A. Key results during 2017: Investment and Innovation Window (IIW)

Since its first meeting in January 2016, the EFSI Investment Committee (IC) – the independent body assessing the additionality of projects and approving the use of the EU guarantee for operations presented under IIW – approved close to 300 operations as at end-2017. Taking also into account the EIB operations approved by the European Commission during the warehousing phase in 2015[12], a total of EUR 39.3bn of EIB financing with EUR 166.7bn of related investment was approved under IIW as at end-2017[13] (see Figure 4). These approvals covered all EFSI objectives across 27 Member States[14]. Of these approvals, a total of 278 EFSI operations have been signed for an amount of EUR 27.4bn of EIB financing under EFSI. As foreseen in the EFSI regulation, this EFSI Report covers a detailed assessment of these signed operations, with the complete list enclosed in Annex 2.

Figure 4. EIB financing under EFSI as at end-2017



Source: EIB website (amounts in EUR are based on the exchange rate of the event (approval / signature))..

During 2017, the EIB continued to deploy the new products under EFSI, with significant progress in delivery, reflected in the almost doubling of most key indicators.

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12 The EFSI Regulation provides that the European Commission agrees on the use of the EU guarantee for transitional operations, i.e. operations approved by the EIB Board of Directors for the entire period from 1 January 2015 until the full appointment of the Investment Committee members and the Managing Director.

13 Amounts exclude cancellations or pre-approvals as at the reference date.

14 The only Member State not covered as at end-2017 was Hungary. Nevertheless, operations approved under EFSI as Regional EU or as envelopes (flagged on the EFSI page of the EIB website as "Pre-Approvals") already foresee it as target country. For the purposes of any reporting, however, pre-approvals are not taken into account until underlying operations materialise. In addition, some of the regional EU operations have not been fully allocated at the country level at this stage.

- The investment related to approvals as at end-2017 (of EUR 166.7bn) increased by more than 75% compared to end-2016 approvals (EUR 94.4bn), and EIB financing under EFSI almost doubled in terms of approvals (increase from EUR 22bn to EUR 39.3bn) and signatures (increase from EUR 14.2bn to EUR27.4bn).
- As at end-2017, the number of Investment Platforms[15] (IPs) almost doubled, with 35 IPs having been approved by the IC under IIW. Such structures allow for aggregating public and private financing in order to support pools of projects across sectors and countries, with a focus on National Promotional Banks and Institutions (NPBs/NPIs) and public authorities to act as platform sponsors or promoters. The legal forms of IPs can be diverse, ranging from co-financing arrangements to layered fund structures. IPs may be a useful tool to use public financing in order to attract private investors to support groups of projects, rather than individual operations, taking into account reduced transaction and information costs and a more efficient risk allocation between various investors. EIAH can also provide support in the set-up of IPs, with such a role further enhanced under EFSI 2.0. The EFSI page of the EIB website indicates the IIW operations approved as or under IPs.
- As at end-2017, a total of 39 operations approved and signed under EFSI involved NPB/NPIs, compared to 20 as at end-2016. This increase reflects the higher risk taking capacity of the EIB thanks to EFSI, allowing for new and riskier product mixes[16], such as risk sharing structures. Moreover, under EFSI 2.0, a new dedicated window to NPBs was created allowing for continuing the deployment of such higher risk transactions.
- The higher risk taking capacity also continues to allow EIB to engage with new counterparts, with EIB maintaining a stable ratio of new counterparts: around 4 in 5 operations signed as at end-2017 were with new clients.
- As at end-2017, a total of 26 IIW operations approved and signed benefitted from EU contributions, compared to 12 as at end-2016. A total of 15 of these operations benefitted from the European Structural and Investment Funds (ESI Funds) and the rest from other EU grants or financial instruments. Combining other EU instruments with EFSI in order to increase the investment impact, while a priority for the EIB, has continued to face certain operational challenges due to the complexity of existing rules and the lack of shared understanding among promoters, managing authorities and other stakeholders of the opportunities and limitations of such combinations. Revisions to the rules applicable for the combination of financing under ESI Funds with EFSI are currently going through the legislative procedure in the context of the revision of the Common Provision Regulation by the so-called Omnibus Regulation, and the expectation is that this shall make such combination easier in a limited number of cases, namely for financial instruments.

B. Key results during 2017: SME Window (SMEW)

As at end-2017, after three years of deployment under EFSI, the EIF approved operations of almost EUR 12bn of financing with a related investment of EUR 90.2bn expected to benefit about 550,000 SMEs and Mid-Caps across all 28 EU Member States. Of this amount, the EIF has signed almost EUR 10bn of financing with financial intermediaries (see Figure 5). Furthermore, out of these commitments, a total of 135,785 SMEs and Mid-Caps employing over one million employees, have already received financing under SMEW, with an estimated related investment of EUR 26.7bn.

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[15] Article 2.4 of the EFSI Regulation defines Investment Platforms as "special purpose vehicles, managed accounts, contract-based co-financing or risk-sharing arrangements or arrangements established by any other means by which entities channel a financial contribution in order to finance a number of investment projects, and which may include:

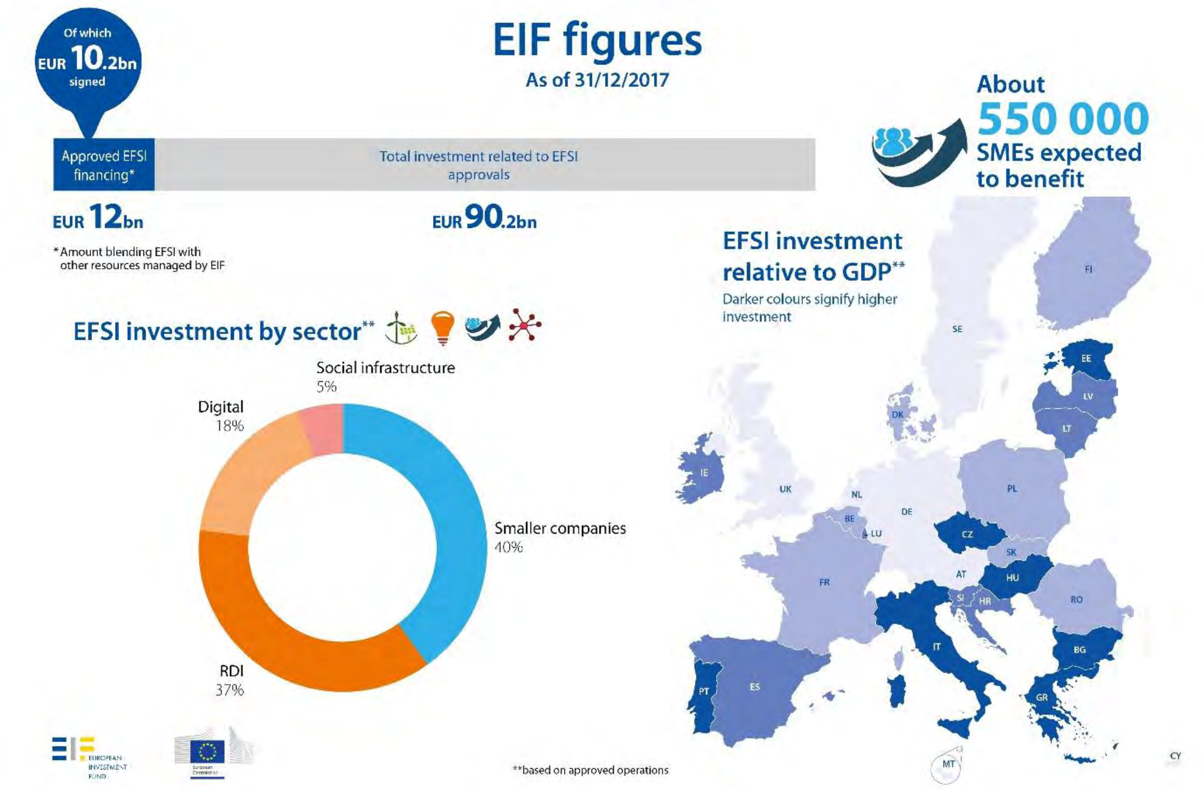
(a) national or sub-national platforms that group together several investment projects on the territory of a given Member State;

(b) cross-border, multi-country, regional or macro-regional platforms that group together partners from several Member States, regions or third countries interested in projects in a given geographic area;

(c) thematic platforms that group together investment projects in a given sector."

[16] http://www.eib.org/efsi/how-does-a-project-get-efsi-financing/index.htm

Figure 5. EIF financing under EFSI as at end-2017



Source: EIF website (amounts in EUR are based on the exchange rate of the event (approval / signature)).

In the initial phase of the SMEW deployment, the EIF concentrated on the acceleration of the two highly successful existing EU/EIF financial instruments: COSME and InnovFin[17]. EFSI has proven to be particularly effective in enhancing the deployment of existing EU instruments targeting SMEs and small Mid-Caps in a short timeframe. The EIF also rapidly deployed the full EIB contribution to the SMEW in the form of investment into equity to benefit SMEs and Mid-Caps via private equity and venture capital funds. In parallel, the EIF worked on structuring a new product offering to the market and a further EUR 500m increase of the SMEW was approved in July 2016. In December 2016, the EIF included in the SMEW the acceleration of another successful existing EU/EIF financial instrument,

[17] **COSME** is an EU programme for the Competitiveness of Small and Medium-sized Enterprises. A significant part of the COSME programme is dedicated towards financial instruments managed by EIF under an EU mandate. Through COSME Loan Guarantee Facility (LGF), EIF offers guarantees and counter-guarantees to selected financial intermediaries, such as guarantee institutions, banks, leasing companies, to help them provide more loans and leases to SMEs. Through COSME Equity Facility for Growth (EFG), EIF invests in selected venture capital and private equity funds that provide funding to SMEs predominantly in their expansion and growth stages. For more information, please visit http://www.eif.org/what_we_do/guarantees/single_eu_debt_instrument/cosme-loan-facility-growth/index.htm and http://www.eif.org/what_we_do/equity/single_eu_equity_instrument/cosme_efg/index.htm
InnovFin SME Guarantee is part of the InnovFin – EU Finance for Innovators programme, a joint EIB Group and EU initiative under Horizon 2020, the EU framework for Research and Innovation (R&I) 2014-2020. InnovFin SME Guarantee (SMEG) is a guarantee or counter-guarantee on debt financing that the EIF provides to financial intermediaries in order to improve access to finance for innovative SMEs and small Mid-Caps, i.e. enterprises with up to 499 employees. Under InnovFin Equity, EIF provides equity investments and co-investments to or alongside funds focusing in the areas of early stage financing. For more information, please visit http://www.eif.org/what_we_do/guarantees/single_eu_debt_instrument/innovfin-guarantee-facility/index.htm and http://www.eif.org/what_we_do/equity/single_eu_equity_instrument/innovfin-equity/index.htm

the EaSI Guarantee[18], which aims at increasing access to finance for social enterprises, micro-enterprises and vulnerable groups.

With the second amendment and restatement of the EFSI Agreement of November 2017, the three existing guarantee products under the SMEW (InnovFin SMEG, COSME LGF and EaSI GF), were converted from a temporary enhancement (frontloading) to a permanent enhancement (top-up) structure and a further SMEW product, the Cultural and Creative Sectors (CCS) Guarantee Facility[19] enhancement, supporting the cultural and creative sectors, was added.

In addition to guarantee products, since mid-2016, the EIF has been implementing under the SMEW a new set of equity financial instruments[20] with a capacity exceeding EUR 2bn to support more vulnerable entities across the EU in specific EU policy areas, encompassing SMEs, social enterprises, social sector organisations and small Mid-Caps. Furthermore, the EIF is continuously contributing to the development of the European equity eco-system by supporting areas such as technology transfer, business angels, social impact, venture capital, and fund-of-funds.

For example, EIF's successful Business Angels co-investment instrument was extended to the segment of social impact investments so that Business Angels across Europe will be able to benefit from this funding tool to scale up their support to social enterprises. Also, EIF introduced a new product line in the form of a payment-by-result instrument, such as social impact bonds, enabling intermediaries to draw on co-investment resources for the funding of social intervention projects, which are typically commissioned by national or local governments.

Further, in November 2016, the European Commission and EIF launched a call for expression of interest[21] for the Pan-European Venture Capital Funds-of-Funds Programme ("VentureEU") with the aim to boost investment in innovative start-up and scale-up companies across Europe. After the due diligence process, negotiations between selected intermediaries and EIF started in late 2017. The first two signatures with the fund of fund managers took place in April 2018, and further four are expected during the course of 2018.

No new IPs have been approved under SMEW during 2017, with the following three EFSI IPs being approved overall, during 2016: *Cassa Depositi e Prestiti EFSI Thematic Investment Platform for Italian SMEs, NPI EFSI Multi-country IP for SMEs through securitisation,* and *ITAtech EFSI Thematic IP for technology transfer in Italy*. During 2016, other similar cooperation models have also been created. For example, through the EIF-NPI Equity Platform[22], a non-binding governance framework, EIF offers the possibility for NPIs to match the total budget of investments under SMEW on a 1:1 basis. Seven

[18] **EasI** Guarantee Facility is funded from the European Commission's Programme for Employment and Social Innovation (EaSI) and is specifically dedicated to microfinance and social entrepreneurship. One of its key objectives is to increase the availability of and access to finance for vulnerable groups wishing to launch their own enterprises, micro-enterprises and social enterprises, both in their start-up and development phases. For more information, please visit http://www.eif.org/what_we_do/microfinance/easi/easi-guarantee-instrument/index.htm

[19] **CCS Guarantee Facility** is a new initiative managed by EIF on behalf of the European Commission and launched in June 2016 in the context of the Creative Europe programme (2014-2020). The Guarantee Facility benefits SMEs in the cultural and creative sectors, often facing difficulties in accessing loans, For more information, please visit http://www.eif.org/what_we_do/guarantees/cultural_creative_sectors_guarantee_facility/index.htm

[20] **EFSI Equity instrument** – under the IPE umbrella, the European Commission, EIB and EIF have pooled together resources and further aligned their objectives in support of the European equity ecosystem across various equity products. For more information, please visit http://www.eif.org/what_we_do/equity/efsi/index.htm

[21] http://ec.europa.eu/research/index.cfm?pg=newsalert&year=2016&na=na-081116

[22] The EIF-NPI Equity Platform promotes knowledge sharing and best practices between EIF and NPIs across EU Member States. Its ultimate goal is to enhance access to funding for SMEs and mid-caps, support defragmentation of equity markets, and match national, EU and private sources of funding. For more information, please visit http://www.eif.org/what_we_do/equity/NPI/index.htm

joint investment programmes had already been launched by end-2017, with a strong pipeline for further programmes expected in 2018-2019. In addition, through the EIF-NPI Securitisation Initiative (ENSI)[23], a cooperation and risk-sharing platform with several NPIs, the EIF aims at providing more funding to SMEs by revitalising the SME securitisation market while catalysing resources from the private sector. Throughout 2016 and 2017, the EIF closed 15 transactions under ENSI, with ca. EUR 2.2bn face value committed. These initiatives, although not reflected in the official EFSI reporting, are an opportunity for the EIF and NPIs to establish even closer and more coordinated operational interaction, reflecting the spirit of EFSI in aiming to achieve a much wider outreach in support of SMEs.

Since the inception of the SMEW, EIF approved 355 transactions by December 2017 and signed 328 (the list of signed transactions is enclosed in Annex 2). From the signed transactions, 101 involved a regional or national NPI.

[23] For information on ENSI, please visit http://www.eif.org/what_we_do/guarantees/ENSI/index.htm

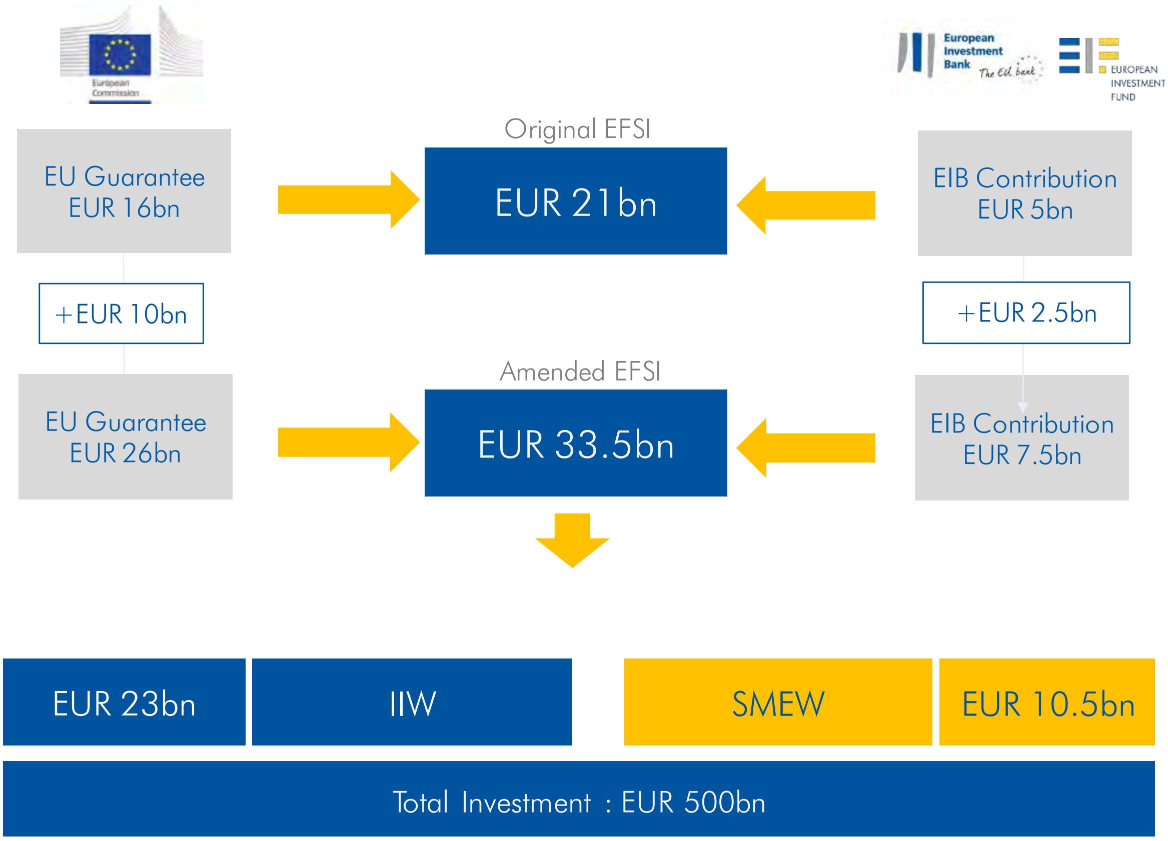
C. The extension of EFSI (EFSI 2.0)

The European Commission tabled its proposal to extend EFSI on 13 September 2016. Following the conclusions of the legislative process, the Regulation enacting the extension of EFSI was published in the Official Journal of the European Union on 27 December 2017 and has come into force on 30 December 2017.

EFSI 2.0 foresees an increase of the EU Guarantee from EUR 16bn to EUR 26bn and of the EIB Group nominal contribution from EUR 5bn to no less than EUR 7.5bn (see Figure 6). The increase in the EU Guarantee will only become effective on 6 July 2018.

EFSI 2.0 extends the lifetime of the EFSI until end-2020, covering the period of the current Multiannual Financial Framework. It also increases its target to mobilise at least EUR 500bn of investments by end-2020 vs EUR 315 billion by July 2018. The targeted multiplier of EFSI 2.0 remains the same as under EFSI 1.0, namely 15x.

Figure 6. EFSI 2.0 Overview



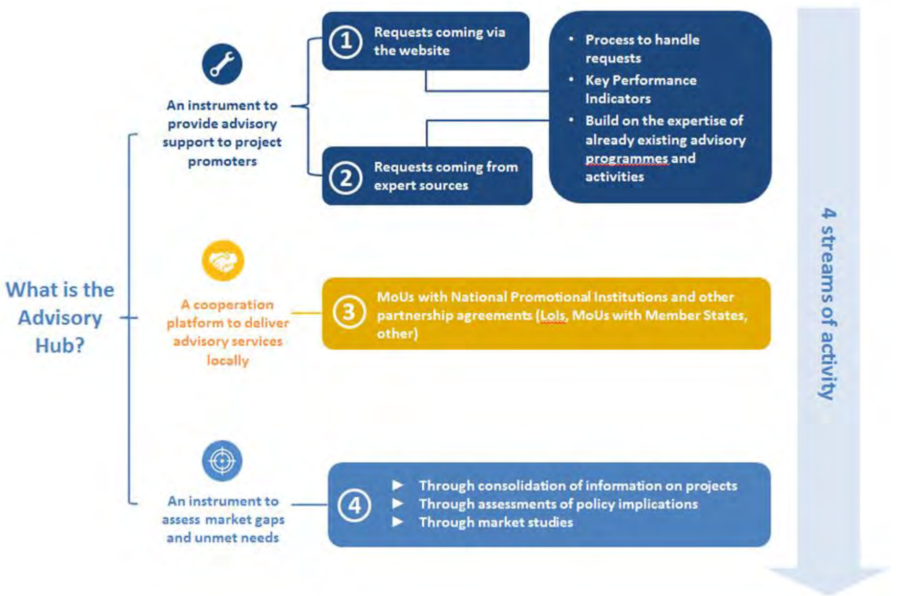
Based on experience and lessons learned to date, while maintaining the market-driven nature of the instrument, EFSI 2.0 also introduced a number of adaptations to both EFSI and EAIH, that would be reflected in the 2018 EFSI Report. For key elements, please refer to the section on Looking Ahead and EFSI 2.0.

D. Key results during 2017: European Investment Advisory Hub (EIAH)[24]

As at end-2016, a core team of EIB staff dedicated exclusively to EIAH activities was established as a separate division within the EIB. Additional EIB experts have been assigned in different departments to deliver advisory support under the EIAH umbrella. Consequently, with staffing largely in place, the focus of EIAH activities in 2017 was on ensuring mobilisation of advisory resources in support of projects seeking advice, identifying areas that need further strengthening as a result of growing demand or gaps, identified as a result of further market development activities, such as in the circular economy sector.

EIAH has identified four work streams to categorise its operational activities, as illustrated in Figure 7 and described below, which allowed shifting its focus from a set-up phase to actual delivery. The 2017 Work Programme established implementation priorities and deliverables for each work stream as well as two key horizontal activities, namely the communication strategy and reporting framework which together serve to promote, record, monitor and measure operational activities.

Figure 7. EIAH Work Streams in 2017



EIAH activities

- **Work Stream 1 – Requests Coming via the Website**

The web-based portal remains an essential response to the requirements of the EFSI Regulation and to maintaining an open system for the European private and public project promoters. EIAH continues to react positively to these requests although the experience to date suggests such requests are unlikely to lead quickly to many projects with significant outcomes.

A major re-design of the website and portal has been launched during the first half of the year and delivered during the second semester 2017. The new website provides the following options:

- Signposting
- Feedback Form
- Institutional Contact Form
- "Work with Us" Section

[24] www.eib.org/eiah

In November 2017, a new page was hosted on the EIAH website to provide access to bespoke advisory services for Cities in Europe. The URBIS page[25] also provides the possibility to submit URBIS requests to EIAH by means of a dedicated contact form.

- **Work Stream 2 – Requests Coming from Expert Sources**

This work stream relates to requests which are often more developed and more likely to lead to investable projects, including potential proposals for the EFSI pipeline. Thus, a priority has been to establish the networks necessary to ensure a good flow of such proposals. A number of pilot actions with NPIs for project referrals are now contributing to the project pipeline addressed in this work stream.

- **Work Stream 3 – Development of Local Presence**

EIAH has promoted the development of local presence through a range of activities envisaged in the 2017 Work Programme. The EIAH partner network has been expanded to include over 40 national institutions, of which 23 have signed Memoranda of Understanding to develop mutual collaboration in promoting advisory services and developing project pipeline. Over 30 advisory requests have been channelled to EIAH through NPIs, of which 19 in 2017 and nine have already received a substantial support package. EIAH has also engaged in several capacity building activities in Member States, and further support to NPIs is being provided through the call for proposals, launched in December 2017. EIAH has further advanced its communication means to enhance understanding of its services and improve accessibility of the NPIs network through the new website and a series of roadshow events in Member States.

- **Work Stream 4 – Market Development**

This EIAH activity is associated with identifying and addressing unmet needs, and it entails increased risks and longer time-scales. Outcomes can include market studies and proposals for the development of programmes, financial instruments or IPs. Examples of this type of engagements in 2017 include support to the development of IPs on national (Slovakia, Bulgaria) or regional levels (Outermost Regions), and circular economy, Smart Finance for Smart Buildings and URBIS initiatives.

EIAH requests

Between September 2015 and December 2017, EIAH received a total of 641 requests, of which 300 were received during 2017. From the 300 requests, 245 were project-specific. Development of transport infrastructures, equipment and innovative technologies for transport and development of the Energy have been the most requested sectors using the current methodology on a self-reported basis (by the requester). Over 47% of the requests during 2017 (or 115 requests) came from the private sector. In terms of geographical representation, France, Italy and Bulgaria were the most active Member States during 2017. There were 38 requests which were not country-specific or related to non-EU countries. Requests have been received from all 28 Member States.

All requests were analysed by the EIAH team, who engaged with project promoters to understand the needs and identify the type of support to be provided. In some cases, general information was sufficient and signposting given while, for more substantive requests, appropriate expertise was mobilised either from EIB operational services or from relevant advisory services and programmes. In 2017, 50 requests have been allocated, i.e. have been taken forward for support through allocation of EIAH resources either from EIB or via external sources of expertise.

A total of 16 Advisory Service Agreements (ASA) were signed since 2015, 5 in 2016 and 11 in 2017.

EIAH report to the European Parliament and the Council

As per EFSI Regulation, a separate annual report on end-2017 EIAH activities will be submitted to the European Parliament and the Council by 1 September 2018.[26]

[25] http://eiah.eib.org/about/initiative-urbis.htm

[26] The previous 2015 and 2016 EIAH reports to the European Parliament and the Council are available on the EIAH website: http://eiah.eib.org/publications/index

E. Key results during 2017: Governance / Transparency

Steering Board

The Steering Board governs the implementation of EFSI for the purpose of ensuring the fulfilment of EFSI objectives and the appropriate use of the EU guarantee. In accordance with the EFSI Regulation, the Steering Board determines the strategic orientation of EFSI, including its overall portfolio risk profile, the operating policies and procedures necessary for the functioning of the EFSI, and rules applicable to operations with investment platforms and NPBs/NPIs.

The Steering Board comprised four members in 2017: three appointed by the European Commission and one appointed by the EIB. The Chairperson of the Steering Board was a representative of the Commission.[27]

The Steering Board held five meetings in 2017 and approved the following documents:

- Updated EFSI Strategic Orientation
- EFSI Steering Board Code of Conduct

Following the Transparency Rules adopted by the Steering Board in January 2016, documents adopted by the Steering Board together with the minutes of the meetings, are made publicly available on the EFSI pages of the EIB website[28]. In line with the EP-EIB Agreement on Exchange of Information under EFSI, the minutes of the Steering Board were also communicated to the European Parliament.

In accordance with point 7(c) of the EFSI Investment Guidelines (Annex II to the EFSI Regulation), the Steering Board approved in 2017 derogations from applicable EFSI transaction limits for 15 EIB operations submitted under EFSI.

In addition, the Steering Board jointly approved with the EFSI Managing Director the updated SMEW Products.

The Steering Board invited the EFSI Managing Director and the Deputy Managing Director to their meetings in 2017. The EFSI Managing Director presented quarterly reports on EFSI activities during the Steering Board meetings and provided information on approvals, signatures, sectoral and geographical diversification, IPs and EFSI-ESIF combinations.

Throughout the year, the Steering Board had discussions and received information from the EIB on the following aspects:

- The risk profile of the EFSI portfolio
- Projections for EFSI operations on signatures and approvals and the volume of IIW disbursements
- EIAH activities
- EC and EIB Communication strategy for EFSI
- The 2018 EFSI Evaluations to be performed by the EIB Evaluation Department and the Commission

[27] At 31 December 2017, Steering Board members were Mr. Gerassimos Thomas (Deputy Director-General, EC, DG for Energy), Chairman, Mr. Ambroise Fayolle (EIB, Vice-President), Ms. Irmfried Schwimann (Deputy Director-General, DG Internal market, Industry, Entrepreneurship and SMEs), and Mr. Benjamin Angel (Director, DG Economic and Financial Affairs). Alternate members were Mr. Wolfgang Burtscher (Deputy Director-General, DG Research and Innovation), Mr. Marc Lemaître (Director-General, DG Regional and Urban Policy), Mr. Giorgio Chiarion-Casoni (Head of Unit, DG Economic and Financial Affairs) and Ms. Marjut Santoni (EIB, Deputy Secretary-General)

[28] Documents approved by the Steering Board can be found on: http://www.eib.org/efsi/governance/documents.htm. The minutes of the Steering Board are available on http://www.eib.org/efsi/governance/efsi-steering-board/minutes.htm.

In line with Article 7(3) of the EFSI Regulation, the Steering Board also consulted a series of stakeholders in the form of an EFSI Stakeholder consultation event and bilateral meetings. These consultations allowed having exchanges on EFSI implementation and on EFSI strategic orientation.

The EFSI stakeholders' consultation event was held on 8 December 2017 at the EIB premises in Luxembourg. Over 25 participants, including representatives from civil society, think-tanks, umbrella associations, private sector, banking sector associations, NPBs/NPIs and European institutions took part in the event. A consultation report has been published on the EIB website[29]. Discussions were focused on (1) geographical and sectorial diversification, including climate action and social infrastructure; (2) collaboration with NPBs/NPIs and (3) communication and transparency. In addition, the Steering Board held bilateral meetings with NPBs/NPIs and with associations active in the field of Social Infrastructure (CEEP, Housing Europe, EAPSD) throughout the year[30].

Finally, following its decision of 7 September 2016 to nominate a new Investment Committee as of 1 August 2017, the Steering Board initiated a selection process following the rules described in the Call for Expression of Interest, launched by the EIB and published in the Official Journal of the European Union on 14/07/2015, updated on 24/12/2016, and published on the EIB website[31]. Based on a shortlist of qualified candidates the Steering Board decided on 17 May 2017 to reappoint five Investment Committee members and to select three new members. The Steering Board requested that the new Investment Committee members had an induction session, which was held in July 2017. The first meeting of the newly assembled IC was held on 18 September 2017.

The EFSI Investment Committee (IC)

The IC comprises the EFSI Managing Director and eight independent experts with a high level of market experience in project structuring and financing, as well as micro- and macro-economic expertise in one or more of the key fields covered by EFSI[32]. These include notably research and innovation, transport, renewable energy, education, health, fund management, infrastructure or social sector. The EFSI Managing Director is assisted by the Deputy Managing Director.

The IC is responsible for approving the availability of the EU guarantee for EIB operations under IIW supporting strategic investments and access to finance for entities with less than 3,000 employees throughout the EU, in line with the EFSI investment policies and the requirements of the EFSI Regulation[33]. The summary of IC decisions is published on the EIB website following each Board of Directors' meeting, including key information about each project approved and taking into account confidentiality matters. In line with the EP-EIB Agreement on Exchange of Information under EFSI, the summary of IC decisions of the EFSI Investment Committee were also communicated to the European Parliament.

During 2017, the IC met ten times, with key activities summarised as such:

- The IC approved the availability of the EFSI portfolio guarantee for 145 EIB operations.
- The IC approved the designation of 18 proposals as EFSI IPs. The IC also designated 12 EFSI Operations, already approved in 2016, as EFSI Investment Platforms.
- In accordance with Article 7.3 of the EFSI Regulation, the IC was consulted on SMEW Products.

[29] The EFSI stakeholder summary report can be found on the EFSI page of the EIB website: http://www.eib.org/attachments/general/events/efsi-stakeholders-consultation-summary-report-en.pdf

[30] The summaries of the Steering Board discussions with external stakeholders are available on the EFSI page of the EIB website:
http://www.eib.org/efsi/governance/efsi-steering-board/minutes.htm

[31] The summary of the selection process can be found on: http://www.eib.org/attachments/strategies/efsi_steering_board_minutes_20170517_en.pdf

[32] The current members of the Investment Committee are: Ms. Andreja Kodrin, Ms. Vicky D. Kefalas, Ms. Dalia Dubovske, Ms. Nieves Rodriguez Varela, Mr. Fabio Pammolli, Mr. Gordon Bajnai, Mr. Manfred Schepens and Mr. Thierry Deau.

[33] EFSI operations under the SMEW follow EIF approval process and procedures. The IC is consulted on new SMEW products and IPs.

In 2017, individual IC members declared seven conflicts of interest related to proposals presented by the EIB[34]. The affected IC members were excluded from the distribution of concerned documents and of the decision-making, in line with the IC Rules of Procedure. In addition, information on the declaration of conflicts of interest by the IC members has been included in the Summary of IC decisions, published on the EIB website following each Board of Directors' meeting.

[34] On the following operations: Marguerite Fund II (Regional, EU countries), Autobahn A3 Biebelried – Furth Erlangen (Germany), Autobahn A10 A24 PPP Neuroppin-Pankow (Germany), Tram de Liege PPP (Belgium), Route Centre Europe Atlantique PPP (France), Netherlands Flood Defense PPP (Netherlands) and Metro de Madrid Infrastructure Upgrade (Spain).

III. EIB FINANCING AND INVESTMENT OPERATIONS UNDER EFSI – 2017 EFSI REPORT

In accordance with the EFSI Regulation, EFSI is neither geographically nor sector-specifically earmarked and has been designed as demand driven. It aims to support eligible projects across the EU as well as cross-border projects involving non-EU entities[35], with operations being considered on the basis of their individual merits and value added ensuring that the EU budget is used as efficiently as possible.

From the launch of EFSI in 2015 to end-2017, the EIB signed 278 operations that benefitted from EFSI support totalling EUR 27.4bn of financing with EUR 134.4bn of related eligible investment. EIF signed 328 operations under EFSI with almost EUR 10bn of financing and EUR 58.9bn of related investment. At the EIB Group level, this amounts to 606 EFSI operations of EUR 37.4bn of financing and EUR 207.3bn of investment, representing two-thirds of the initial EUR 315bn target. This section of the 2017 EFSI Report[36] assesses in detail these operations, namely their geographical diversification, sector distribution, value added, risk profile, and financial and socio-economic impact as required in the EFSI Regulation.

During 2017, none of these operations were impaired, defaulted or subrogated, and the EU guarantee was called on only for the coverage of funding and administrative costs related to equity-type operations as foreseen in the EFSI Agreement. The audited financial reports that are enclosed in Annex 3 contain details on revenues, payments and funding costs.

A. Geographical distribution

After two and a half years of implementation, as shown in Figure 8, all Member States continue to benefit from the support of EFSI. This represents a significant achievement compared to 2015, when only 19 Member States had benefited from the support of EFSI.

In terms of Member State coverage, under IIW, only Hungary remains to benefit from signatures, with some pre-approvals and potentially regional EU projects already targeting it as a beneficiary country. Compared to end-2016, when signatures were not registered also in Cyprus, Latvia, Malta and Slovenia, this is a significant development and a reflection of pipeline development in Central and South Eastern Europe. In terms of geographic diversification, for IIW, the EFSI Strategic Orientation sets an indicative 45% geographical concentration limit for the end of the EFSI implementation period, with reference to the ratio of signatures in any three Members States. As at end-2017, the top three countries in terms of the volumes of signatures (France, Italy and Spain) represented 46% of the total IIW portfolio, generally in line with the indicative limit.

While this limit does not apply to SMEW, the EFSI Strategic Orientation envisages for SMEW to reach all Member States and achieve a satisfactory diversification. Under SMEW, as at end-2017, signatures have taken place across all EU Member States, with Italy, France and Spain representing the top three countries in terms of related investment. Similar to end-2016, SMEW signatures as at end-2017 continued to be clustered in Italy, France and Germany, representing 38% of total SMEW signatures. In terms of SMEW Multi-Country transactions, Germany, the United Kingdom and France represented the largest amounts of actual investments (see Figure 9), corresponding fairly well with these Member States' respective shares in the EU GDP.

[35] As foreseen in Article 8 of the EFSI Regulation, cross-border projects in the context of EFSI refer to operations involving entities located or established in the EU and extending outside the EU, in a defined list of third countries or territories. Projects which are carried out within the Union and which involve several Member States across the EU internal borders are geographically fully eligible under EFSI. The EFSI Steering Board adopted in November 2016 a document detailing the eligibility of cross-border projects under EFSI: http://www.eib.org/attachments/strategies/efsi_steering_board_cross_border_operations_en.pdf.

[36] The previous 2015 and 2016 EFSI Reports to the European Parliament and the Council are available on the EFSI page of the EIB website: http://www.eib.org/efsi/governance/documents.htm

Figure 8. Geographical coverage of EFSI signed operations at end-2017[37]

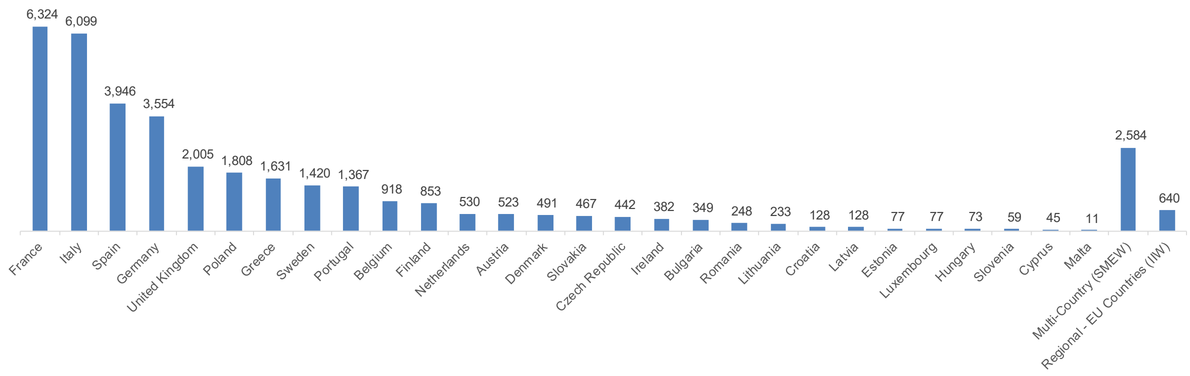
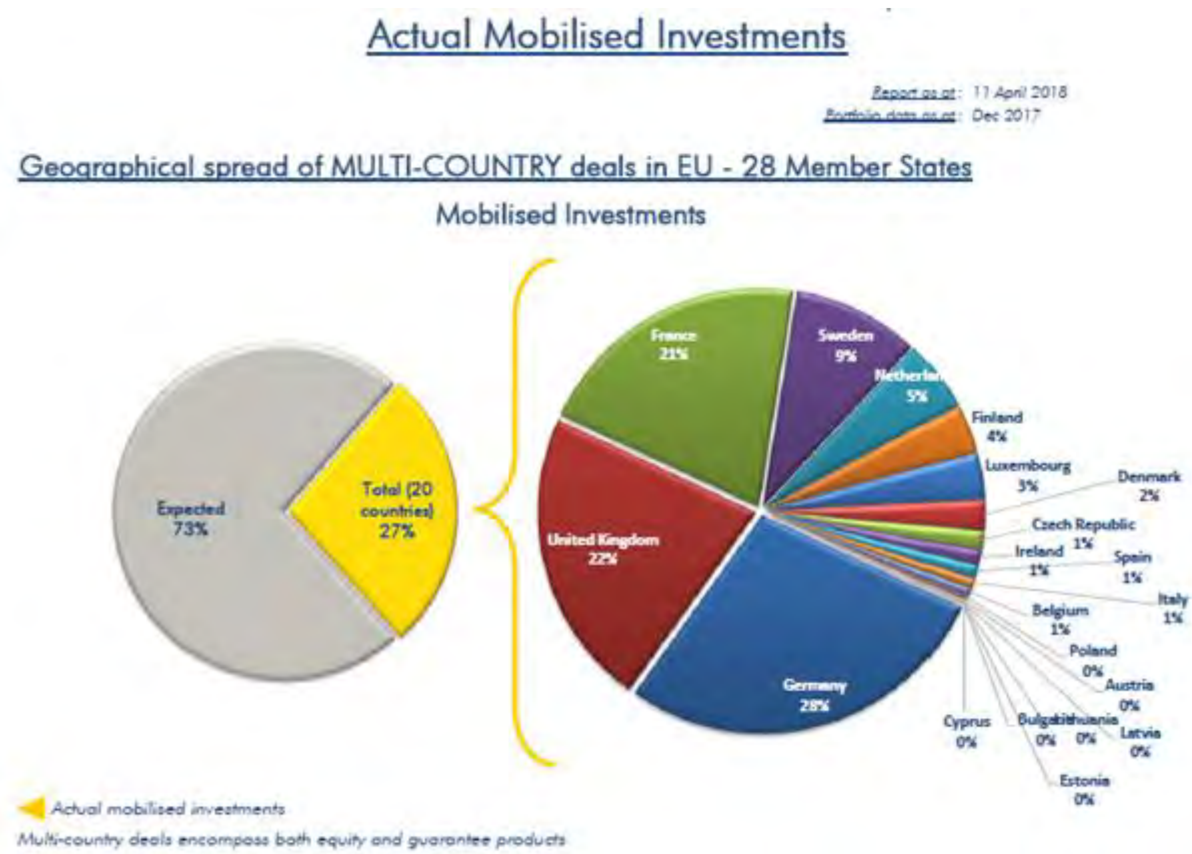


Figure 9. Geographical spread of multi-country transactions under SMEW as at end-2017



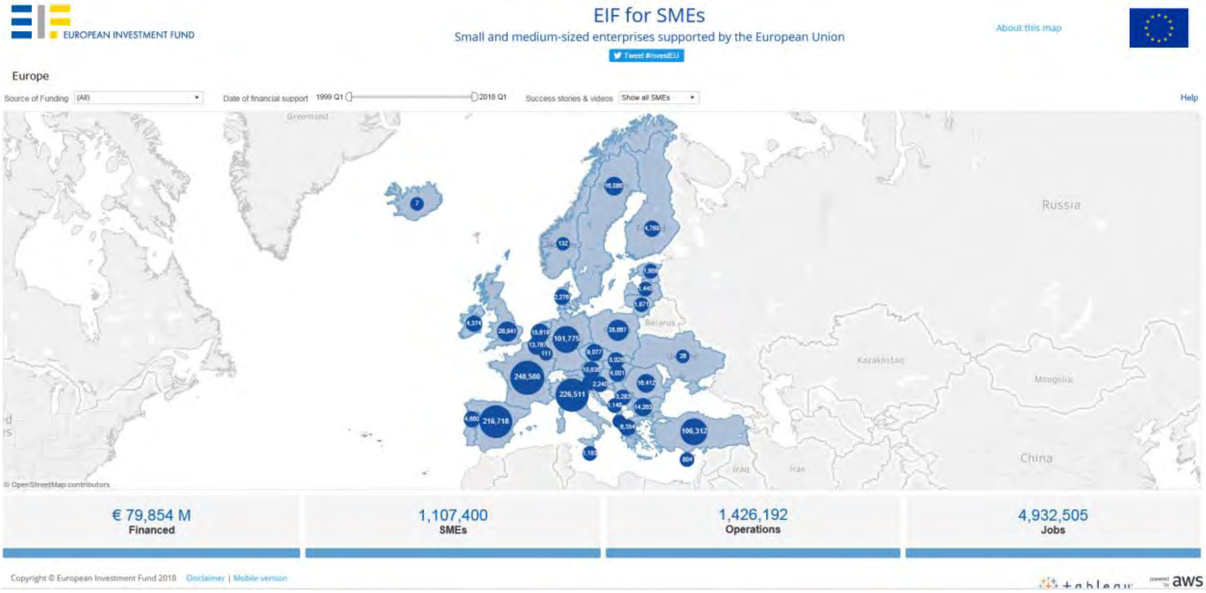
Examples of EIB Group projects financed under EFSI shown by regions within and across countries can be accessed on the EFSI page of the EIB website.[38] The map is regularly updated with flagship examples of EFSI support. For an illustrative overview of the geographical distribution of SMEs

[37] In the case of IIW Regional EU operations, where known ex-ante based on the target pipeline, Figure 8 illustrates disaggregated IIW signatures as allocated per each Member State. For example, this is the case for a number of multi-country RDI projects, benefitting several Member States through one operation but not shown as regional EU operations. Multi-Country (SMEW) amounts include operations in associated countries concluded under EFSI in cooperation with COSME and Horizon 2020 facilities.

[38] http://www.eib.org/efsi/map/index.htm

supported by EIF, EIF's new interactive mapping tool[39] (currently covering guarantee products) allows users to filter per mandate and zoom in to see the geolocation of EIF financed SMEs (see Figure 9).

Figure 9. "EIF for SMEs" Interactive Map on the EIF website (snapshot)



In terms of regional EU coverage, for both IIW and SMEW, the pipeline of projects in Member States that joined the EU since 2004 has continued to gradually build up. In absolute amounts, at the EIB Group level, the EFSI support remains relatively lower in Central and South Eastern Europe (as illustrated in Figure 8). This regional spread largely reflects differences in the coverage of ESI Funds and the availability of bankable mature projects, as well as in the level of financial sophistication, namely in the experience with financial instruments or with developing high-risk projects. These countries generally have a limited capacity to develop large projects, limited experience with Public Private Partnerships (PPPs), less developed venture capital markets and smaller size of projects. Some countries for example do not have NPBs/NPIs in place, which could for example help identify suitable projects, or their NPBs are very recent institutions or with focus limited on specific sectors such as SMEs. The size of the national economy naturally also influences the average size of projects and investments available in Member States, and that when comparing the IIW and SMEW investment mobilised with the Member States' GDP, the breakdown continues to favour smaller Member States, with top three beneficiaries being Estonia, Bulgaria and Greece.

Under EFSI 2.0, thanks to a reinforced and more targeted role of EIAH, there will be a stronger emphasis on leveraging EFSI support across the EU in a more geographically balanced way, depending on project pipeline and market demand. At the same time, the scope of EFSI has been widened to include support to other industries in less-developed and transition regions, allowing for a broader eligibility coverage particularly in these countries/regions. Revisions to the rules applicable for the combination of financing under ESI Funds with EFSI under the Common Provision Regulation, which is currently going through the legislative procedure in the context of the so-called Omnibus Regulation, are also expected to facilitate combinations of EFSI and ESI Funds within financial instruments and thus contribute to the development of pipeline of projects.

Last but not least, the geographical spread of EFSI also reflects the progress on the third pillar of IPE, focusing on enabling an investment friendly environment in Europe by identifying and removing regulatory and non-regulatory barriers at the EU and national levels. Regarding the EIB contribution to this pillar, in 2017, the Bank published the 2017 Investment Report, a flagship research report, aiming to deepen the understanding of investment and investment financing in the EU (see Box 1 for key findings). The report presents and analyses the latest 2017 release of the EIB Investment Survey

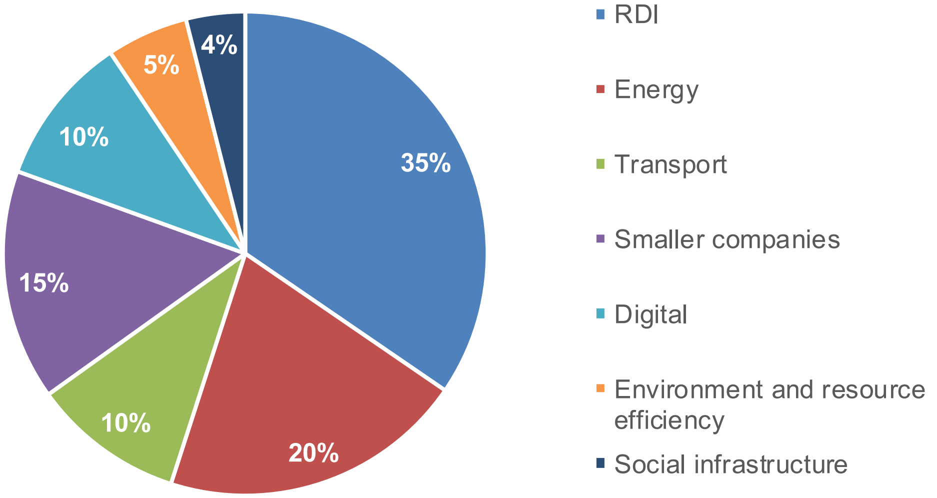
[39] https://www.eif4smes.com/

(EIBIS) of businesses in the EU, which in 2017 also included a Europe-wide survey of municipal authorities.

B. Sectors and objectives (IIW and SMEW)

Article 9.2 of the EFSI Regulation prior to the extension defined seven general objectives eligible under EFSI: RDI, energy, transport, smaller companies, digital, environment and resource efficiency, and social infrastructure.[40] As no sector pre-allocation is foreseen in the design of EFSI, being a demand-driven instrument, the sectoral diversification achieved at end-2017 is an actual reflection of market needs, market failures and sub-optimal investment situations. As illustrated in Figure 10, RDI continues to represent the highest share (a stable 35%) at the EIB Group level in terms of signed amounts, followed by energy (20%) and smaller companies (15%). Sector diversification also varies across the two windows under EFSI, reflecting the nature of investments targeted.

Figure 10. IIW and SMEW signatures by EFSI objectives at end-2017



IIW

For IIW, the EFSI Strategic Orientation, while allowing for higher levels in the initial implementation phase, outlines an indicative 30% concentration limit for the end of the investment period under EFSI, with reference to the share of signatures in one EFSI objective. Compared to end-2016, when there was some concentration in the energy sector of about 34%, end-2017 signatures reflect that the positive and steady trend towards a more balanced coverage of EFSI is taking shape. For example, while the largest EFSI objective in terms of volume of signatures under IIW at end-2017 was still

[40] Article 9.2 of the EFSI Regulation prior to the extension that became effective on 30 December 2017 defined the following seven general objectives under EFSI: (a) research, development and innovation; (b) development of the energy sector in accordance with the Energy Union priorities, including security of energy supply, and the 2020, 2030 and 2050 climate and energy frameworks; (c) development of transport infrastructures, and equipment and innovative technologies for transport; (d) financial support through the EIF and the EIB to entities having up to 3 000 employees, with a particular focus on SMEs and small mid-cap companies; (e) development and deployment of information and communication technologies; (f) environment and resource efficiency; (g) human capital, culture and health. For communication purposes, in cooperation with the European Commission, these official titles have been shortened as such, correspondingly: (a) RDI; (b) Energy; (c) Transport; (d) Smaller companies; (e) Digital; (f) Environment and resource efficiency; (g) Social infrastructure.

energy, it was below the limit, with 28% of the total IIW portfolio being signed in this sector (see Table 1). RDI continues to be the second largest sector in terms of IIW signatures (22%), followed by smaller companies (18%) and transport (14%). In terms of investment, the second largest sector was smaller companies (22%), followed by RDI (16%) and transport (12%).

Table 1. IIW implementation by EFSI objectives at end-2017

IIW: EFSI Objective as per Article 9 of the EFSI Regulation	Signed Amount (EURm)	%	Related Investment (EURm)	%
RDI	5,921	22%	20,580	16%
Energy	7,631	28%	43,033	33%
Transport	3,794	14%	15,724	12%
Smaller companies	5,036	18%	29,357	22%
Digital	2,090	8%	8,595	7%
Environment and resource efficiency	2,041	7%	8,679	7%
Social infrastructure	899	3%	5,429	4%
Total	**27,412**	**100%**	**131,397**	**100%**

SMEW

The EFSI Strategic Orientation does not foresee any indicative sectoral concentration limits for SMEW. In the case of the 328 transactions signed under SMEW at end-2017, the SMEW support covered a range of areas such as information and communication, financial and insurance activities, trade, health and manufacturing. These top five areas relate to the signed EFSI guarantee amounts that have already been allocated to the underlying final beneficiaries as at end-2017. In terms of EFSI objectives, similar to 2015 and 2016, transactions under SMEW covered four out of the seven EFSI objectives (see Table 2), reflecting the EIF offer and the scope of products under SMEW. Investment related to smaller companies represented 42% of the total SMEW related investments, followed by RDI (38%), digital (15%) and social infrastructure (5%). It is however fair to say that EIF supported SMEs cover in general a much wider scope of sectors.

Table 2. SMEW implementation by EFSI objectives at end-2017

SMEW: EFSI Objective as per Article 9 of the EFSI Regulation	Signed Amount (EURm)	%	Related Investment (EURm)	%
RDI	7,011	70%	28,608	38%
Smaller companies	732	7%	32,216	42%
Digital	1,680	17%	11,313	15%
Social infrastructure	576	6%	3,803	5%
Total	**9,998**	**100%**	**75,940**	**100%**

C. Value added and aggregate risk profile

EIB Group projects receiving budgetary support through EFSI must be additional in the sense that they aim to address market failures or sub-optimal investment situations and would not have been financed in the same period or not to the same extent by the EIB, EIF or under existing Union financial instruments without EFSI support. To this end, a number of indicators and guiding principles are used by the EIB Group and the IC when assessing eligibility criteria.

The level of risk is an essential element in assessing the additionality of projects supported by the EFSI guarantee, and Article 5 of the EFSI Regulation refers to the "Special Activity"[41] high risk category for these purposes.[42] Under SMEW, as mentioned in the Methodology for Key Performance and Monitoring Indicators (KPI-KMI) endorsed by the Steering Board[43], the underlying SME risk is

[41] The concept of Special Activities is referred to in Article 5 of the EFSI Regulation, when defining the additionality of EFSI projects.
[42] Under EFSI 2.0, the following elements are strong indications of additionality: (i) Special Activity and (ii) projects that consist of physical infrastructure, including e-infrastructure, linking two or more Member States or of the extension of such infrastructure or services linked to such infrastructure from one Member State to one or more Member States.
[43] http://www.eib.org/attachments/strategies/efsi_steering_board_kpi_kmi_methodology_en.pdf

consistent with the EIB definition of Special Activities, and therefore, all SMEW operations are considered sub-investment grade. Under IIW, at end-2017, most of the 278 operations were signed with the risk profile of Special Activities, except for only seven operations that have also been approved outside this risk category, as also foreseen in Article 5 of the EFSI Regulation.

In addition to the risk component, when selecting projects for the use of the EU budget guarantee, the EIB Group[44] and the independent IC use other criteria laid down in the EFSI Regulation. Using its 3Pillar Assessment (3PA), the Bank measures projects in terms of (1) their contribution to EU policy, (2) their quality and soundness, and (3) their technical and financial contribution. IC evaluates projects using a scoreboard of indicators[45], containing the description of the additionality of the operation as defined in Article 5 of the EFSI Regulation and the EIB's 3PA complemented by other indicators, such as macroeconomic / sector indicators, expected multiplier effect, private finance mobilised, co-financing with NPBs/NPIs and EU instruments, cooperation with NPBs/NPIs, support to IPs, energy efficiency realised and climate action indicator (see Table 3).

Table 3. Assessment of the added value of EFSI operations

	IIW	SMEW	
		Debt operations in the form of guarantees	Equity products
PILLAR 1	Contribution to EFSI policy objectives	Impact assessment	Specific market needs
PILLAR 1	Quality and soundness of the project	Quality assessment	Transactional structure
PILLAR 3	Technical and financial contribution	Financial assessment	Catalytic effect
PILLAR 4	Complementary indicators (such as outputs, outcomes, macro-economic and general sectors indicators)		

All projects under EFSI are additional as confirmed by the decisions of the EFSI IC. Moreover, taking into account the ex-ante 3PA and in reference to the scoring defined in the KPI-KMI Methodology, operations signed during 2015 and 2017 under IIW and SMEW have been estimated to have on average high value added scores per each pillar (see Table 4), reflecting that the overall added value of these operations is expected to be high taking into account their risky profile, overall quality, contribution to EFSI objectives, and market failures and sub-optimal investment situations they aim to address.

Table 4. Value added score for IIW and SMEW operations signed at end-2017

VALUE ADDED SCORE	PILLAR 1		PILLAR 2		PILLAR 3	
Weighted average *Graded 4 (lowest) to 1 (highest)*	1.40	High	1.49	Excellent	1.75	Significant

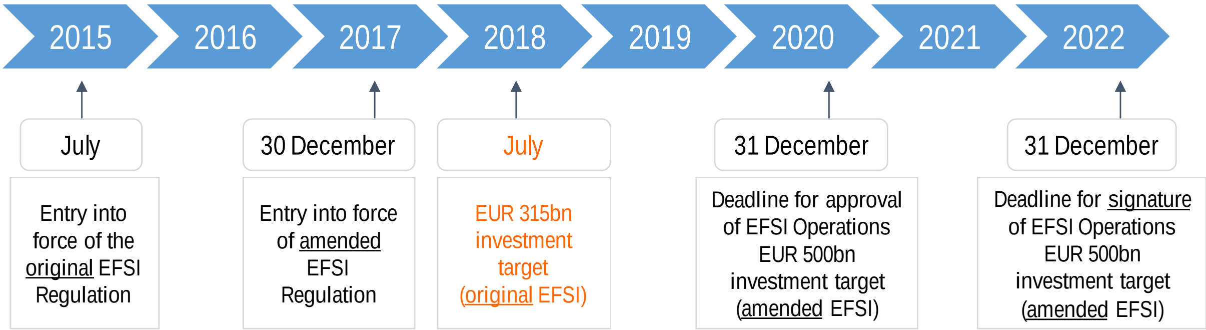
[44] The use of the EU guarantee for operations under IIW is decided by the IC. Operations under SMEW are approved by the EIF Board.

[45] Under IIW, each project is assessed based on a scoreboard of indicators as defined in the Commission Delegated Regulation (EU) 2015/1558.

D. Financing mobilised and leverage effects (IIW and SMEW)

This 2017 EFSI Report is prepared in the context of the original EFSI Regulation that foresaw an investment period of EFSI of four years in terms of approvals and five years in terms of signatures. Under EFSI 2.0, the investment period was extended to 31 December 2022 for EFSI approved on or before 31 December 2020 (see Figure 11).

Figure 11. EFSI implementation timeline



Investment mobilised

EFSI allows the EIB Group to take an enhanced catalytic role, increasing its capacity to mobilise additional investments. It can accelerate the decision to finance a project when risk aversion would otherwise have held investors back. An early intervention by the EIB using funding backed by EFSI can trigger additional resources from other investors who can put in funds with a more senior position. EFSI was designed with an investment target in mind and an associated target global multiplier effect of 15x.

Under the original EFSI, the overall target was set at EUR 315bn of investment related to operations supported by EFSI within the first three years of EFSI. The total investment related to the operations approved and signed under EFSI at end-2017 is estimated to reach EUR 207.4bn (see Table 5). This represents 66% of the initial investment target at the EIB Group level in terms of signatures. If taking also into account operations approved but not signed at end-2017, investment at the EIB Group level amounts to EUR 256.3bn or more than 80% of the target (see Figure 3). This represents a significant progress in the implementation of EFSI in a very short timeframe, supporting its extension in 2017.

Table 5. Investment related to EFSI signatures at end-2017

INVESTMENT RELATED TO EFSI SIGNATURES	Amount (EURm)
IIW	131,396.9
SMEW	75,939.9
AGGREGATED	**207,336.8**

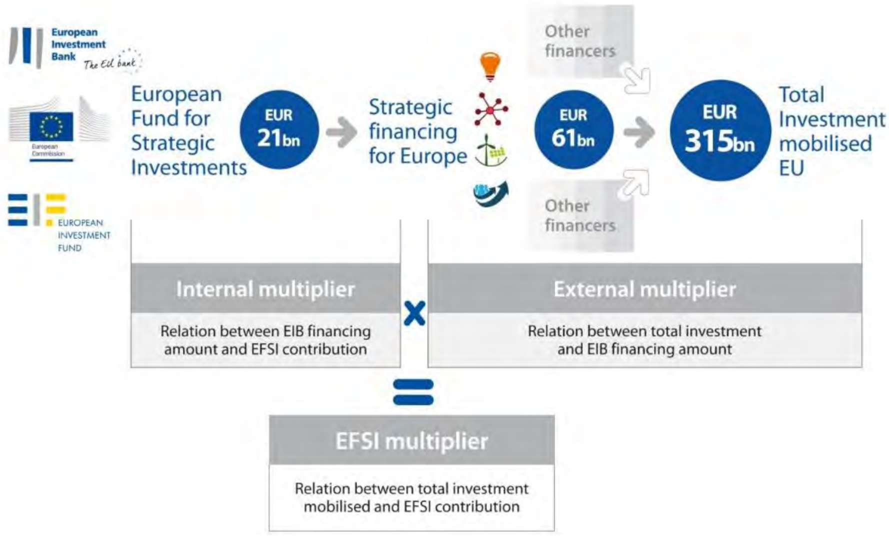
INVESTMENT RELATED TO EFSI APPROVALS	Amount (EURm)
IIW	166,726.3
SMEW	89,544.0
AGGREGATED	**256,270.3**

The investment related to operations under EFSI represents in fact the financial amount transferred to final beneficiaries channelled through direct or indirect instruments, namely funds and financial institutions that in turn on-lend to projects or companies eligible under EFSI. Indirect instruments are the standard mechanism for delivering transactions under SMEW. Under IIW, given their larger leverage effects and their ability to reach a wider number of counterparts in a limited period of time, intermediated operations have increasingly been employed under EFSI, especially under riskier products, and the investment related to such operations signed as at end-2017 represented around half of total IIW investment, including all intermediated equity- and debt-type operations.

Multiplier or leverage effects

Both the initial EUR 315bn and the amended EUR 500bn targets are based on a target global multiplier effect of 15x (see Figure 12 for the original EFSI set-up).

Figure 12. EFSI multiplier based on original EFSI contributions



While the EFSI multiplier can only be calculated at the end of the investment period, the estimated global multiplier effect of the 606 transactions approved and signed under EFSI at end-2017 stands at 13.53x (see Table 6), slightly below the target of 15x.

Table 6. Total EFSI multiplier related to IIW and SMEW signatures at end-2017

TOTAL EFSI MULTIPLIER	TARGET 15x
IIW	12.74x
SMEW	15.20x
AGGREGATED	**13.53x**

Compared to end-2016, the multiplier effect has decreased from the previously reported 15.2x, mainly reflecting the massive deployment of (direct) quasi-equity instruments to innovative venture-backed SMEs and Mid-Caps entering a rapid growth phase under European Growth Finance Facility (EGFF) (see sub-section on RDI in Section E below). As this product has not been captured in the original EIB EFSI Multiplier Calculation Methodology, being newly developed and deployed only thanks to EFSI, the EIB has applied a conservative standard loan approach when estimating the ex-ante investment related to such operations. For the upcoming update of the Methodology, it shall be proposed to reflect more adequately the full scope of investments unlocked by the initial EFSI support at a stage where companies could not access venture debt financing otherwise.

As a general remark, it can be noticed that there is a natural trade-off between the presence of market failures and sub-optimal investment situations and the EFSI multiplier. The more acute the market failure or sub-optimal investment situations faced by projects or counterparts, the higher the EIB

Group financing level that is necessary to close the financing gap and catalyse other investments. Also, when projects can only happen through a combination of EIB financing under EFSI and EU contributions other than EFSI, the EFSI multiplier can also be low as the investment covered by EU contributions is not taken into account in the investment related to such operations for EFSI purposes.

Private finance mobilised

The EIB monitors the crowding-in effect for individual operations, and the share of private capital mobilised is measured for the entire portfolio of EFSI-supported projects. EFSI operations are also structured in order to maximise where possible the mobilisation of private financing, with two-thirds (EUR 133.5bn) of the EUR 207.3bn of investment related to EIB Group operations signed at end-2017 referring to private finance (see Table 7). This share has been consistent across the two windows of EFSI and across time since EFSI implementation.

Table 7. Private finance mobilised related to IIW and SMEW signatures at end-2017

PRIVATE FINANCE MOBILISED	Amount (EURm)	% of Total Investment Related to EFSI
IIW	82,147.6	63%
SMEW	51,375.2	68%
AGGREGATED	**133,522.7**	**64%**

NPBs/NPIs

A total of 140 operations, representing a stable ratio of over half of the non-private investment at the EIB Group level being related to operations involving NPBs/NPIs.[46] Compared to only 14 operations involving NPBs/NPIs signed end-2015 and 93 as at end-2016, this steady build-up evidences an increased cooperation with NPBs/NPIs. A total of 39 operations have been signed under IIW and more than 100 transactions under SMEW (see Table 8). At the same time, 18 of these operations under IIW have been structured as or part of IPs. In addition, EIF cooperates and shares best practices with NPIs through the EIF-NPI Equity Platform and through the EIF-NPI Securitisation Initiative ENSI.

Table 8. IIW and SMEW operations signed end-2017 and co-financed with NPBs

EFSI OPERATIONS CO-FINANCED WITH NPBs/NPIs	Number of Operations	EIB/EIF Financing signed under EFSI (EURm)
IIW	39	4,711.4
SMEW[47]	101	2,682.0
AGGREGATED	**140**	**7,393.4**

Under EFSI 2.0, under IIW, EIB has created a new dedicated portfolio for equity-type operations led by NPBs in response to the increased emphasis on financing operations with NPBs under the amended EFSI Regulation. This new portfolio is designed with a different risk allocation compared to the standard equity portfolio in order to accommodate the higher uncertainty in assessing the market price for such operations.

[46] In the context of EFSI reporting, as foreseen in the EFSI KPI-KMI Methodology, an NPB list is maintained and agreed with the European Commission. The list is updated ahead of each EFSI official reporting cycle.

[47] SMEW amounts in EUR are based on the exchange rate as at the reporting date.

ESI Funds

As at end-2017, a total of 28 operations benefited from EU contributions other than EFSI, representing a doubling of such operations compared to end-2016 signatures. Of these operations, 17, compared to nine as at end-2016, involved ESI Funds, 15 under IIW and two under SMEW (see Table 9).

Table 9. IIW and SMEW operations signed end-2017 and co-financed with ESI Funds

EFSI OPERATIONS CO-FINANCED WITH ESI FUNDS	Number of Operations	ESI Funds (EURm)	EIB/EIF Financing signed under EFSI (EURm)
IIW	15	1,330.2	2,291.2
SMEW	2	93.8	119.1
AGGREGATED	**17**	**1,423.9**	**2,410.3**

Table 10 below shows the description of these nine projects where ESI Funds are combined with EFSI.

Table 10. Description of IIW and SMEW operations signed end-2017 and co-financed with ESI Funds

EFSI OPERATIONS CO-FINANCED WITH ESI FUNDS	PROJECT SUMMARY DESCRIPTION
Transgaz Brua Gas Interconnection Project[48]	Financing the first phase of the BRUA gas interconnection project to be implemented by Transgaz.
IF TRI en Nord - Pas de Calais	Loan to an investment company set up by public and private investors to invest in the low-carbon economy in the French region of Nord-Pas de Calais.
D4R7 Slovakia PPP[49]	The project consists of the design, construction and financing of approximately 27km of the D4 motorway around Bratislava, which will connect to the R7 expressway (outside the scope of EIB financing) and is to be procured as part of the D4R7 public-private partnership (PPP).
TI - Accelerated Fixed High Speed BB rollout	Financing the accelerated investment plan of Telecom Italia for next generation networks.
Kujawsko-Pomorskie Healthcare Program III	Replacement construction, rehabilitation and equipping of hospital facilities for the Rydygier Regional General Hospital in Torun, Poland. The project is a continuation of the ongoing EIB support to the Kujawsko-Pomorskie Region's Development and Modernisation Investment Programme with the objective to attain the technical standards for hospital operation required by Polish and EU law.
Alsace Très Haut Débit	The project concerns the deployment of a very high speed fibre to the home (FTTH) telecommunications network in about 700 communes of the Region of Alsace in France where the available or planned networks cannot offer download bit rates above 30 Mbps. The network is planned

[48] Project of Common Interest for the Trans European Network for Energy Infrastructure.
[49] D4 motorway around Bratislava is located on the Core Trans-European Network for Transport.

	to have about 380 000 connections (sites passed). The project will be implemented by a concessionaire under a concession contract with the region (Délégation de service public).
Lietuvos Energija Vilnius CHP project	Construction of two biomass-fired and waste-to-energy-fired combined heat and power (CHP) plants with a total capacity of 88 MWe and 227 MWth supplying electricity to the national grid and heat to the district heating system in Vilnius.
Novamont Renewable Chemistry	Financing of investments for the development of an integrated supply chain in the field of biochemicals and bioplastics.
Tallinn Airport Upgrade[50]	The project comprises a number of investments at the international airport of Tallinn aimed at improving environmental and safety performance, alleviating current congestion and accommodating future growth in traffic. The airport, which is located 4 km south-west of the city, is the largest airport in Estonia, handling 2.16 million passengers in 2015. It includes the displacement of the runway and the taxiway system to alleviate noise and air pollution, provision of new aircraft aprons, the reconfiguration and refurbishment of the passenger terminal, the expansion of the car parking areas, new aircraft maintenance hangars and a range of other safety and environmental related enhancements. The project will increase the capacity of the airport by approximately 2 million passengers per annum (mppa).
Krakow By-Pass - Lagiewnicka Route	The project covers the construction of 3.7km of the extension of the Krakow internal by-pass including tunnels and other structures, and 1.7km of tram line.
Portugal Water Supply & Sanitation	Investments of the Águas de Portugal group in the water and wastewater sector across Portugal during the 2014-2020 period.
Energa Hybrid Bond	Hybrid bond for the modernisation and extension of ENERGA's electricity distribution network during the period 2017 - 2019
University of Latvia Research and Study Centre	Construction of a new research and technology centre and a new study centre as part of the development of the university campus
AQP-Water Sector Upgrade Southern Italy	Financing of the promoter's investments in the water and wastewater network of Puglia, Campania and Basilicata over the 2017-2023 period.
Roland Garros Airport - Réunion[51]	Framework loan consisting of two main investments schemes that will cover the second and third phases of the Réunion Island Roland Garros Airport development plan 2011-2022, with the common objective of alleviating current congestion and accommodating future growth in traffic, increasing climate resilience and improving environmental

[50] A node of the TEN-T Core Network.
[51] TEN-T comprehensive network.

	and safety performance.
ESIF - Estonia	Initiative launched to stimulate equity investments into innovative and high growth-focussed enterprises in Estonia. EstFund is expected to make around EUR 100m of equity financing available for Estonian enterprises over the coming years.
ESIF - Swedish Venture Initiative	Initiative launched to effectively support first time or emerging venture capital funds focused on early stage investments. This is expected to generate SEK 1bn of equity financing for Swedish enterprises in the coming years.

E. Outputs and outcomes (IIW and SMEW)

Expected employment impact

At EIB Group level, the direct employment impact of the 606 operations approved and signed under EFSI at end-2017 is expected as follows (see Table 11):

- IIW operations will have both temporary and permanent employment effects:
  - Permanent employment impact is observed during EFSI projects' operational phase. EFSI operations signed by end-2017 are expected to support the creation of some 115,000 full-time equivalent permanent jobs.
  - Temporary employment is associated with the implementation phase of projects and is measured in persons over the years of the project's implementation/construction. EFSI operations signed by end- 2017 are expected to provide around 570,000 person-years employment across the EU Member States.
- IIW operations involving financing for SMEs and Mid-Caps are also likely to sustain a further 2.1 million jobs and SMEW operations more than 1.5 million, bringing the total to more than 3.6 million of jobs to be supported.

Table 11. Expected employment impact related to EFSI operations signed end-2017

Permanent Employment Impact (IIW)	Temporary Employment Impact (IIW)	Jobs Supported (IIW and SMEW)
114,593 Full-Time Equivalents (FTEs)	568,482 Person-Years[52]	3,603,541 - IIW: 2,090,117 - SMEW: 1,513,424

In addition to these direct employment estimates, there is also significant indirect or induced employment impact excepted in relation to EFSI operations. For example, a project to develop new transport infrastructure such as rail links may contribute to new job opportunities in the local economy because firms are able to trade more cost-effectively with key markets elsewhere. Moreover, although they are more difficult to measure, it is in fact these longer-term direct and indirect or induced employment effects arising from EFSI operations that are likely to be the most significant, as further elaborated below in the sub-section on EFSI Impact on the EU Economy.

[52] Temporary employment impact is estimated and presented in person-years, referring to temporary jobs during the implementation period. For example, for a project with a 2-year implementation period with 50 people working on it on a yearly basis the temporary employment would be estimated at 2 x 50 = 100 person-years.

Other output and outcomes

In regards to other output and outcome indicators, IIW operations can be further analysed in terms of their sector allocation. Output indicators are sector indicators that monitor the amount of goods and services produced by the operations financed by the EIB. Outcome indicators are also sector indicators that try to capture the effects of EIB's operations on people's quality of life, the environment, the beneficiary's activity and the economy. Taking these indicators into account, as a result of the 278 operations approved and signed under IIW as at end-2017, the following is expected:

- Almost 15 million additional households are expected to have very high-speed broadband access.
- An extra 240,000 tonnes of waste treatment capacity will come on stream.
- 1,500 rolling stock units will be acquired and over 75 km of rail tracks upgraded.
- Over 110 private sector companies received financing for RDI projects, with a potential of more than EUR 80bn additional sales.
- Nearly 9,000 new 4G transmission sites are to be installed.
- Over 1,300 lane-kilometres of roads and highways will be upgraded.
- 6 million tonnes of new cargo handling capacity in port will became available.
- 13,000 MW of additional electricity generation capacity is to be built, of which 95% is from renewable energy sources, and over 8 million households will be supplied by the energy generated.
- Over 264,000 of water mains and distribution pipework will be installed or upgraded, with over 17 million people benefitting from safer drinking water.

These and further details of output and outcomes are analysed as part of the annual EIB report on 2017 EIB operations inside the EU, available on the EIB website. Key findings are elaborated in the sub-sections below.

Research, Development and Innovation (RDI)

RDI is a key driver of productivity, growth and employment, but it has to be funded ahead of any likely return. The intellectual property and know-how that investments in RDI develop may be intangible, but they are assets, and should be treated as such. Investment in RDI in Europe continues to lag behind competitors such as the USA and South-East Asian countries. Progress towards the Europe 2020 Strategy objective of investing 3% of GDP in R&D is slow so the EIB's commitment in this field is all the more important.

RDI investment is not limited to research and development and the wider promotion of innovation across the EU economy. It also includes helping to ensure that Europe has the broadband infrastructure needed by all companies which must stay connected to their suppliers, their trading outlets, and their customers. The 2017 Digital Economy and Society Index[53] indicates that significant disparities persist between different Member States as regards the deployment of digital infrastructure.

A total of EUR 5.9bn of EIB financing under EFSI in RDI is expected to unlock EUR 20.6bn of investment for the development of new technologies that are needed to promote Europe's long-term industrial competitiveness. EIB loans under the EFSI objective of promoting RDI have provided direct finance to some 114 private sector companies, potentially generating over EUR 79bn of annual sales resulting from the project.

An important success story in RDI support under EFSI is the European Growth Finance Facility (EGFF). With the support of EFSI, the EIB created in 2016 this special product in the form of a long-term venture debt that is unique in the European market. This product was designed to address a (quasi-)equity gap linked to structural market failures across the EU in the provision of risk capital to late-stage venture-backed companies, which play an increasingly important role in the EU's competitiveness and growth. Some case studies, enclosed in Annex 1, shed more light on operations supported under EGFF and the important role of EFSI:

[53] https://ec.europa.eu/digital-single-market/en/news/digital-economy-and-society-index-desi-2017

- Skeleton (see Case Study 1): a company which is developing projects in the field of electric energy storage systems based on super-capacitors.
- Mermec (Case Study 2): an innovative Mid-Cap in the field of rail diagnostics and signalling systems which is aiming to strengthen its competitive market position.

During 2017, one RDI projected was completed under EFSI: Grifols BIOSCIENCE R&D in Spain (see Case Study 12). The completion of the project means that the EIB can provide an accurate account of the impact of its investments. Project outputs and outcomes are fully documented, allowing the Bank to quantify the direct contribution of its investments.

Under EIF, a subset of start-up and early-stage venture capital funds supported by the EIF will have financed to date more than 16,000 single patented innovations in Europe. In order to meet market demand, under SMEW, the EIF's InnovFin SMEG has been enhanced by EUR 880m. As a result, the overall size of the facility reaches EUR 2bn, giving rise to around EUR 10bn of guarantees, which in turn are expected to generate up to EUR 20bn of loan financing for the benefit of innovative companies and mobilise in total EUR 28bn of investments. In 2017, EIF began to offer guarantees for subordinated exposure and uncollateralised loans to innovative companies under InnovFin SMEG. Taking extra risk by guaranteeing junior debt and uncollateralised loans helps the EIF reach more innovative companies, particularly those whose value lies in their ideas, trademarks and patents rather than in tangible assets. Furthermore, InnovFin SMEG has broadened its range of financial intermediaries to also include alternative finance providers, such as debt funds and is exploring ways to widen the scope of the mandate to include crowd-funding platforms. InnovFin Equity encourages the flow of research and innovation into the European marketplace by supporting technology transfer funds, Business Angels, venture capital funds and fund of funds which hold or target to build a portfolio of underlying investee funds with significant early stage focus.

The following Case Studies, enclosed in Annex 1, shed more light on operations supported under InnovFin and the important role of EFSI:

- Exovite (see Case Study 15): a company supporting technological innovation in healthcare.
- Fretlink (see Case Study 18): a software for logistics and transportation management company.

Development of the energy sector in accordance with the Energy Union priorities (Energy)

Investments in the energy sector are vital for the promotion of secure, sustainable and cleaner energy. Over the past three years, the EIB financing signed under EFSI of EUR 7.6bn has mobilised, some EUR 43bn for energy capacity building from renewable energy sources, improving energy efficiency and supporting electricity network projects (see Table 12). EFSI support is also expected to give a significant boost to energy and heat generation capacity from renewable sources, facilitating the transport of both and increasing the number of households benefiting from green energy. Also worth noting is the promotion of major cross-border interconnection projects to strengthen energy diversification and security of supply and promote cooperation between EU countries. The Transgaz BRUA gas interconnection between Bulgaria, Romania, Hungary and Austria presented in Case Study 3 is an interesting illustration of such a project, allowing better market integration and increased security of supply. The Viotia Wind Parks operation described Case Study 4, further illustrates the type of project that EFSI can facilitate to implement.

Table 12. Selection of expected results from EFSI IIW projects signed at end-2017 in relation to the development of the energy sector in accordance with the Energy Union priorities[54]

Expected Outputs	Expected Outcomes
13,000 MW electricity generation capacity, out of which almost 95% from renewable energy sources	Over 35,750 GWh additional electricity expected to be generated per year, of which over 90% from renewable energy sources 8.2 million households expected to be supplied by the energy generated
725 MW of heat production capacity, of which 2/3 from renewable energy sources	3,300 GWh additional heat generated per year, of which 2/3 from renewable energy sources
Some 18,000 km of power lines to be constructed or upgraded	Some 28,000 GWh of additional energy transported per year An additional 108 000 GWh per year of gas transported/storage capacity utilisation
Some 6,250 MVA[55] of substation capacity to be constructed or upgraded	
Over 6,600 km of gas or oil pipelines to be constructed or upgraded	
Over 28 million electricity and gas smart meters to be installed	
Some 637,000 new energy (electricity, gas, heating) connections to the network	
Some EUR 11.2bn of mobilised investment in energy efficiency projects	Over 5,000 GWh per year of energy savings from efficiency measures

Development of transport infrastructures, and equipment and innovative technologies for transport (Transport)

Investment in transport infrastructure and the environment is a precondition for Europe's overall economic competitiveness and growth. Almost EUR 3.8bn of EIB financing under EFSI has been signed over the last three years, unlocking some EUR 15.7bn of investment to promote mobility transport networks, cleaner fleets, as well as projects to reduce congestion costs and trade bottlenecks (see Table 13). One of the new projects signed in 2017 that highlights the EFSI role in this area is the free-flowing electronic tolling system supporting inter-operability for heavy vehicles on the Slovenian motorways (see Case Study 5). Riga Transport (see Case Study 6) also shows how EFSI support is helping combat pollution. This project consists of the introduction of low floor, high volume trams and hydrogen-fuelled buses and trolley buses which will help slowing down the trend towards private car use and the ensuing traffic congestion.

Developing innovative technology solutions in the transport of goods also creates significant added value through optimisation. EIF backed Fretlink (see Case Study 18) has developed a software platform that serves as a tool linking shippers to carriers, applying new technologies to the world of logistics and transportation.

[54] Based on available information at project appraisal stage. Expected results from cancelled operations have been excluded.
[55] Mega Volt Amperes.

Table 13. Selection of expected results from EFSI IIW operations signed end-2017 in transport (including TEN-T and urban transport)[56]

Expected Outputs	Expected Outcomes
Over 1,300 lane-kilometres of roads and highways to be upgraded or built, of which 15 km of access roads to ports	42.6 million additional passengers expected to benefit from new or improved road infrastructure per year
Some 70 km bus and tram lanes, metro track to be constructed or upgraded	EUR 20 million per year of vehicle operating cost savings
110 stations or stops to be constructed or upgraded	Over 95 million additional passengers expected to benefit from new or improved rail and urban infrastructure per year
1,500 rolling stock purchased and 75 km of railway tracks upgraded	Some 23 million hours of time savings per year
6 million tonnes additional annual cargo capacity	An additional 3.4 million tonnes of annual cargo traffic handled in terminals
Additional airport capacity of 8.7 million passengers per year	Additional annual airport passenger throughout of 10.7 million passengers

Financial support to entities having up to 3,000 employees (Smaller Companies)

The lack of access to finance for the SME and Mid-Cap segment is a structural market failure with important differences by geography, business segment and financing type. One lesson learnt from the financial crisis is that the corporate sector in Europe, and particularly small firms, is too dependent on external finance provided by banks. As part of the recovery process, many banks had to reset their balance sheets and make adjustments to meet new regulatory requirements, and optimise their capital management. These actions tended to limit the supply of financing for their SME clients. However, there are mechanisms by which investment funds can reach developing SMEs, particularly in the current liquid environment. Credit guarantee schemes are also effective in these circumstances. Similarly, securitisations, non-bank intermediated sources such as mini-bonds, private debt, financing from fin-tech companies and, of course, venture capital, are all instruments which can be used to enhance the overall competitiveness of the EU economy. All of these are areas of interest for the EIB Group thanks to EFSI support. EIB financing assistance is complemented by EIF specialised products for SMEs, including risk-sharing through guarantees, credit enhancement, intermediated equity, venture and growth capital, mezzanine finance and social impact finance.

One of the key financial instruments, supporting the largest number of smaller beneficiaries under EFSI SMEW, is the COSME Loan Guarantee Facility (LGF). EFSI enhancement and top-up to the COSME LGF of EUR 550m has resulted in the increase of the overall size of the facility, increasing it from EUR 0.9bn up to EUR 1.45bn, expecting to generate up to EUR 42bn of new loan financing for the benefit of SMEs. The leverage in COSME LGF is the highest of all EIF financial products. For every EUR committed, EIF expects 31 EUR generated thanks to the nature of the capped (counter-)guarantee.

By the end of 2017, thanks to EFSI, the EIB Group signed operations worth around EUR 15bn providing financial support to SMEs and Mid-Caps for an investment mobilised of EUR 105.3bn. Providing finance to SMEs and Mid-Caps to enable them grow directly contributes to job and wealth creation. Over 3.6 million jobs are expected to be sustained thanks to EFSI operations since 2015. Oliva AD, a Bulgarian operator in the sunflower market illustrates how thanks to EFSI, EIB is supporting small companies across the EU (see Case Study 7). EIF support to smaller companies is illustrated across all SMEW Case Studies (13 to 20), enclosed in Annex 1.

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[56] Based on available information at project appraisal stage. Expected results from cancelled operations have been excluded.

Deployment of information and communication technologies (Digital)

The total amount signed by end-2017 under the EFSI objective development and deployment of information and communication technologies was EUR 2.1bn, with an overall related investment of EUR 8.6bn. Projects supported included schemes to help develop broadband networks in all Member States. Some of the schemes, such as Connecting Europe Broadband Fund (CEBF) (see Case Study 8), relate to investments in broadband infrastructure funds, which support to a large extent greenfield broadband projects that are mostly located in less densely populated areas, are smaller in size and have a high risk. With the support of EFSI, EIB participation of EUR 100 million in the CEBF fund, which is expected to mobilise an additional EUR 1.37bn of investment. As a result of EFSI loans signed cumulatively over the past three years under this objective over 1 million new subscriptions are expected to be opened for mobile data services and 2 million very high-speed broadband lines activated (see Table 14).

Table 14. Selection of expected results under from EFSI IIW operations signed end-2017 under the objective development and deployment of information and communication technologies[57]

Expected Outputs	Expected Outcomes
8,661 additional 4G sites	1.3 million new subscribers for mobile data services
15 million additional households covered by very high-speed broadband services	2 million of very high-speed broadband lines activated

During 2017, one Digital project was completed under EFSI: TI - ACCELERATED FIXED HIGH SPEED BB ROLLOUT, concerning the financing of the accelerated investment plan of Telecom Italia for next generation networks.

Environment and resource efficiency

The EU's environmental policy is aimed at greening the European economy, protecting the natural environment, and safeguarding the health and quality of life of European citizens. By the end of 2017, the EIB has signed over 7% of total EIB financing under EFSI (mobilising EUR 8.7bn of investment) for projects about water supply and sanitation, waste water and solid waste treatment and recycling, as well as to support sustainable urban and rural development. Romania Recycling and Circular Economy (see Case Study 9) illustrates the EFSI role in supporting transition to a circular economy and the achievement of national recycling targets. In the area of water supply and sanitation, another recent example is the EFSI support to the AdP group at subsidiary level in the water and wastewater sector across Portugal (see Case Study 10).

As a result of EFSI operations in this area, over 13 million people are expected to benefit from improved sanitation services, over 33 million people are expected to have access to improved waste treatment and over 17 million are expected to have safe drinking water (See Table 15).

[57] Based on available information at project appraisal stage. Expected results from cancelled operations have been excluded.

Table 15: Selection of expected results from EFSI IIW operations signed end-2017 contributing to environmental resource efficiency[58]

Expected Outputs	Expected Outcomes
4,500 ha of new forestry area planted (afforestation) 20 km of agricultural/forestry access roads and 20 km rural roads built or maintained	13 m³ per hectare of yearly forest growth
Over 19,000 km of sewer and/or storm water pipes built or upgraded Over 2 million persons-equivalent capacity of sewage treatment plants constructed or rehabilitated	Over 13 million people benefitting from improved sanitation services Over 500,000 people face a reduced risk of flooding
Additional 240,000 tonnes per year waste treatment facility 625,000 m³ of new sanitary landfill capacity Remediation of 685,000 m² contaminated land	33.3 million people served by new or modernized waste treatment facilities
Almost 190,000 waste collection containers and 52 new or upgraded collection vehicles	1.7 million citizens benefiting from new waste collection system
Over 264,000 km of water mains or distribution pipes built or upgraded 3.4 million of water m³ per day from constructed or rehabilitated water treatment plants 2.6 million m³ capacity of reservoirs or raw water storage facilities constructed or rehabilitated 653,000 domestic connections to water supply created or rehabilitated	Over 17 million people benefitting from safe drinking water

Human capital, culture and health

By the end of 2017, the financial support under EFSI has mobilised EUR 5.4bn for hospitals, various universities and research campuses, employment, different administrative and cultural facilities. For instance, several employment and start-up programmes have been signed helping create the well-qualified workforce that is needed by modern economies, as well as opening up employment opportunities for young people. University of Latvia Research and Study Centre and Nova SBE Campus (PT) are two projects that will contribute to the 15,000 additional places to be created, and the modernisation of educational facilities for more than 21,000 students. Numerous important social housing projects have been undertaken in France, Spain, Poland, and Portugal. In the Netherlands, EFSI supported the construction of Amphia hospital to provide state-of-the-art medical facilities to replace geographically scattered services and improve patient care for an ageing population (see Case Study 11).

[58] Based on available information at project appraisal stage. Expected results from cancelled operations have been excluded.

Table 16. Selection of expected results from EFSI IIW projects signed end-2017 contributing to human capital, culture and health[59]

Expected Outputs	Expected Outcomes
Over 150,000 m^2 of new or rehabilitated education facilities with over 15 000 places created Over 500,000 social or affordable housing units and 71 social facilities built or renovated 6 administrative facilities and 20 culture, recreation and sports facilities built or renovated 35.5 million m^2 of additional building surface 5,200 m^2 of new park's area created and 100 ha of brownfield land regenerated 6,300 km of new fibre access networks installed	21,000 students benefitting from new or modernized educational facilities More than 500,000 households in new or refurnished social and affordable housing 40,000 visitors per year to new or renovated culture, recreation and sport facilities Over 3.2 million beneficiaries of upgraded or new urban infrastructure and services
Some 150,000 m^2 of new or rehabilitated health facilities with over 7,000 beds	Over 30.6 million inhabitants having access to improved health care services
More than 700,000 m^2 of additional health facility floor area constructed	

Under SMEW, the Cultural and Creative Sectors Guarantee Facility (CCS GF) is a new initiative managed by EIF on behalf of the European Commission and launched in June 2016 in the context of Creative Europe programme (2014-2020). In its first full year of activity, the CCS GF already exceeded its target for 2017 and its budget was enhanced by EUR 60m. As a result, the overall size of the facility was increased from EUR 121m to EUR 181m, expecting to generate more than EUR 1bn of loan financing for SMEs operating in the cultural and creative sectors such as architecture, archives, libraries and museums, artistic crafts, audio-visuals (including film, television, video games and multimedia), tangible and intangible cultural heritage, design, festivals, music, literature, performing arts, publishing, radio and visual arts.

EFSI impact on the EU economy

While the EIB's pillar assessment considers mostly the direct effects of an operation, as described in the previous section, complementary to this bottom-up approach, a macroeconomic modelling approach was used to better capture also the indirect and induced effects of the EFSI-supported portfolio. For example, when investing in a broadband network some results can be directly observed and estimated: kilometres of fibre-optic cable laid underground, the number of workers and the number of days worked to do this, the number of new homes and businesses connecting to the broadband network. What cannot be easily measured is what it takes to produce the machines and materials needed, what the workers may be spending their income on, and even harder, and how the new faster communication services may help create new industries or disrupt existing ones, or how productivity may be increasing, fostering new kinds of work. Typically, it is also difficult to take into account the effect of the source of the funding: where the money for the project is taken from in the economy. These aspects are mostly unobserved and it would be impossible or prohibitively expensive to measure them on a case by case basis. This is typically done through macroeconomic modelling approaches.

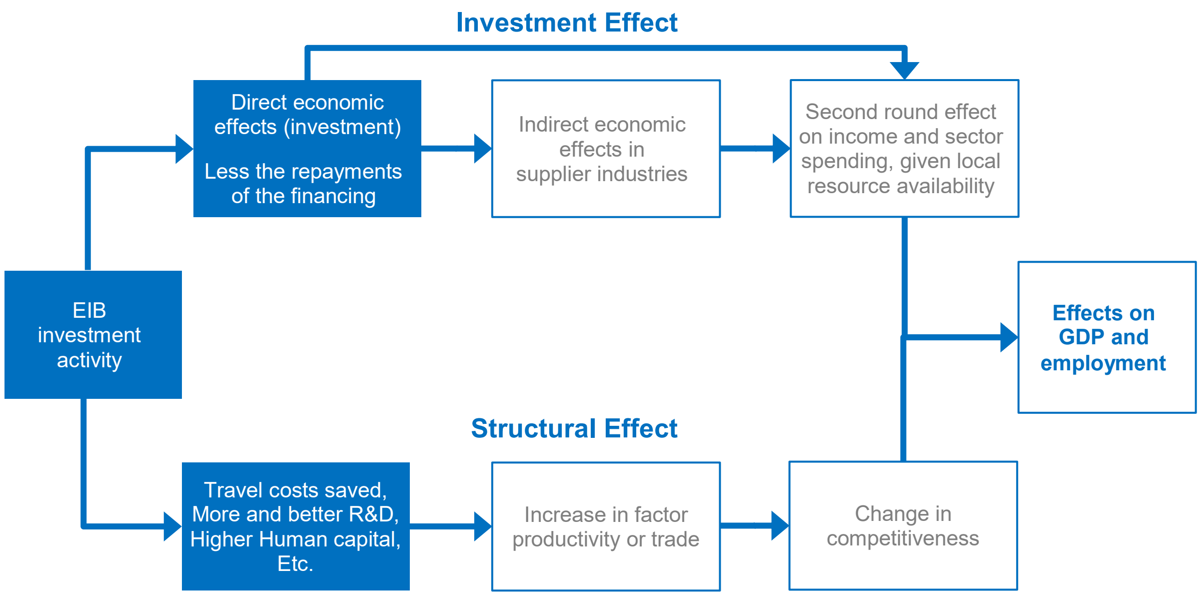
Therefore, to estimate the overall impact of EFSI-supported operations, a computable general equilibrium model called RHOMOLO-EIB is used. It is based on the RHOMOLO model, developed and used by the European Commission's DG Joint Research Centre for policy impact assessment, and provides sector-specific, region-specific and time-specific simulation results. The only difference

[59] Based on available information at project appraisal stage. Expected results from cancelled operations have been excluded.

lies in some specification and the use of the model to best reflect the EIB Group business model as a Bank, as opposed to a grant/tax based interventions for which the model is often used.

The model helps trace two broad effects of EFSI supported investments: the effect of the investment activity itself (the "investment effect") and the structural effect on the economy (see Figure 12 below). The investment effect looks at the effects of an increase in investments in a specific region and sector, which in turn has an effect on others sectors in the region, and also affects other regions, for example, through trade and factor mobility. Such investments need to be financed from existing sources in the region, or elsewhere in the EU or abroad, and also need to be repaid. Initially, the financing impact on the receiving region is income-positive since a project region experiences a capital inflow, but the effect turns income-negative over time when the loan has to be repaid to its lenders. The reverse holds for those regions providing the funding. In parallel, a longer-lasting structural effect on productivity and competitiveness can be traced in the model that sets in only once projects are completed. For example, this could be a road investment that, once completed, allows for cheaper transport of goods between regions. RHOMOLO-EIB works through five such structural channels: transport infrastructure, non-transport infrastructure, R&D, human capital and industry and services. All have a distinct effect on the local economy, for example through cheaper trade, new technology and production methods, improved labour productivity, more efficient public or private infrastructure, or enhanced capital quality.

Figure 12. Impact Channels in RHOMOLO-EIB



The scope of the exercise encompasses all EFSI operations approved until end-2016. According to the RHOMOLO-EIB, supported investments under EFSI will have added 0.7% to EU GDP and 690,000 jobs by 2020. Over time, as projects come to a close and loans are being repaid, as the investment effect fades out and the structural effect can fully take effect, EFSI supported operations by 2036 will still have added 0.4% to GDP and are expected to have added 340,000 jobs (see Figures 13 and 14 below).

Figure 13: Investment and Structural impact on GDP over time of EFSI operations approved during 2015 and 2016

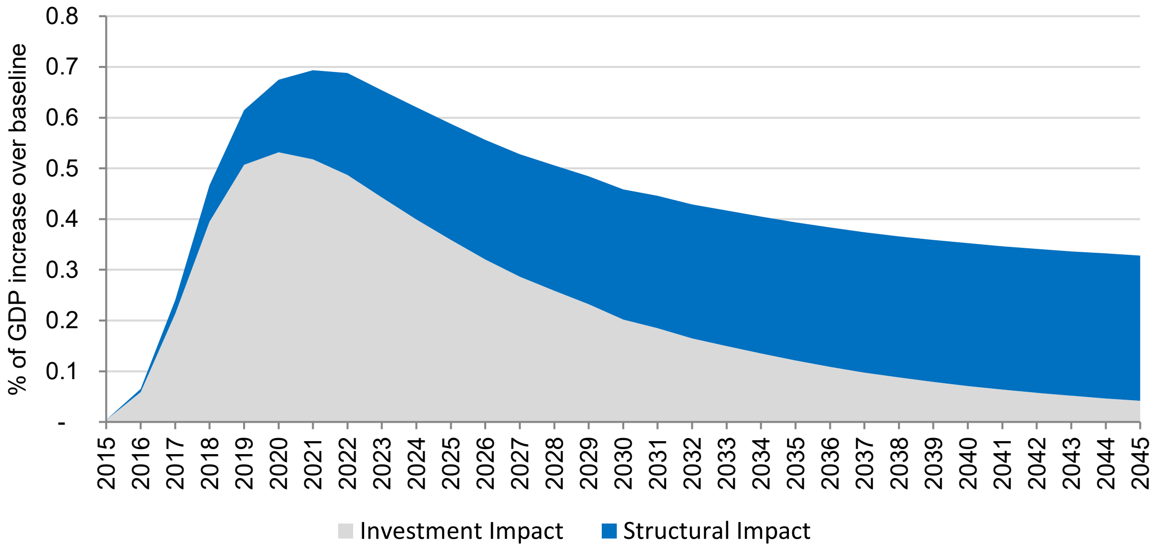
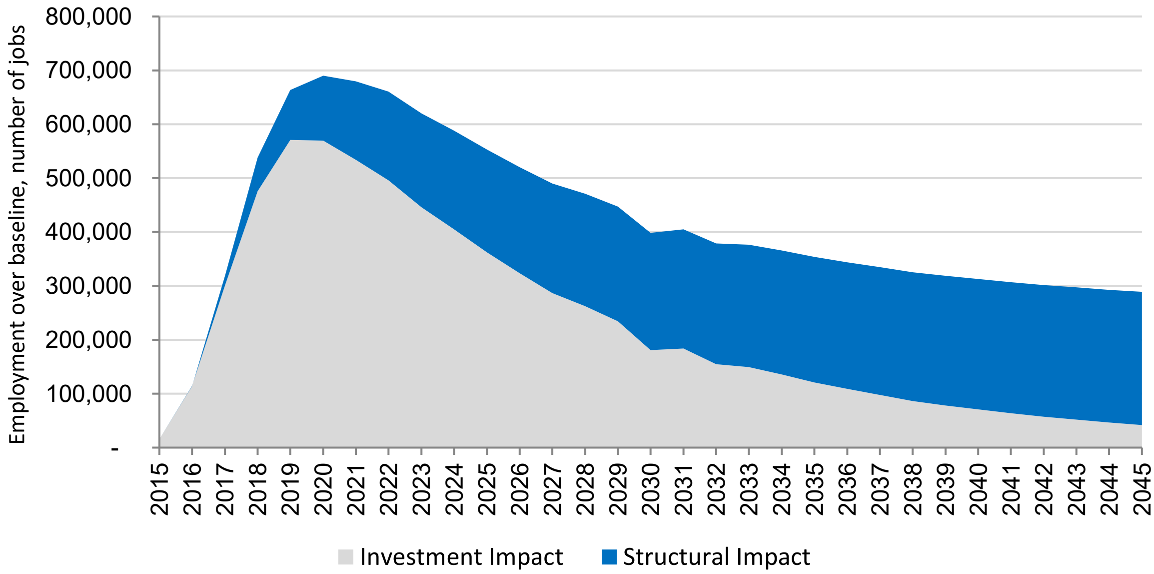


Figure 14: Investment and Structural impact on employment over time of EFSI operations approved during 2015 and 2016



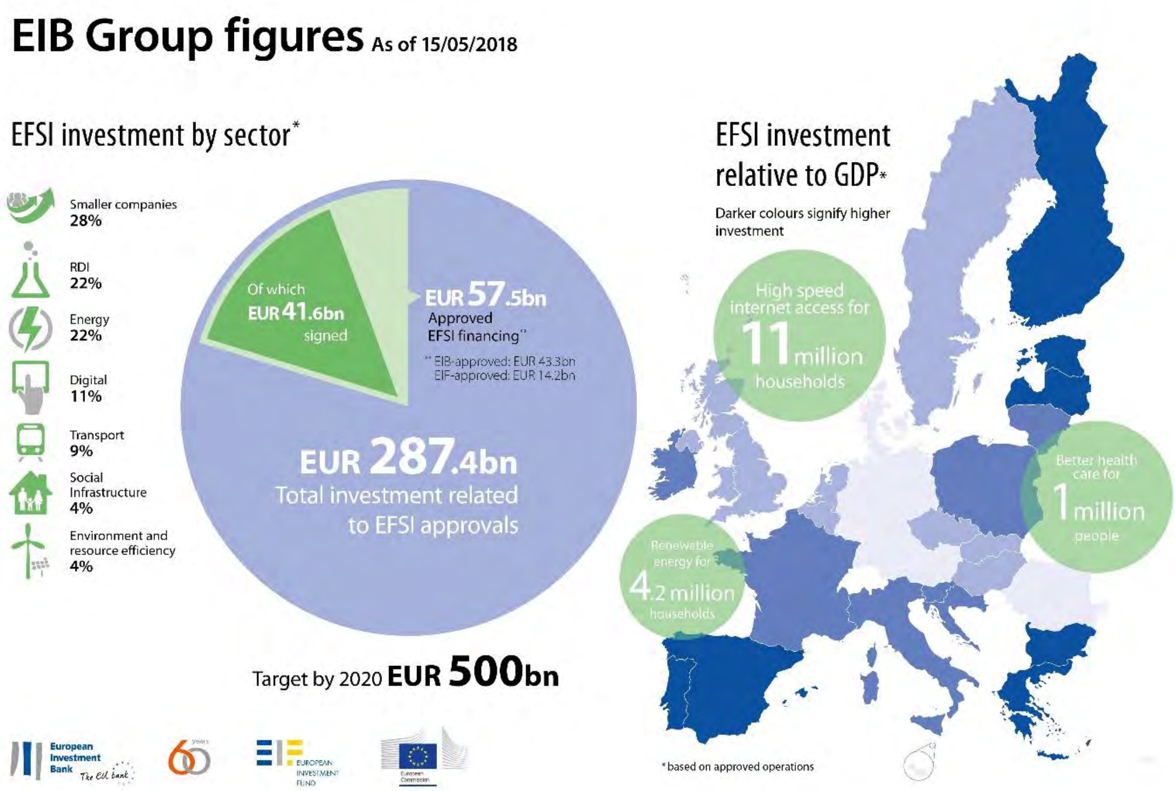
These results should be read in their specific modelling context. They reflect the relative increase in GDP and employment over a baseline scenario. And while the additionality of EFSI operations is assessed and approved on a project by project basis, this macroeconomic modelling approach looks at this from a different, complementary angle, examining the role of EFSI in channelling finance into productive investments. Building on available good practice, this modelling approach necessarily faces some constraints and requires certain assumptions to be made and model specifications to be determined. This is why these results are supported by a rigorous and extensive sensitivity analysis to check the robustness of the findings in relation to the underlying model options and parameters used. The results are demonstrated to be robust to specific model and market assumptions. Importantly, the scope of the results is in line with similar exercises carried out in similar contexts such as on the use of structural funds in Europe, the impact of EFSI, or the American Reconstruction and Recovery Act. To further ensure the validity of the model and the findings, the model and the results of the exercise are published in a transparent manner and are being discussed with a range of key stakeholders (for more details see on the EIB[60] and JRC[61] websites).

[60] http://www.eib.org/about/economic-research/assessing-macroeconomic-impact/rhomolo.htm
[61] https://ec.europa.eu/jrc/en/rhomolo

IV. LOOKING AHEAD AND EFSI 2.0

Being the sole implementing agent for EFSI has allowed the EIB Group to ensure high efficiency and mobilise investment that delivers real added value for the EU economy. The EIB Group is thus firmly on track on delivering on the initial investment target of EUR 315bn. As at 15 May 2018, two months ahead of the third anniversary of EFSI, with close to EUR 58bn of approved financing expected to facilitate more than EUR 287bn of investments, EIB Group has already reached more than 90% of the original target.

Figure 15. EIB Group financing under EFSI as at 15 May 2018



The EIB Group will continue to implement the extended and increased EFSI aiming to facilitate a total of EUR 500bn of investment by the end of 2020, taking also into account the technical changes brought by EFSI 2.0, that are being put in place, such as:

- A reinforced definition of "additionality": projects approved under EFSI 2.0 continue addressing sub-optimal investment situations or market gaps/failures. Operations that qualify as “Special Activities” as well as projects that involve physical or e-infrastructure linking or extending the link between two or more Member States are deemed to have a strong indication of additionality.
- New sectors: EFSI support is now available for new eligible sectors namely (i) sustainable agriculture, forestry, fishery, aquaculture and other elements of the wider bioeconomy and (ii) for less-developed regions and transition regions as listed respectively in Annexes I and II to Commission Implementing Decision 2014/99/EU, other industry and services eligible for EIB support. These new objectives should allow extending the outreach of EFSI in Cohesion areas and in rural and coastal areas of the EU.
- Increased transparency: the Investment Committee now explains its positive decisions, giving the rationale for why a transaction fulfils the criteria for EFSI backing. These explanations together with a scoreboard of indicators for operations signed under EFSI are made publicly available, excluding commercially sensitive information.

- Climate Action focus: EFSI 2.0 focuses even more on sustainable investments in all sectors to contribute to meeting COP21 targets and to help deliver on the transition to a resource efficient, circular and low-carbon economy. While being dependant of the demand-driven nature of EFSI, a 40% target has been set for EFSI financing under IIW (excluding EFSI financing to SMEs and small Mid-Caps) in relation to project components that contribute to climate action.
- Amended EFSI governance: the European Parliament shall nominate an independent expert as non-voting member of the EFSI Steering Board. His/her positions are to be taken into account in the EFSI Steering Board's discussions and reflected in the detailed minutes of the meeting.
- More targeted assistance by EIAH: in providing technical assistance on a more targeted and proactive approach, in particular when it comes to projects related to climate action and circular economy, projects in the digital sector, and cross-border projects. EIAH is also to reinforce its advice on the combination of other sources of EU funding with EFSI, including IPs. As regards the cooperation with NPBs, EIAH is to endeavour to conclude at least one cooperation agreement with a national promotional bank/institution per Member State. In Member States where NPBs/NPIs do not exist, EIAH is to provide pro-active advisory support on the establishment of such entities where appropriate.

Overall, in 2018 and going forward, the EIB Group shall continue the implementation of EFSI and remain committed towards its successful delivery. EIB shall continue deploying the riskier products developed under EFSI, focusing also on the newly created NPB portfolio for equity-type operations. EIF will continue building on the successful flagship products RCR, COSME, InnovFin and EaSI while enhancing the more recent ones such as CCS GF. In addition, EIF shall further support new market segments such as loan funds and payment-by-results initiatives and launch new products under EFSI Equity. Also, EIF will continue enhancing cooperation with NPIs through existing financial instruments, the EIF-NPI Equity Platform and the ENSI programme while exploring new means of working together.

ANNEX 1. CASE STUDIES

CASE STUDY 1: EFSI IIW: Graphene-based electrical storage, Skeleton, Germany and Estonia

Development and commercialisation of high-speed, high-density energy storage systems based on graphene technology.

© Skeleton Technologies

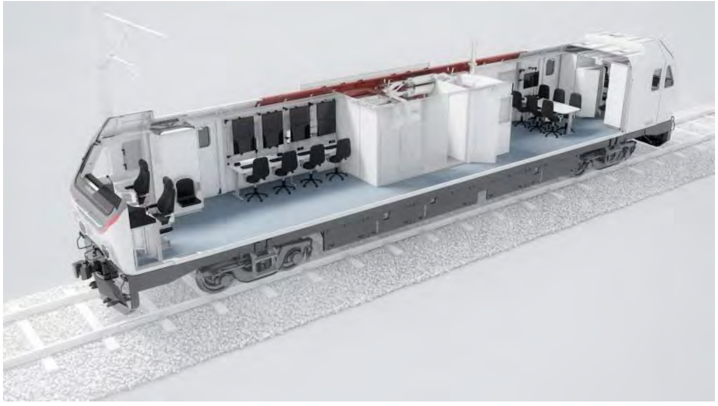
Nanotechnology is a buzzword that people like to use when talking about the future of science, engineering and society. They may also mention graphene as an area of nanotechnology with great potential. This project, based in Germany and Estonia, shows that European scientists and engineers are already commercialising a nanotechnology and graphene future, with EIB and EU support.

The project supports the creation and commercialisation of electrical storage devices based on graphene technology. Carbon can be soft when its atoms are arranged in the form of graphite, or very hard when they make up a diamond. Graphene is what you get if you create a honeycomb lattice of carbon atoms that is just one layer thick. A graphene composite would be hundreds of times stronger than steel, but it is its electrical properties which Skeleton is exploiting. Capacitors are often used to smooth the flow of electricity in electronic and electrical devices. Like batteries, they store electrical energy. However, unlike batteries, they can charge and discharge very quickly. A capacitor using graphene sheets can charge and discharge many times faster than a conventional battery: almost instantaneously, with very high energy density. Skeleton is commercialising a range of graphene-based super capacitors to optimise energy use across a wide range of sectors, including direct regenerative braking which could replace hydraulic accumulators on construction machinery or conventional brakes on road vehicles.

Skeleton is a rapidly developing company, making the transition from a venture capital start-up, to a mass production supplier of energy control and storage systems to a wide range of engineering sectors. To achieve this, it is making capital investments at its existing facilities in Estonia and setting up a new production plant in Germany, whilst continuing to invest heavily in research and development. Its EIB loan, backed by an EFSI guarantee, will allow it to build its production facilities and market position more quickly than might have been otherwise possible, and to continue to develop its cutting-edge products.

CASE STUDY 2: EFSI IIW: Rail track fault-detection systems, MERMEC Group, Italy

Research and innovation in railway technology: increasing safety, security, reliability and comfort.



Sometimes, people see Europe's railways as just a useful service: not very exciting, maybe a little old fashioned, but good for the environment. The rails and rolling stock don't appear to have changed much over the years. However, appearances can be deceptive. Modern rail systems are being revolutionised by the application of cutting-edge technologies to make them safer, more reliable, more predictable and more efficient.

The project with MERMEC Group illustrates this perfectly. The company was originally established as Meridionale Meccanica over 30 years ago, to manufacture railway maintenance vehicles. In the 1990s, in collaboration with the Italian Research Institute, it started to develop an opto-electronic system to detect the condition of the tracks. Since then it has developed its expertise to become a leading provider of technology to the rail industry worldwide. MERMEC is R&D led, investing the same proportion of its turnover in R&D as companies like Microsoft, and much more than many aerospace companies. The company's current products make extensive use of contactless measuring systems, video tracking and high-speed processing to identify potential safety issues at the train's full speed, tracking potential problems over time, long before they would have been identified by traditional inspection systems.

The company is also developing products for the wider rail system. One example is the use of three dimensional video systems to identify the presence on the track of animals, people and other objects which might be at risk or pose a potential threat to the trains, and their passengers and staff.

The policy benefits of this project are clear. It is fully in line with the EU's R&D Horizon 2020 strategy, and the creation of high quality jobs in Puglia supports the Union's Convergence objectives. MERMEC is also an active member of the EU's SHIFT2RAIL research and development initiative. Without the support of the Bank, there is a risk that the rail industry, and society as a whole, would not gain the safety and security benefits that this research and development project will bring. The combination of an EIB loan and the EFSI guarantee will not only make it easier for the company to access commercial financial sector resources to fund the company's growth, it will make people's travel safer and more secure.

CASE STUDY 3: EFSI IIW: Transgaz BRUA gas interconnection, Bulgaria, Romania, Hungary and Austria

© iStock

Diversifying energy supply and increasing energy security with a new gas pipeline

Natural gas has become a major source of energy for EU consumers. However, the cost of this gas is substantially higher in the countries of South East Europe than in the rest of the EU. This is due to an effective monopoly in the supply of gas to the countries of the region, dating from before their EU accession. This gas interconnector project is a major component of a new supply route across the region, wholly within EU member state territories. Creating a more competitive gas supply market will not only cut energy costs for households, but will reduce costs for all types of manufacturing and service businesses, making them more internationally competitive. The project will also improve the security of energy supply in South East Europe, which currently relies on a single foreign source of imported gas and will therefore benefit from the diversification of available energy supply promoted by the project.

The strategic importance of this project is underlined by the European Commission's decision to include it in the list of Projects of Common Interest in 2015, but also by the award of a Structural Funds grant of 35% of project cost under the Connecting Europe Facility.

CASE STUDY 4: EFSI IIW: Viotia Wind Parks, Greece

© EIB

18 wind turbines with an operating capacity of 48.6 MW, substituting current high carbon energy production.

Although the Greek economy is still in a recovery phase, Greek renewable energy policy is aligned with the rest of the EU, and substantial support has been given to investments in renewable energy projects over the last ten years. However, investments in electricity generation based on wind energy have fallen behind government targets, as a result of the economic crisis and structural inefficiencies of the electricity sector. The Viotia Wind Parks project is a step towards filling the remaining gap for Greece's 2020 renewables target, which requires additional investments of around EUR 4 billion by the end of the decade.

The project comprises three groups of wind turbines, with a combined capacity of 48.6 MW, all installed on mountain ridges in the Viotia region, around 90 kilometres north-west of Athens. Underground cables take the generated power to two existing electricity substations, where it feeds into the grid. As part of the environmental permitting process, all three sites underwent an environmental impact assessment, including public consultation, before the works started. The three wind farms became operational in 2017. All of the electricity produced by the wind farms will feed into the grid, based on a feed-in tariff, set in advance and legally guaranteed.

Greece has seen a fall in electrical demand in recent years, particularly in peak demand, due to the combination of a difficult economic climate and the growth in the use of solar energy. However, the introduction of electrical power from this project will reduce the dependence on some thermal power plants which weigh more heavily on the environment.

CASE STUDY 5: EFSI IIW: Electronic toll collection system, Slovenia

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Free-flow tolling of HGVs[62] to reduce traffic congestion and enforce "polluter pays"-principles.

Slovenia is heavily dependent on road transport, which accounts for 80% of all inland transport. Much of this traffic is international transit traffic, with 68% of all HGVs using the motorways being foreign registered.

Conventionally, vehicles have to slow down, queue, stop, collect a ticket or make a payment, exit the toll gate, and accelerate back up to speed. This process wastes fuel, wastes the economic resources of the truck, the driver and the load, increases local emissions and is an inefficient use of financial and human resources. It also contributes to congestion.

The Slovenian motorway network is managed by a single body: Družba za avtoceste v Republiki Sloveniji[63] (DARS). DARS managers proposed to move from conventional physical tollgates to a contactless, free flowing, Electronic Toll Collection System (ETCS). ETCS is already in use in a number of EU countries, some funded by the EIB.

Under this system each vehicle needs a low cost microwave tag. These will be available at 80 customer services points, or on-line, and they communicate with 34 gantries or road side-towers, to be installed as part of the project. Using Dedicated Short Range Communication (DSRC) technology, the users will then be charged electronically, based on the distance travelled and the vehicle's EURO class, supporting the "user/polluter pays" principle, and promoting a more rational and efficient use of roads, leading to smarter transport. There should even be fewer accidents as vehicles will no longer have to stop at the toll booth.

[62] Heavy Goods Vehicle – all vehicles with a Gross Combination Mass greater than 3,500 kg.
[63] The Motorway Company of the Republic of Slovenia.

CASE STUDY 6: EFSI IIW: Riga Transport Company trams, Latvia

Network modernisation: new low-floor, high capacity trams; hydrogen bus fleet and electric range extended trolley buses.

Riga, the largest city of the Baltic States, has an extensive public transport network with multiple modes: 9 tram lines based on mostly traditional, ageing high-floor trams, 19 trolley bus lines with range extension provided by diesel motors, and 53 conventional bus lines – all diesel fuelled. These facilitated some 147 million passenger trips in 2015. However, while passenger numbers were increasing up until 2014, this has turned into a decline as the network ages, reliability levels fall, and private passenger car numbers increase. To address this, a new set of strategies and programmes have been developed to guide and reverse the trend. One of the city's specific goals is to make Riga a pedestrian, bicycle and public transport friendly city, and it has adopted a strategy of zero emission vehicles for the city centre to reduce the pollution. In part, this has been driven by the city centre's canyon-like narrow streets, bounded by high buildings, which tend to trap atmospheric pollution at ground level. The trams and hydrogen cell buses have a particular role to play in these zero emissions objectives.

© Rigas Satiksme

The new investments include: 20 new low-floor trams, plus 11 km of track upgrades to allow the new trams to operate, and a range of other tram infrastructure investments; the acquisition of 10 new hydrogen fuel-cell electric buses, supported by a hydrogen production, storage and refuelling station; and the purchase of 10 trolley buses with hydrogen fuel cell powered range extenders. Range extenders allow trolley buses to operate like conventional buses and travel beyond their dedicated infrastructure. Backing up these investments will be the complete overhaul and reconstruction of a tram depot to allow it to maintain and repair the new generation of low-floored trams.

Riga Transport trams is yet another example of how projects which benefit from Bank financing can simultaneously support multiple EU policy objectives. Clearly, the project supports the sustainable transport objective, and the horizontal policy of climate action. The project falls under the Cleaner Transport Facility as it is one of the early examples of the deployment of hydrogen buses. However, the project will also benefit from direct EU support under the EU's CEF and, of course, it is also located in a Cohesion region. The combination of EIB financing and an EFSI guarantee meant that the borrower could benefit from longer term lending than the market could offer, and allow crowding in of local commercial banks to support Riga city's transport objectives.

CASE STUDY 7: EFSI IIW: Sunflower oil production, Bulgaria

© *iStock*

New edible oil extraction plant targeting exports, using local sunflower seeds, with energy produced from by-products.

Oliva AD is a successful Bulgarian-based operator in the sunflower market, employing 416 people, and was the first beneficiary of EIB direct lending under the EU's EFSI programme in Bulgaria. What the company needed financing for was the development of a new, greenfield sunflower oil production plant to support its expansion and diversification strategy. The project would support rural economic development in a cohesion region and strengthen a Mid-Cap company active in the agro-food value chain, making the investment a strong fit with EFSI objectives.

The new factory is located in Beloslav, Bulgaria, close to agricultural areas of sunflower production and not far from the Black Sea port of Varna, through which most of the production is exported. In the first phase, the new facilities will include grain elevators and silos with a combined storage capacity of 150 000 cubic metres, 22 seed cracking rolls, two screw presses and all related equipment. The project is split into two phases: the crushing capacity will start at 680 metric tonnes per day and will reach 1 500 when fully implemented; and while sunflower seeds will be the primary raw material, the plant will also be able to process soya beans and rapeseeds. The investment includes an on-site wastewater treatment plant and a biomass steam boiler, using by-products as fuel-feedstock, which will provide the factory with all the heating required for production.

Agriculture is an important part of the Bulgarian economy, contributing around 5% to GDP (2016), with oilseeds playing a significant role. The country is the EU's second largest producer of sunflower seeds and local industry currently processes circa 42% of their agricultural production, with the remainder currently being exported for processing elsewhere. Oliva's investments in Bulgaria's agricultural value chain will contribute directly and indirectly to economic development and employment in a less-developed EU region.

CASE STUDY 8: EFSI IIW: Connecting Europe Broadband Fund

Investing in high speed broadband, particularly in rural/remote areas which are less attractive to mainstream investors.

Up to EUR 500 million fund size; EIB share: up to EUR 140 million; EFSI guarantee.

© EIB blog usage

High speed broadband is recognised as a critical enabling technology which can help drive economic development. Its importance is reflected in the European Commission's Digital Agenda for Europe, which includes two relevant targets: generalised coverage of 30 Mbps[64] by 2020, and 50% take up of 100 Mbps by 2020. Many densely populated areas should be able to reach these figures without external assistance, particularly in wealthier regions. However, where economies are weaker, and the population sparse, there are fewer operators willing to make the investments needed to achieve these speeds. Many regional economic development bodies see the digital superhighway as an alternative to fixed transport infrastructure: allowing remote communities in mountainous or coastal regions to provide services instantaneously across physical, national and international barriers. The Connecting Europe Broadband Fund was conceived, developed, and is now funded, with the objective of addressing market failure in the supply of what has become an essential piece of economic infrastructure.

Fixed broadband projects can have a risky profile, with high up-front costs, uncertain demand, and cashflows which take time to develop. This creates a potential financing gap which conventional lenders would seek to avoid. To bridge this, the EIB and the European Commission have combined to create the first European broadband infrastructure investment fund. The fund has been designed to allow different investors to accept levels of risk which are appropriate for their own business model. The highest level of risk is carried by the Connecting Europe Facility, managed by the European Commission, followed by the EIB with support from EFSI, and possibly national promotional banks as well. The third, and lowest, risk level targets institutional and other mainstream investors. The fund itself is to be managed by an experienced, professional fund manager with relevant sector experience and a sound track record in managing funds of this type.

The fund will be labelled as an "EFSI Investment Platform" and will focus on equity and quasi-equity investments, with leveraged debt financing coming from the financial sector. The average investment by the fund is expected to be EUR 10 million, offering the prospect of 50 new projects being supported during the commitment phase of the fund.

[64] Download/upload speed: megabits per second.

CASE STUDY 9: EFSI IIW: Recycling and circular economy, Green Fibre International, Romania

Integrated recycling group using PET[65] from discarded plastic bottles to produce PSF[66].

There is increasing public awareness of the environmental risks posed by plastic waste: from litter in the street to plastic pollution in the oceans. However, one of the answers may just be to stop calling it waste. If we consider one-way plastic packaging as a resource, and the starting point for new products, it would be more highly valued and more of it would be recovered. Green Fibre International is building its future on this type of material in Romania.

This project supports a relatively new company that started out making PET flakes from old plastic bottles. As it grew, its know-how developed until it become one of Europe's market leaders. Now Green Fibre will expand its PET activities upstream and downstream. One of the problems for re-processors is to get a consistent supply of plastic feedstock (old bottles). Part of the project is therefore to create 125 public collection units. At the same time, the company is establishing relationships with national collection systems, and importing materials from other countries which do not have processing capabilities. These inputs will feed into a new processing unit which convert the PET flakes itself into fibres, for use in a range of products, depending on the quality of the input material. Furthermore, having established a collection system, Green Fibre will also operate a Waste Electrical and Electronic Equipment processing unit that will take old appliances, devices and cables, repair what is repairable, extract reusable components, and prepare other materials for recycling. The company recycles other materials too, for example glass and light bulbs, with a high focus on traceability, to facilitate reporting on recycling achieved. By securing part of their feedstock through their own collection channels, and focusing on quality, the company is able to compete with Asian markets that have lower labour costs.

Although Green Fibre is a major processor of recovered plastics, it is still small in absolute terms and the project is a bold step in its development. Growing companies need both additional working capital to fund growth and investment financing to expand their capacity. The EIB's SME/Mid-Cap loan, backed by EFSI, was therefore critical for the company's development programme.

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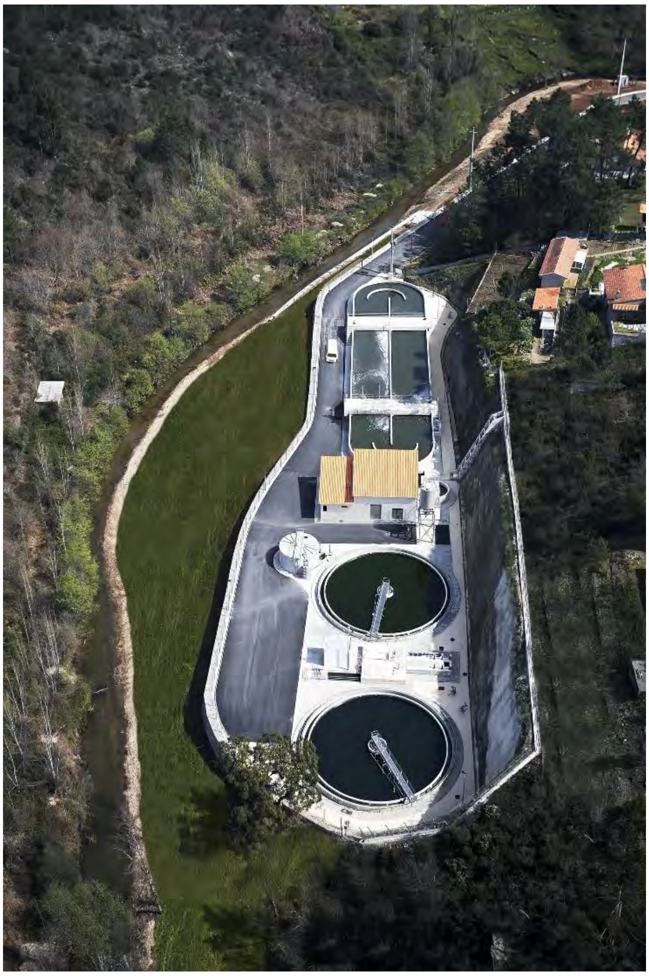
65 PET – PolyEthylene Terephthalate - one of the commonest materials for plastic bottles.
66 PSF – Polyester Staple Fibre, produced using converted PET as the feedstock.

CASE STUDY 10: EFSI IIW: Water supply and sanitation, Portugal

Increased water resilience and better wastewater treatment with less energy and a lower environmental impact.

Many of the Bank's projects involve large-scale investments in a single location. However, the Water Supply and Sanitation in Portugal is an example of how EIB financing can reach the wider community. The operation supports the investment programme of Aguas de Portugal (AdP) which serves about 80% of the total population.



© EIB

Over 8 million inhabitants are expected to benefit from improved water services and over 6 million from enhanced wastewater services. To achieve this, treatment plants will be constructed, upgraded or expanded and nearly 2 500 km of sewers will be laid or upgraded, along with 1 400 km of mains water piping. The scale and nature of the physical works means that the programme will take some time to implement, but all of the sub-projects should be complete by the end of 2021.

The project should ensure compliance with key European legislation in the water sector. In 2015, the Portuguese government

launched a comprehensive reform programme to improve the quality and sustainability of water and wastewater services: harmonising tariffs across the country, promoting equality and regional solidarity, and strengthening financial sustainability. The reform also involves the aggregation of operators at both municipal and supra-municipal levels to reduce market fragmentation and promote efficiency and effectiveness.

The value added of the EIB's intervention under the EFSI guarantee is that it will allow the AdP Group to carry out a major investment programme on conditions which would otherwise not have been available to it, and accelerate the implementation of targets set by new regulations. In addition to providing the clean water which is regarded as a human right, the project will also improve the system's energy efficiency, and make it more resilient to climate change. There will be a particular benefit in remote areas by allowing a wider range of economic activities to be undertaken, including tourism.

CASE STUDY 11: EFSI IIW: Amphia Hospital, Netherlands

© Beeld Werkt

New, state-of-the art hospital replacing outdated, scattered facilities: improving patient care for an ageing population.

Amphia, is a regional hospital in the province of Noord-Brabant, in Southern Netherlands. The project aims at regrouping all core services on a single site, leading to improved patient accommodation, cost savings, higher quality care provision and service benefits. It is an essential step in the development of Amphia's main focus areas: cardiology, oncology, obstetrics, paediatrics, orthopaedics and healthy ageing. All 711 beds in the new facility will be in single rooms and the promoter will also renovate and adapt existing buildings to meet local needs. The natural catchment area of the hospital has a population of some 400,000 whose other options are limited.

Since 2006, the structure of the Dutch healthcare sector has seen substantial changes, with the introduction of managed competition between service providers. The effects of the changes are still unfolding and there is a degree of uncertainty as operators establish their role within the marketplace. The development of the new hospital has therefore been partly driven by the need to maintain its strong position in a competitive market on the one hand and, on the other, the desire to further develop its top clinical specialisations. The services proposed by the hospital are well matched to the needs of the country's ageing population.

However, like private companies, hospitals must seek new sources of financing for capital investments. For the Amphia project, a large part of the financing will come from a consortium of three private banks, at commercial interest rates and, more importantly, with a term over a limited number of years and subject to refinancing. This presents challenges for the hospital group, as it is more beneficial to access finance in line with the lifetime of the assets. Thanks to the availability of an EFSI guarantee, the EIB has been able to offer longer term financing than was otherwise available, giving the hospital repayment terms in line with asset life and long term financial stability.

CASE STUDY 12: EFSI IIW: RDI programme in biosciences

The RDI programme developed new plasma protein products and therapies that are used for treatment of diseases such as Alzheimer's disease and in vascular and cardiovascular surgery.

The promoter, Grifols is the world's third largest and the largest European manufacturer and distributor of plasma products – pharmaceuticals made from donated human plasma (the non-cellular component of blood). Forbes magazine has rated Grifols amongst the world's 100 most innovative companies.

The EIB financed RDI programme comprised the following themes: (i) the discovery and development of new products (plasma proteins), (ii) finding new therapeutic indications for existing plasma proteins and (iii) the improvement of manufacturing processes to increase yields in receiving the new products, their safety and efficiency. Therapeutic indications include Alzheimer's disease, vascular and cardiovascular surgery and arterial thrombolysis.

The rationale for EIB intervention was to promote novel innovations, aligned with the EU Horizon 2020 programme, so as to enhance quality of life and address major health problems through treating diseases with plasma therapies. The total investment expenditure of the RDI programme was EUR 290.8 million of which the EIB loan accounted for EUR 100 million or 34% of the project cost. The financing of the project met the eligibility criteria for an EFSI guarantee and it was among the first EFSI-backed EIB operations fully implemented and completed in 2017.

The RDI programme leads to an average of 100 patent applications and 11 collaboration agreements with universities and research institutes per year. The promoter's European based biosciences (RDI) division, located mainly in Barcelona, employs 170 persons full-time.

Global demand for plasma products and derivatives is expected to grow annually by 5-7% over the medium term, with variations across proteins and across regions. The main demand drivers are global population growth combined with increasing disposable income and life expectancy.

CASE STUDY 13: EFSI SMEW: Kloshar Bags. A street fashion company in Bulgaria

An interest in music and art is the common element behind the diverse clientele of Kloshar Bags, a bespoke street fashion brand established in 2014 in Sofia, Bulgaria. The origins of the company can be traced back to when Deyan Milenkov decided to give his sister Natalyia a vinyl record bag as a present. After some time, Natalyia started making bags for herself and her friends, with Deyan eventually developing a Facebook page for Kloshar Bags.

The brand quickly gained its first fans in the world of social media, but with this growth came also the increasing need for investment in materials and logistics. Deyan and Natalyia decided to leave their previous jobs in order to dedicate all their time and resources to the company, and started to look for support and partners that could enable this growth.

They found this support in the form of an EU-guaranteed loan through JOBS Microfinance Institution, backed by a guarantee of the National Guarantee Fund and a counter-guarantee under the COSME Programme by EIF. As Deyan explains, “we were expecting more sluggish procedures, but it turned out that we were wrong. Naturally, there was a filling-in of documents, but the most important thing was the attitude they had with us. The bank employees were with us 24/7.”

The loan allowed Kloshar Bags to launch their own online shop and expand the team, exploring new markets as their unique bags are supplied to clients across the world, from the United States to South Korea.

Kloshar Bags incorporate authentic records in their products, with the bags built out of single pieces and custom-made at the client’s wish, personally handcrafted by Natalyia. Together with the signature vinyl record, clients can choose from a multitude of design elements: spider webs, wings and crocodile skin are mixed with space motifs and holographic elements, neon colors and various painted fabrics.

Source: http://www.eif.org/what_we_do/guarantees/case-studies/efsi-cosme-kloshar-bags-bulgaria.htm

CASE STUDY 14: EFSI SMEW: Deva baby food production in Czech Republic

Nutricia Deva is a former Danone-owned company that produces fruit desserts and fruit drinks for babies in glass jars and bottles. The company has strong fresh fruit processing competencies and multiple bio- and organic certifications.

In 2017, the plant was acquired by Arx Equity Partners, a private equity firm that supports the growth of mid-sized companies in Central Europe, with the support of EIF under the EU's Investment Plan for Europe and the COSME EFG and EIB mandate resources.

Under new management, Nutricia Deva has continued to produce the same high-quality recipes, but now under their own brand name (Deva) while also supplying other private-labels and exporting to 16 different countries from their base in Nove Mesto nad Metuji in the Czech Republic.

In making the transition however, Arx Equity Partners was faced with a big challenge: having been a subsidiary thus far, the company had no management structure of its own. Arx Equity Partners' first priority was therefore to fill all the empty roles, from General Manager to CFO, and from the IT department to a sales team - among others. "The company didn't have any of these structures set up. There was no strategic function. So we invested in recruiting some very capable staff and establishing the various missing departments. Then we were able to focus on growth." explains Radil Stefovski, member of the Supervisory Board of Nutricia Deva.

The investment was critical in the company's survival. "Without it, the company would most probably have had to shut down, and more than one hundred jobs would have been lost," says Radil. But things are now looking up for the company: "Now that we have established the Deva brand, we are looking into selling to retailers outside Europe like South America, Asia and Africa. The company is also looking to develop new products like pouches, extending our packaging capabilities and moving away from the current focus on glass jars."

Source: http://www.eif.org/what_we_do/guarantees/case-studies/efsi-cosme-rcr-nove-mesto-nad-metuji.htm

CASE STUDY 15: EFSI SMEW: Exovite. Supporting technological innovation in healthcare, Spain

Exovite is an SME dedicated to the development of technological innovation in tools and medical procedures. From their headquarters in Zaragoza, Exovite have developed an innovative comprehensive system for immobilization and rehabilitation in the field of traumatology and musculoskeletal treatments.

The system uses new technologies such as 3D-scanners and 3D-printers to produce light, durable ergonomic splints for the affected limb. Through dedicated software on the patient's smart-phone and an electro-stimulator attached to the splint, doctors are able to design and initiate rehabilitation exercises and monitor progress remotely, without the need for frequent visits to the clinic. Treatment can start earlier, with the limb still immobilised, and from the comfort of the patient's own home, thus preventing loss of muscle-mass and slashing the average recovery time for broken bones from 10 to 7 weeks.

Exovite aims to optimize resources in medical treatment, but also to improve the quality of life of users of the system – both doctors and patients. This system is already in use in seven hospitals across Spain and the company is looking to expand to Israel, the USA and beyond.

From the start-up phase, Exovite has been entirely dependent on investments in research and development for the various products that make up this comprehensive system. The company has grown rapidly over the course of the past year, going from eight persons to twenty. To support this growth, Exovite sought support in the form of a loan guaranteed by CERSA, as well as EIF, thanks to the Investment Plan for Europe.

The InnovFin SME Guarantee initiative, aiming at generating new investments by supporting small and medium-sized enterprises across Europe, allowed Exovite to hire four new employees and take the business to the next level. Luis Monzon, Chief Operating Officer, explains: *"At the time, we were all part-timers. With this financial support, we were able to start working on the project full-time."*

Yet Exovite, a recipient of no fewer than 12 international awards, is still just taking off: *"By the end of 2016, we will be moving to new, larger offices. We have just hired someone to focus exclusively on managing sales and marketing, and soon we plan to be installing new-technology 3D printers in clinics that will produce the splints in 5 minutes instead of the current 7 hours."*

Source: http://www.eif.org/what_we_do/guarantees/case-studies/efsi-innovfin-exovite-spain.htm

CASE STUDY 16: EFSI SMEW: HeyDay. Organic juice production, Estonia

"Forget concentrates, pasteurisation, added sugar and additives. HeyDay is clean, natural, organic juice with a large dose of Nordic thinking" explains Janno Veskimäe, CEO of HeyDay.

Anton and Janno were university buddies who hadn't met for nearly ten years, until they bumped into one another at a petrol station. Soon after, they met up for dinner and a sauna at Anton's, making fresh juice for themselves and the kids, and a discussion started about how to get the balance right, fully aware that a bit too much ginger or celery could totally ruin the taste, regardless of how healthy it was. One thing led to the next and soon they were talking about a 'juice revolution'. "We wanted to set up the first organic juice factory in northern Europe, using local organic produce to minimise our carbon footprint and new high-pressure processing (HPP) technology, making it possible to preserve the juice for longer without pasteurising it."

By January 2015, they had left behind their suits and ties and founded HeyDay, headquartered initially in a make-shift space under the garage stairs of a shipbuilding plant. For Janno, the start-up phase was a challenge: "We didn't know anything about cold-pressing technology or the regulations. But we dedicated a lot of time to get informed. We went to see a similar company in Italy, we attended fairs all over the world and we visited the German Institute of Food Technologies. Soon we were in a position to open our own juice factory."

Setting up their own factory meant renovating an old building to make it suitable, respecting all the relevant regulations. This required a significant investment. "At that point, most banks were not willing to give us a loan without guarantees and it was too early to seek an equity investment. We simply had no value created yet." With the help of a loan secured through Kredex, and guaranteed by the COSME programme a under the Investment Plan for Europe, Janno and Anton were able to access the funding they needed. In March 2016 renovation started and by October, HeyDay juices hit the Estonian market.

Today, HeyDay employs 15 people, exporting to Finland and France. Most interestingly, however, the company also has a very human side: "When we created HeyDay, the idea came from the wish to make everyone's lives a little better, enjoying every day with the healthiest juice. But it also included helping those in need. This is why we give five cents from each bottle sold to those who need it the most – disadvantaged children." In Estonia, HeyDay supports a local orphanage.

Source: http://www.eif.org/what_we_do/guarantees/case-studies/efsi-cosme-heyday-estonia.htm

CASE STUDY 17: EFSI SMEW: Modsvar. Online platform for designer goods, Denmark

In 2015, Kristina Brinck wanted to create a new concept – an online platform where designers can sell their products directly to consumers in small quantities. The idea was to offer small Danish designers the opportunity to display their fashion goods without juggling the risks related to over-production. On top of that, the more products are bought, the cheaper they get, allowing customers to enjoy up to 35% discount on the designer goods.

However, at that time, Kristina could not afford to quit her full-time job and realise this dream. Several investors presented themselves to her, but Kristina turned down their offers as she wanted to keep full control over her project. Eventually, she secured an EU-guaranteed loan provided thanks to the Danish Growth Fund (Vækstfonden) and backed by EIF under the Investment Plan for Europe and the COSME programme. This EU initiative that aims to generate new investments by facilitating access to finance for small and medium-sized enterprises across Europe has allowed Kristina to quit her job and devote herself completely to her company.

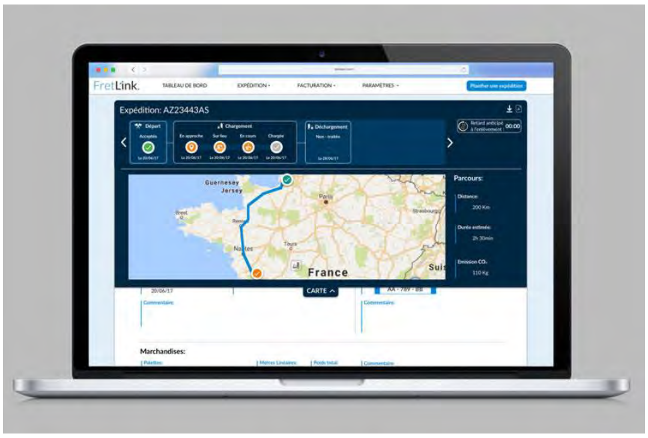
Without this loan, it would have taken her a lot longer to get started or she would have had to accept her investors' propositions and sacrifice part of her company's ownership: *"As a new company owner with an idea I am passionate about, it was important to me to stay in control. This loan was the right choice for me, because it means that I do not have to give up a part of my company to somebody else before I am ready."*

Today, Kristina has mostly used the loan for her company's operations and has plans to hire additional staff to expand her concept further.

Source: http://www.eif.org/what_we_do/guarantees/case-studies/efsi_cosme_modsvar_denmark.htm

CASE STUDY 18: EFSI SMEW: Fretlink. Software for logistics & transportation management, France

The connection between shippers and carriers is the dynamic process at the heart of the global logistics industry. It is, however, a traditionally fragmented market with a multitude of actors and different interfaces leading to inefficiencies and great cost in terms of time and money. “It is estimated that one truck in four runs empty and the average fill-rate of trucks is just 70%. Paradoxically, Europe is also facing a shortage of trucks and drivers at the same time” explains Paul Guillemin, CEO of Fretlink.



Fretlink is a French company born after a web entrepreneur, a logistics management expert, and an economist specialised in optimization, came together to look into the business opportunity presented by this inefficiency.

Together, they have developed a software platform that serves as a tool linking shippers to carriers, applying new technologies to the world of logistics and transportation. This software-as-a-service (SaaS) marketplace aims to bring significant added value through optimization of the transport of goods. By connecting the marketplace with fast, flexible and mobile software, Fretlink enables any professional shipper to find an adequate carrier, estimate rates and track his shipment. For the carrier, there is no need to examine thousands of offers or spend time negotiating, as the software takes care of finding the lots that match his needs.

This is pretty much how some beer crates found themselves travelling alongside a designer-brand fashion items “They were both shipping from the same area with extra space in the trucks. We connected the dots, and the result works for both companies and the environment as well” Paul explains.

Fretlink received investments from Daphni Purple and Elaia Delta, two venture capital funds backed by EIF under the EU’s Investment Plan for Europe and Innovfin Equity. This allowed the company to recruit new talent to boost their operational and web development teams. “The investment was key in our efforts to scale up and secure big-name clients like Carlsberg and P&G. Large corporate clients want certainty and security” Paul explains. “They can’t take any risks with their merchandise and we need to be able to deliver in a competitive market.” Looking ahead, Fretlink is expanding its business eastwards, having recently opened an office in Sofia.

Source: http://www.eif.org/what_we_do/guarantees/case-studies/efsi-innovfin-fretlink-france.htm

CASE STUDY 19: EFSI SMEW: Lux Cars, Car rental & trade, Luxembourg

Originally from Iraq, Hussein came to Luxembourg as a refugee in 2012 with his family, where he initially struggled to find a full-time job. Having gone through various different jobs in the course of his first 4 years in the country, Hussein relied on his experience as a manager in the used car business back in Iraq to found Lux Cars, a company that is dedicated to the purchasing, selling and renting of used vehicles.

In addition to the traditional services, Lux Cars also offers flexible transportation solutions, such as renting vans for short periods of time, or providing moving equipment in the van and a driver if necessary.

In the process of developing his own business, Hussein received support from Microlux, a microfinance institution backed by EIF under the EU Programme for Employment and Social Innovation (EaSI), which was recommended to him by his social worker. The EaSI programme aims to provide microfinance to vulnerable groups who want to set up or develop their business.

The financial support allowed Hussein to buy two vans to set the business in motion. More importantly, however, Hussein received invaluable coaching and mentoring. As he explains, “the coaching and support was extremely helpful. I didn’t speak French, and I didn’t know enough about the paperwork or the procedures. Both Microlux and my social worker helped me get through all the paperwork, explaining what I had to do and putting me in touch with people. I think the coaching was even more useful than the financing.”

Hussein’s business is based in Sanem, relying mainly on social media to communicate his services and available offers. With the business doing well, he is currently planning to expand his vehicle fleet further.

Source: http://www.eif.org/what_we_do/guarantees/case-studies/efsi-easi-luxcars-luxembourg.htm

CASE STUDY 20: EFSI SMEW: Payment by Results scheme supporting integration in Finland

Epiqus Kotouttaminen I ("Koto-SIB") is a Payment by Results (PbR) instrument providing fast-track integration training and employment for immigrants who have received international protection in Finland, managed by Epiqus, a fund manager dedicated to payment by results schemes having a social impact. The Koto-SIB was commissioned by the Finnish Ministry of Economic Affairs and Employment and received a EUR 10m commitment from the EIF under the EFSI Equity Product. The Koto-SIB is the largest PbR scheme in Europe and a qualifying social entrepreneurship fund under the EuSEF regulations aiming to support the integration of between 2,500 and 3,500 migrants and refugees.

Payment by Results investment schemes have been operational in Finland since 2010 to fund positive social outcomes for vulnerable groups. They work by building partnerships between social service providers (social enterprises and social sector organisations), commissioners (usually government agencies at local, regional or national level, or private sector foundations), investors and intermediaries. By focusing on outcomes, the interests of all stakeholders involved are aligned and thereby the various resources, experience and know-how are combined, enabling targeted social service delivery. Payment by Results schemes encourage cross-departmental funding within public entities and improve the rigour in government spending.

The Payment by Results scheme begins with a 'Commissioner' (in the current operation the Finnish Ministry of Economic Affairs and Employment) that wishes to achieve certain positive social outcomes, i.e. the integration and employment of immigrants and refugees. The Commissioner has selected an intermediary (Epiqus Oy in the current structure) who enters into a payment by results agreement with the Commissioner to deliver, via selected social enterprises and social sector organisations, the desired positive social outcomes by identifying, teaching, mentoring and guiding migrants and refugees to employment and thus social inclusion in Finland.

Investors in the structure prefund the social intervention of the social sector organisations and are remunerated by the Commissioner on the basis of the social impact results obtained through the social sector organisations' interventions. Impact evaluation in this case is conducted by comparison to a Randomized Control Group and measured through differences in tax collections and unemployment benefit payments between control and target groups.

Source: http://www.eif.org/what_we_do/equity/news/2017/efsi_epiqus_payment_by_results.htm?lang=-en

ANNEX 2. EIB GROUP OPERATIONS SIGNED UNDER EFSI DURING 2015 AND 2017

Infrastructure and Innovation Window

#	Project name	Country	EFSI Objective
1	Energiepark Bruck Onshore Wind	Austria	Energy
2	Hypo Vorarlberg Mezzanine ABS for EE & NZEB	Austria	Energy
3	Food Industry Resource Efficiency and Innovation	Austria	Energy, Environment and resource efficiency, RDI
4	Cityjet Regional Rolling Stock	Austria	Transport
5	Apeiron	Austria	RDI
6	Powertrain Development and Test Systems RDI	Austria	RDI
7	Simonsfeld Onshore Wind	Austria	Energy
8	Vienna School PPP Campus Berregasse	Austria	Social infrastructure
9	DIF Core Infrastructure Fund I	Austria, Belgium, Finland, France, Germany, Ireland, Netherlands, Spain	Digital, Energy, Transport
10	Nobelwind Offshore Wind	Belgium	Energy
11	Rentel Offshore Wind	Belgium	Energy
12	Norther Offshore Wind	Belgium	Energy
13	3D Printing Technology	Belgium	RDI
14	Arcelormittal European R&D Programme	Belgium, Czech Republic, France, Luxembourg, Poland, Romania, Spain	RDI
15	QUAERO European Infrastructure Fund	Belgium, Finland, France, Germany, Lithuania, Spain, United Kingdom	Digital, Energy, Transport, Environment and resource efficiency, Social infrastructure
16	Susi Renewable Energy Fund II	Belgium, Finland, France, Germany, Poland, Portugal	Energy
17	Infracapital Greenfield Infrastructure Fund	Belgium, Finland, Germany, Italy, Poland, Slovakia, Sweden, United Kingdom	Digital, Energy, Transport, Environment and resource efficiency, Social infrastructure
18	Ginkgo Fund II	Belgium, France	Environment and resource efficiency

19	Capenergie 3 Fund	Belgium, France, Germany, Ireland, Italy, Sweden	Energy
20	Brownfields 3	Belgium, France, Luxembourg, Poland, Spain	Energy, Environment and resource efficiency
21	Technicolor RDI	Belgium, France, United Kingdom	RDI
22	BDB Intermediated Loan for SMEs and Mid-caps	Bulgaria	Smaller companies, RDI
23	Food Industry Capacity Expansion	Bulgaria	Smaller companies
24	Biovet Peshtera	Bulgaria	RDI
25	HBOR Risk-sharing for Mid-caps and other Priorities	Croatia	Smaller companies
26	Fonds Infragreen III	Croatia, Denmark, France, Germany, Greece, Italy, Poland, Portugal, Spain, United Kingdom	Energy
27	SJI CAPEX & R&D Investments	Croatia, France, Germany, Spain	Smaller companies, RDI
28	Kodap Strategic Oil reserves Storage	Cyprus	Energy
29	CZ Initiative for Energy Efficiency and other Prio	Czech Republic	Energy, Smaller companies, RDI
30	Cramo Construction Equipment	Czech Republic, Denmark, Estonia, Finland, Latvia, Lithuania, Poland, Slovakia, Sweden	Smaller companies
31	Ramirent Construction Equipment	Czech Republic, Denmark, Estonia, Finland, Latvia, Lithuania, Poland, Slovakia, Sweden	Smaller companies
32	IT Platform Development	Czech Republic, Finland, Sweden	RDI
33	CUBE Infrastructure Fund II	Czech Republic, France, Ireland, Italy, Sweden, United Kingdom	Digital, Energy, Transport, Environment and resource efficiency
34	Maier Automotive Mid-cap Growth Investments	Czech Republic, Italy, Spain	Smaller companies, RDI
35	Terma Space and Radar Technology RDI	Denmark	RDI
36	CPH Airport Expansion Ten-T	Denmark	Transport

37	Haldor Topsoe Catalysts RDI	Denmark	RDI
38	Digital Innovation	Denmark, Finland, Sweden	Digital
39	Infranode	Denmark, Finland, Sweden	Digital, Energy, Transport, Environment and resource efficiency, RDI
40	Tallinn Airport Upgrade	Estonia	Transport
41	Skeleton	Estonia, Germany	RDI
42	BalTCAP Infrustructure Fund	Estonia, Latvia, Lithuania	Energy, Transport, Social infrastructure
43	Äänekoski Bio-Product Mill	Finland	Energy, Environment and resource efficiency
44	Tripla Near-Zero Energy Building project	Finland	Energy, Environment and resource efficiency
45	SATO Energy Efficient Buildings	Finland	Energy
46	VVO Near Zero Energy Buildings	Finland	Energy
47	VALIO RDI	Finland	RDI
48	OP Bank Enhanced Support for Mid-caps	Finland	Smaller companies
49	Nosto Solutions	Finland	RDI
50	IMPAX New Energy Investors III	Finland, France, Germany, Ireland, Italy, Poland	Energy
51	Mariadb	Finland, Germany	RDI
52	Spee en Picardie	France	Energy
53	SEM Énergies POSIT'IF Île de France	France	Energy
54	Latecoere Aerostructure RDI	France	RDI
55	IF TRI en Nord - Pas de Calais	France	Environment and resource efficiency
56	Logements Intermédiaires - SLI	France	Environment and resource efficiency
57	Daher Industrial and Product Innovation	France	RDI
58	France Efficacite Energetique Logement Social	France	Energy, Social infrastructure
59	PSA Efficient Powertrains	France	RDI
60	Alsace Très Haut Débit	France	Digital
61	French Overseas Territories Economic Development	France	Digital, Energy, Transport, Environment and resource efficiency, Smaller companies, Social infrastructure
62	Nord - Pas de Calais THD	France	Digital
63	Fonds SPI - Sociétés de projets industriels	France	Smaller companies, RDI
64	Ecotitanium	France	RDI
65	Renewable Energy Risk Sharing	France	Energy
66	Artee Nouvelle Aquitaine	France	Energy
67	Aperam R&D and Cohesion regions	France	RDI

68	SMT Artois Gohelle - Projet BHNS Bulles	France	Transport
69	Normandy Dairy Production Facility	France	Smaller companies
70	Mirova BTP Impact Local Fund	France	Digital, Transport, Social infrastructure
71	Construction Energy Efficiency Plus Fund	France	Energy
72	VALECO - Renewable Energy Projects Portfolio	France	Energy
73	Adestia - Efficacite Energetique Logement Social	France	Energy
74	Olmix	France	RDI
75	Eiffel Energy Transition Fund	France	Energy
76	France Tres Haut Debit	France	Digital
77	Amoeba	France	Smaller companies
78	TELCO	France	Digital
79	Co-Investment Telecom France	France	Digital
80	Security and Communication R&D	France	RDI
81	Soregies Energy Networks & Renewable Generation	France	Energy
82	French Animal Health R&D Investments	France	RDI
83	Enterome	France	RDI
84	Cellnovo	France	RDI
85	Sunpartner Technologies	France	Energy, Smaller companies, RDI
86	BNP Paribas Enhanced SME and Mid-cap support	France	Smaller companies
87	Roland Garros Airport - Réunion	France	Transport
88	Siah Water Treatment and Supply Management	France	Environment and resource efficiency
89	Crédit Agricole Enhanced SME and Mid-cap Support	France	Smaller companies
90	Smart Battery Systems	France	Smaller companies, RDI
91	SaarLB - RE Project Finance Guarantee	France, Germany	Energy
92	Drug Discovery RDI	France, Germany	RDI
93	KSPG Automotive RDI	France, Germany, Italy	RDI
94	Adient Automotive RDI	France, Germany, Slovakia	RDI
95	Automotive Steel RDI	France, Germany, Spain, Sweden, United Kingdom	RDI
96	Treves Acoustic Product & Systems RDI	France, Germany, Spain, United Kingdom	RDI
97	KGAL ESPF 4	France, Germany, Sweden	Energy
98	Livanova R&D	France, Italy	RDI
99	STM Italy-France-Malta	France, Italy, Malta	RDI

100	Mecachrome usine du futur & innovation	France, Portugal	Smaller companies, RDI
101	Amundi Energy Transition Alba I	France, United Kingdom	Energy
102	Combined Heat and Power Plant Kiel	Germany	Energy
103	A6 Wiesloch-Rauenberg to Weinsberg PPP	Germany	Transport
104	Heidelberger Druckmaschinen - Printing RDI	Germany	RDI
105	Commerzbank SME Mezzanine ABS	Germany	Smaller companies
106	Fuel Efficiency RDI	Germany	RDI
107	Energy Efficient Buildings	Germany	Energy
108	Curetis	Germany	RDI
109	Vonovia Energy Efficient Buildings	Germany	Energy
110	Biofrontera	Germany	RDI
111	Magforce	Germany	RDI
112	Viking Heat Engines	Germany	Smaller companies
113	Voxeljet	Germany	Smaller companies
114	EGYM	Germany	RDI
115	Censhare	Germany	RDI
116	KfW Mid-cap Investment Platform	Germany	Environment and resource efficiency, RDI
117	HKM Steel Manufacturing Modernisation	Germany	Environment and resource efficiency
118	AMW	Germany	RDI
119	LED Lamps RDI	Germany	RDI
120	Medneo	Germany	Social infrastructure
121	Amryt Pharma	Germany, Ireland	RDI
122	OHB Space RDI	Germany, Luxembourg, Sweden	Smaller companies, RDI
123	TIIC Transport and Social Infrastructure Fund	Germany, Netherlands, Portugal, Spain	Transport, Social infrastructure
124	Copenhagen Infrastructure II	Germany, Poland, Sweden, United Kingdom	Energy
125	Smart Innovation	Germany, Spain	RDI
126	Giesecke & Devrient R&D Investments	Germany, Spain, Sweden	Digital, RDI
127	Greek Regional Airports PPP	Greece	Transport
128	Agro Food Industry RDI (MGF)	Greece	RDI
129	Telecom Greece	Greece	Digital
130	NBG loan for SMEs and Mid-caps	Greece	Smaller companies
131	Viotia Wind Parks	Greece	Energy
132	Diorama Hellenic Growth Fund	Greece	Digital, Environment and resource efficiency, Smaller companies
133	Upstream	Greece	Smaller companies,

			RDI
134	Alpha Bank ABS Loan for SMEs and Mid-caps	Greece	Smaller companies
135	Piraeus Covered Bonds Loan for SMEs and Mid-caps	Greece	Smaller companies
136	Primary Care Centres PPP	Ireland	Social infrastructure
137	Dasos Fund II Co-Investment Forestry Ireland	Ireland	Environment and resource efficiency
138	Irish Continental Group Ferry Project	Ireland	Transport
139	Malin Corporation - Life Sciences Investments	Ireland, United Kingdom	Smaller companies, Social infrastructure, RDI
140	Autovie Venete A4 widening	Italy	Transport
141	2I Rete Gas Smart Metering	Italy	Energy
142	Italy-France Interconnector	Italy	Energy
143	Arvedi Modernisation Programme	Italy	RDI
144	TI - Accelerated Fixed High Speed BB rollout	Italy	Digital
145	Raffineria di Milazzo	Italy	Energy, Environment and resource efficiency, Smaller companies
146	Trenitalia Regional Rolling Stock	Italy	Transport
147	Novamont Renewable Chemistry	Italy	RDI
148	Euromed RORO	Italy	Transport
149	Aimag settore idrico e ambiente	Italy	Energy, Environment and resource efficiency
150	Finpiemonte SMEs & Mid-Caps & other Priorities	Italy	Smaller companies
151	Societá Gasdotti Italia - Gas transmission	Italy	Energy, Smaller companies
152	MM Water Infrastructure Upgrade	Italy	Environment and resource efficiency
153	Dolomiti Energia Networks & Hydro II	Italy	Energy
154	Italgas Gas Smart Metering	Italy	Energy
155	Ansaldo Innovative Gas and StECm Turbine DEV	Italy	RDI
156	Toscana energia gas Network & Metering	Italy	Energy, Smaller companies
157	Banca del Mezzogiorno Loan for SMEs and Mid-caps	Italy	Smaller companies
158	EGEA Networks	Italy	Energy, Environment and resource efficiency
159	Vidrala Advanced Glass Manufacturing	Italy	RDI
160	Treviso Hospital PPP Project	Italy	Social infrastructure
161	Alperia Hydropower	Italy	Energy
162	2I Rete Gas Distribution Network	Italy	Energy, Smaller companies
163	KOS - Advanced Medical Equipment	Italy	Social infrastructure
164	LSCT New Development Plan	Italy	Transport
165	Mermec Group	Italy	RDI
166	Electro Power Systems	Italy	RDI
167	Saviola Sustainable Furniture	Italy	Smaller companies,

			RDI
168	Fassa Bortolo Group	Italy	RDI
169	Elite Basket Bond 1	Italy	Smaller companies
170	Alba Leasing Loan for SMEs and Mid-caps IV	Italy	Smaller companies
171	SCM Group Woodworking Machinery RDI	Italy	RDI
172	Brianzacque Water Investments	Italy	Environment and resource efficiency
173	AQP-Water Sector Upgrade Southern Italy	Italy	Environment and resource efficiency
174	Italia Venture I Fund	Italy	Smaller companies
175	FNM New Regional Rolling Stock	Italy	Transport
176	Amap Water Investments	Italy	Environment and resource efficiency
177	Optical Lighting Systems for Automotive	Italy, Poland	RDI
178	Mobile Broadband Infrastructure Densification	Italy, Spain	Digital
179	Riga Transport Company	Latvia	Transport
180	University of Latvia Research and Study Centre	Latvia	Social infrastructure, RDI
181	Lietuvos Energija Vilnius CHP project	Lithuania	Energy, Environment and resource efficiency
182	Qredits Loan for SMEs	Netherlands	Smaller companies
183	A6 Almere Motorway PPP	Netherlands	Transport
184	AMPHIA Hospital	Netherlands	Social infrastructure, RDI
185	Limburgs Energie Fonds	Netherlands	Energy, Transport, Environment and resource efficiency
186	CM	Netherlands	Digital
187	Digital Project	Netherlands	Smaller companies
188	Water Supply Oasen	Netherlands	Environment and resource efficiency
189	LTE Volte - High Speed Mobile Internet Roll-out	Netherlands, Sweden	Digital
190	Kujawsko-Pomorskie Healthcare Program III	Poland	Social infrastructure
191	Eastern Poland Dairy Production Facility	Poland	Smaller companies
192	Tauron Electricity Distribution II	Poland	Energy
193	Poznan Affordable Housing	Poland	Social infrastructure
194	Food Logistics and Production Modernisation	Poland	Energy, RDI
195	Krakow By-Pass - Lagiewnicka Route	Poland	Transport
196	Mlekpol S Dairy Production Facility	Poland	Smaller companies
197	Przewozy Regional Rolling Stock Modernisation	Poland	Transport
198	MBANK Enhanced Support for SMEs and Mid-Caps	Poland	Smaller companies
199	Energa Hybrid Bond	Poland	Energy
200	Bank Zachodni Enhanced Support for SMEs and Mid-caps	Poland	Smaller companies
201	NGA Network Upgrade Programme	Poland	Digital
202	SCB Poland ABS Loan for SMEs and Mid-caps	Poland	Smaller companies

203	New Furniture Production Plant	Poland	Smaller companies
204	Millennium Group Loan for SMEs and Mid-caps	Poland	Smaller companies
205	Bank Ochrony Srodowiska Climate Action MBIL	Poland	Energy, Environment and resource efficiency, Smaller companies
206	BGZ BNP Poland ABS Enhanced Loan for Mid-caps	Poland	Smaller companies
207	Nova SBE Campus	Portugal	Social infrastructure
208	Portugal Water Supply & Sanitation	Portugal	Environment and resource efficiency
209	Lisbon Urban Renewal Housing Climate FL	Portugal	Transport, Environment and resource efficiency, Social infrastructure
210	Natural Gas Distribution Portugal 2016-2019	Portugal	Energy
211	BPI Employment & Start-ups Programme	Portugal	Smaller companies, Social infrastructure
212	BST Employment & Start-ups Programme	Portugal	Smaller companies, Social infrastructure
213	BCP Employment & Start-ups Programme	Portugal	Smaller companies, Social infrastructure
214	Montepio Employment & Start-ups Programme	Portugal	Smaller companies, Social infrastructure
215	Parental Solutions Industrial Project Portugal	Portugal	Smaller companies, RDI
216	Science4You	Portugal	Smaller companies
217	CGD Employment & Start-ups Programme	Portugal	Smaller companies, Social infrastructure
218	Growth Equity Fund Mid-caps	Portugal, Spain	Smaller companies, RDI
219	SUMA Capital Energy Efficieny	Portugal, Spain	Energy, Environment and resource efficiency
220	Connecting Europe Broadband Fund	Regional - EU countries	Digital
221	Marguerite Fund II	Regional - EU countries	Digital, Energy, Transport, Environment and resource efficiency
222	Glennmont Clean Energy Fund Europe III	Regional - EU countries	Energy, Environment and resource efficiency
223	EIB-EIF SME Funds Investment Facility	Regional - EU countries	Smaller companies
224	EIB-EIF MIDCAP Funds Investment Facility	Regional - EU countries	Smaller companies, RDI
225	EIB-EIF CO-Iinvestment Facility	Regional - EU countries	Smaller companies, RDI
226	Inven Capital	Regional - EU countries	Energy, Smaller companies, RDI
227	Transgaz Brua Gas Interconnection Project	Romania	Energy
228	Agricover Loan for SMEs	Romania	Smaller companies
229	Private Medical Network Expansion in Romania	Romania	Social infrastructure
230	Romania Recycling and Circular Ecnomy Project	Romania	Environment and resource efficiency, Smaller companies

231	UNICREDIT Employment & Start-ups Programme	Romania	Smaller companies, RDI
232	D4R7 Slovakia PPP	Slovakia	Transport
233	DARS - Free Flow Tolling System	Slovenia	Transport
234	Redexis Gas Transmission and Distribution	Spain	Energy
235	Grifols Bioscience R&D Spain	Spain	RDI
236	Accessibility Ports Infrastructure	Spain	Transport
237	ICO Infrastructure Risk Sharing Loan	Spain	Energy, Transport, Social infrastructure
238	Fond - ICO Risk Sharing Loan	Spain	Smaller companies
239	Multi Sector IT RDI	Spain	RDI
240	El Corte Ingles Digital Transformation RDI	Spain	Digital, RDI
241	Cilsa Warehousing Expansion	Spain	Transport
242	Innovative Surfaces for Sustainable Construction	Spain	RDI
243	Recycled Paper Circular Economy Spain	Spain	Environment and resource efficiency
244	Guarantee for Enhanced SME Mid-caps support	Spain	Smaller companies
245	Spain enhanced support to SMEs and Mid-caps	Spain	Smaller companies
246	Bankia Technology & Digital Development	Spain	Digital
247	Las Palmas Bus Rapid Transit	Spain	Transport
248	Navarra NZEB Social Housing	Spain	Energy
249	Barcelona Social Housing	Spain	Energy, Social infrastructure
250	Public to Private Supply Chain Finance (Spain)	Spain	Smaller companies
251	Santander Facility for Climate Action	Spain	Energy
252	Sener Renewable Energy and ICT RDI	Spain	RDI
253	Rovi Pharma Technology RDI	Spain	RDI
254	AENA Secutiry Investment Plan	Spain	Transport
255	Axiare Energy Efficient Refurbishment	Spain	Energy
256	Incarlopsa Agro Food Investments	Spain	Smaller companies
257	Grifols Bioscience R&D II Spain	Spain	RDI
258	Spain Gas Network Expansion II	Spain	Energy
259	Rolling Stock RDI & Other Expansion Investments	Spain	Smaller companies, RDI
260	Batz Automotive Mid-cap Growth Investments	Spain	Smaller companies, RDI
261	Mirova Eurofideme 3 Co-Investment Wind Sweden	Sweden	Energy
262	Ellevio Distribution Network Investments	Sweden	Energy
263	Volvo Cars Innovative Technologies RDI	Sweden	RDI
264	Nearly-Zero-Energy Buldings	Sweden	Energy
265	North Pole Onshore Wind Farm	Sweden	Energy
266	Inriver	Sweden	RDI
267	IP-Only Fibre Network	Sweden	Digital
268	iZettle R&D	Sweden	RDI
269	Flexenclosure	Sweden	RDI

270	Nexus Technology	Sweden	RDI
271	Clavister	Sweden	RDI
272	Midland Metropolitan Hospital PPP	United Kingdom	Social infrastructure, RDI
273	Smart meters - Project Spark	United Kingdom	Energy
274	Beatrice Offshore	United Kingdom	Energy
275	Galloper Offshore Wind	United Kingdom	Energy
276	Rock Rail East Anglia	United Kingdom	Transport
277	Calvin Smartmeter Roll-out	United Kingdom	Energy
278	UK Energy Efficiency Investments Fund II	United Kingdom	Energy

SME Window

#	Transaction name	Country	EFSI Objective
1	European Angels Fund S.C.A. SICAR - aws Business Angel Fonds	Austria	Digital
2	Unicredit Bank Austria - IFSMEG	Austria	RDI
3	Austria Wirtschaftsservice 2 - COSME - LGF	Austria	Smaller businesses
4	V-Bio Ventures Fund 1 ARKIV (formerly VIB Innovation Fund)	Belgium	Social infrastructure
5	Belfius - IFSMEG	Belgium	RDI
6	Sowalfin - IFSMEG	Belgium	RDI
7	ING Belgium - IFSMEG	Belgium	RDI
8	KBC Bank - IFSMEG	Belgium	RDI
9	Sowalfin - COSME - LGF	Belgium	Smaller businesses
10	Participatiefonds Vlaanderen (FPF) - COSME - LGF	Belgium	Smaller businesses
11	Belfius – COSME - LGF	Belgium	Smaller businesses
12	Start SA - CCS GF	Belgium	Social infrastructure
13	Participatie Maatschappij Vlaanderen (PMV) - CCS GF	Belgium	Social infrastructure
14	Raiffeisen Bank Bulgaria - IFSMEG	Bulgaria	RDI
15	CiBank Umbrella - Cibank JSC - IFSMEG	Bulgaria	RDI
16	Unicredit Umbrella - Bulgaria - IFSMEG	Bulgaria	RDI
17	DSK Bank - IFSMEG	Bulgaria	RDI
18	CIBANK - COSME - LGF	Bulgaria	Smaller businesses
19	Bulgarian Development Bank (BDB) - COSME - LGF	Bulgaria	Smaller businesses
20	Raiffeisen Leasing Bulgaria - COSME - LGF	Bulgaria	Smaller businesses
21	Raiffeisen Bank Bulgaria - COSME - LGF	Bulgaria	Smaller businesses
22	BDB NGF - COSME - LGF	Bulgaria	Smaller businesses
23	HBOR - IFSMEG	Croatia	RDI
24	Unicredit Umbrella - Croatia - IFSMEG	Croatia	RDI
25	Erste Bank Croatia - IFSMEG	Croatia	RDI
26	Privredna Banka Zagreb (PBZ) - COSME - LGF	Croatia	Smaller businesses
27	RCB Bank - IFSMEG	Cyprus	RDI
28	Bank of Cyprus - InnoFin	Cyprus	RDI
29	Komercni Banka - IFSMEG	Czech Republic	RDI
30	Ceska Sporitelna - IFSMEG	Czech Republic	RDI
31	Komercni Banka 2 - IFSMEG	Czech Republic	RDI
32	CSOB - IFSMEG	Czech Republic	RDI
33	CMZRB - COSME - LGF	Czech Republic	Smaller businesses
34	Komercni Banka - COSME - LGF	Czech Republic	Smaller businesses
35	Equa Bank - COSME - LGF	Czech Republic	Smaller businesses
36	Ceska Sporitelna 2 - EaSI - MF	Czech Republic	Social infrastructure
37	Komercni Banka - CCS GF	Czech Republic	Social infrastructure
38	Vaekstfonden Danmarks Gronne Investeringsfond - IFSMEG	Denmark	RDI
39	EKF Danmarks Eksportkredit - IFSMEG	Denmark	RDI
40	Vaekstfonden 2 – IFSMEG	Denmark	RDI
41	Vaekstfonden - COSME - LGF	Denmark	Smaller businesses
42	Vaekstfonden 2 (agri) - COSME - LGF	Denmark	Smaller businesses
43	FoF ESIF - Estonia	Estonia	RDI

44	KredEx - COSME - LGF	Estonia	Smaller businesses
45	Baltics Leasing Umbrella - Swedbank Estonia - COSME - LGF	Estonia	Smaller businesses
46	Baltics Bank Umbrella - Swedbank Estonia - COSME - LGF	Estonia	Smaller businesses
47	Swedbank Leasing Estonia - Umbrella - EaSI - MF	Estonia	Social infrastructure
48	Swedbank Bank Estonia - Umbrella - EaSI - MF	Estonia	Social infrastructure
49	Sentica V	Finland	RDI
50	Epiqus Kotouttaminen I Ky	Finland	RDI
51	Acto Mezzanine II	France	RDI
52	FCDE II	France	RDI
53	Abénex V	France	RDI
54	Initiative & Finance II	France	RDI
55	Quadrivium Irivium extension	France	Digital
56	Euro PE France Selection III	France	RDI
57	FnB Europe Fund S.L.P.	France	Digital
58	GO Capital Amorçage II	France	RDI
59	Advent France Biotechnology Seed Fund I	France	Social infrastructure
60	Bpifrance Financement - PI - IFSMEG	France	RDI
61	Bpifrance Financement - Start-up - IFSMEG	France	RDI
62	BPCE - Banque Populaire - IFSMEG	France	RDI
63	Entrepreneur Venture - IFSMEG	France	RDI
64	La Banque Postale - IFSMEG	France	RDI
65	BPCE-Caisse d'Epargne - IFSMEG	France	RDI
66	Bpifrance Financement - PI 2 - IFSMEG	France	RDI
67	Bpifrance Financement - Start-up 2 - IFSMEG	France	RDI
68	Credit du Nord - IFSMEG	France	RDI
69	Eiffel Investment Group - IFSMEG	France	RDI
70	Bpifrance financement start-up 3 - IFSMEG	France	RDI
71	Bpifrance financement PI FEI 3 - IFSMEG	France	RDI
72	LIXXBAIL - IFSMEG	France	RDI
73	GE Capital Equipement Finance - COSME - LGF	France	Smaller businesses
74	Franfinance Location - COSME - LGF	France	Smaller businesses
75	SIAGI - COSME - LGF	France	Smaller businesses
76	SOCAMA 2 - COSME - LGF	France	Smaller businesses
77	Initiative France - EaSI - MF	France	Social infrastructure
78	ADIE 2- EaSI - MF	France	Social infrastructure
79	Holtzbrinck Ventures Fund VI	Germany	Digital
80	Odewald KMU II Fonds	Germany	RDI
81	Finatem IV GmbH & Co. KG	Germany	RDI
82	Project A Ventures II	Germany	Digital
83	Cherry Ventures Fund II GmbH & Co. KG	Germany	Digital
84	Pinova Fund II	Germany	RDI
85	Co-investment with Cipio Partners Fund VI & VII	Germany	RDI
86	Kreditanstalt fur Wiederaufbau (KfW) - IFSMEG	Germany	RDI
87	LfA Förderbank Bayern - IFSMEG	Germany	RDI
88	Commerzbank - IFSMEG	Germany	RDI

89	DE-NPB-Umbrella-IBB - IFSMEG	Germany	RDI
90	DE-NPB-Umbrella-NRW.BANK - IFSMEG	Germany	RDI
91	DE-NPB-Umbrella-ISB.RP - IFSMEG	Germany	RDI
92	DE-NPB-Umbrella-WIBank - IFSMEG	Germany	RDI
93	DE-NPB-Umbrella-ILB - IFSMEG	Germany	RDI
94	DE-NPB-Umbrella-IB.SH - IFSMEG	Germany	RDI
95	DE-NPB-Umbrella-IFB.HH - IFSMEG	Germany	RDI
96	ProCredit Umbrella - Germany - IFSMEG	Germany	RDI
97	Kreditanstalt fur Wiederaufbau (KfW) 2 - COSME - LGF	Germany	Smaller businesses
98	Buergschaftsbanken - COSME - LGF	Germany	Smaller businesses
99	LfA Förderbank Bayern 2 - COSME - LGF	Germany	Smaller businesses
100	Eurobank 2 - IFSMEG	Greece	RDI
101	Piraeus Bank - IFSMEG	Greece	RDI
102	Alpha Bank - IFSMEG	Greece	RDI
103	National Bank of Greece - COSME - LGF	Greece	Smaller businesses
104	Eurobank - COSME - LGF	Greece	Smaller businesses
105	Alpha Bank - COSME - LGF	Greece	Smaller businesses
106	Piraeus Bank - COSME - LGF	Greece	Smaller businesses
107	National Bank of Greece - EaSI - MF	Greece	Social infrastructure
108	Unicredit Umbrella - Hungary - IFSMEG	Hungary	RDI
109	Erste Bank Hungary - IFSMEG	Hungary	RDI
110	K&H - COSME - LGF	Hungary	Smaller businesses
111	AVHGA - COSME - LGF	Hungary	Smaller businesses
112	Erste Bank Hungary - COSME - LGF	Hungary	Smaller businesses
113	GARANTIQA Creditguarantee - COSME - LGF	Hungary	Smaller businesses
114	University Bridge Fund	Ireland	RDI
115	ACT V Venture Capital Fund	Ireland	Digital
116	Bank of Ireland - IFSMEG	Ireland	RDI
117	SBCI - IFSMEG	Ireland	RDI
118	Strategic Banking Corporation of Ireland (SBCI) - COSME - LGF	Ireland	Smaller businesses
119	Microfinance Ireland 2 - EaSI - MF	Ireland	Social infrastructure
120	21 Investimenti III	Italy	RDI
121	Alcedo IV	Italy	RDI
122	Programma 101	Italy	Digital
123	RiverRock Italian Hybrid Capital Fund	Italy	RDI
124	Wisequity IV	Italy	RDI
125	Arcadia Small Cap Fund II	Italy	RDI
126	Gradiente II	Italy	RDI
127	Alto Capital IV	Italy	RDI
128	Vertis Venture 3 Technology Transfer	Italy	RDI
129	United Ventures Two	Italy	Digital
130	Sofinnova Telethon SCA	Italy	Social infrastructure
131	CREDEM - IFSMEG	Italy	RDI
132	BPER - IFSMEG	Italy	RDI
133	MCTAA - IFSMEG	Italy	RDI
134	CDP SACE - IFSMEG	Italy	RDI
135	Banca Cassa di Risparmio di Savigliano - IFSMEG	Italy	RDI
136	CREVAL - IFSMEG	Italy	RDI

137	Banco Popolare - IFSMEG	Italy	RDI
138	BCC Cambiano - Umbrella - Cambiano - IFSMEG	Italy	RDI
139	BCC Cambiano - Umbrella - Castagneto - IFSMEG	Italy	RDI
140	BCC Cambiano - Umbrella - Viterbo - IFSMEG	Italy	RDI
141	BCC Cambiano - Umbrella - Fornacette - IFSMEG	Italy	RDI
142	Alba Leasing - IFSMEG	Italy	RDI
143	Banca Sella - IFSMEG	Italy	RDI
144	Tenax - IFSMEG	Italy	RDI
145	ICCREA - IFSMEG	Italy	RDI
146	Cariparma Group - IFSMEG	Italy	RDI
147	ConfidiSystema! - IFSMEG	Italy	RDI
148	Credem 2 - IFSMEG	Italy	RDI
149	Banca Popolare Pugliese - IFSMEG	Italy	RDI
150	Banca Valsabbina - IFSMEG	Italy	RDI
151	BPER 2 - IFSMEG	Italy	RDI
152	MCTAA 2 - IFSMEG	Italy	RDI
153	CREVAL 2 - IFSMEG	Italy	RDI
154	Banca Credito Popolare Torre del Greco - IFSMEG	Italy	RDI
155	CREDEM - COSME - LGF	Italy	Smaller businesses
156	BdM-MCC - Fondo Centrale di Garanzia - COSME - LGF	Italy	Smaller businesses
157	Marche-Piemonte Confidi Umbrella - SRGM - COSME - LGF	Italy	Smaller businesses
158	Marche-Piemonte Confidi Umbrella - Fidimpresa - COSME - LGF	Italy	Smaller businesses
159	Marche-Piemonte Confidi Umbrella - Confidicoop - COSME - LGF	Italy	Smaller businesses
160	Marche-Piemonte Confidi Umbrella - Mario Pierucci - COSME - LGF	Italy	Smaller businesses
161	Marche-Piemonte Confidi Umbrella - Confartigianato Fidi Piemonte - COSME - LGF	Italy	Smaller businesses
162	Marche-Piemonte Confidi Umbrella - Cogart CNA - COSME - LGF	Italy	Smaller businesses
163	BCC Lease - COSME - LGF	Italy	Smaller businesses
164	Nord e Centro Italia Confidi Umbrella - Italia Comfidi - COSME - LGF	Italy	Smaller businesses
165	Nord e Centro Italia Confidi Umbrella - Artigianfidi Vicenza - COSME - LGF	Italy	Smaller businesses
166	Nord e Centro Italia Confidi Umbrella - Neafidi - COSME - LGF	Italy	Smaller businesses
167	Nord e Centro Italia Confidi Umbrella - Artigiancredito Toscano - COSME - LGF	Italy	Smaller businesses
168	Nord e Centro Italia Confidi Umbrella - Cooperfidi Italia - COSME - LGF	Italy	Smaller businesses
169	Nord e Centro Italia Confidi Umbrella - FidiToscana - COSME - LGF	Italy	Smaller businesses
170	Cassa Depositi e Prestiti (CDP) Investment platform - COSME - LGF	Italy	Smaller businesses
171	BdM-MCC - Fondo centrale di Garanzia 2 - COSME - LGF	Italy	Smaller businesses

172	Credem 2 - COSME - LGF	Italy	Smaller businesses
173	Cooperfidi CG - EaSI - SE	Italy	Social infrastructure
174	Cooperfidi DG - EaSI - SE	Italy	Social infrastructure
175	Cassa Depositi e Prestiti (CDP) - CCS GF	Italy	Social infrastructure
176	Altum - IFSMEG	Latvia	RDI
177	Baltics Bank Umbrella - Swedbank Latvia - COSME - LGF	Latvia	Smaller businesses
178	Baltics Leasing Umbrella - Swedbank Latvia - COSME - LGF	Latvia	Smaller businesses
179	Altum - COSME - LGF	Latvia	Smaller businesses
180	Swedbank Bank Latvia - Umbrella - EaSI - MF	Latvia	Social infrastructure
181	Swedbank Leasing Latvia - Umbrella - EaSI - MF	Latvia	Social infrastructure
182	Siauliu Bankas - IFSMEG	Lithuania	RDI
183	Baltics Bank Umbrella - Swedbank Lithuania - COSME - LGF	Lithuania	Smaller businesses
184	Baltics Leasing Umbrella - Swedbank Lithuania - COSME - LGF	Lithuania	Smaller businesses
185	Swedbank Leasing Lithuania - Umbrella - EaSI - MF	Lithuania	Social infrastructure
186	Swedbank Bank Lithuania - Umbrella - EaSI - MF	Lithuania	Social infrastructure
187	ING Lux - IFSMEG	Luxembourg	RDI
188	BIL Luxembourg - IFSMEG	Luxembourg	RDI
189	BGL BNP Paribas - IFSMEG	Luxembourg	RDI
190	Mutualité de Cautionnement et d'Aide aux Commerçants (MCAC) - COSME - LGF	Luxembourg	Smaller businesses
191	Microlux - EaSI - MF	Luxembourg	Social infrastructure
192	APS Bank Malta - IFSMEG	Malta	RDI
193	Lakestar II	Multi-Country	Digital
194	Hedosophia Gamma	Multi-Country	Digital
195	Highland Europe Technology Growth Fund II	Multi-Country	Digital
196	b-to-v Internet & Mobile Technologies	Multi-Country	Digital
197	HPE Fund II	Multi-Country	RDI
198	Genesis Private Equity Fund III	Multi-Country	RDI
199	Notion Capital III	Multi-Country	Digital
200	GP Bullhound Sidecar III	Multi-Country	Digital
201	HealthCap VII	Multi-Country	Social infrastructure
202	Sofinnova Capital VIII	Multi-Country	Social infrastructure
203	Partech Growth	Multi-Country	Digital
204	RiverRock EOF II	Multi-Country	RDI
205	BlackFin Financial Services Fund II	Multi-Country	Digital
206	Abingworth Clinical Co-Development Fund LP	Multi-Country	Social infrastructure
207	eEquity III	Multi-Country	RDI
208	Paua Ventures Fonds 1 GmbH & Co. KG	Multi-Country	Digital
209	Connect Ventures II	Multi-Country	Digital
210	Open Ocean Fund IV	Multi-Country	Digital
211	Priveq Investment V	Multi-Country	RDI
212	EMH Digital Growth Fund GmbH & Co KG	Multi-Country	Digital
213	Thuja Capital Healthcare Fund II	Multi-Country	Social infrastructure
214	Muzinich UK Private Debt	Multi-Country	RDI
215	Forbion Capital Fund III	Multi-Country	Social infrastructure

216	EQT Ventures	Multi-Country	Digital
217	Rocket Internet Capital Partners SCS	Multi-Country	Digital
218	Kreos Capital V	Multi-Country	RDI
219	IK Small Cap Fund I	Multi-Country	RDI
220	Creandum IV	Multi-Country	Digital
221	Ardian Expansion Fund IV	Multi-Country	RDI
222	Gilde Healthcare IV	Multi-Country	Social infrastructure
223	Sunstone Technology Ventures Fund IV K/S	Multi-Country	Digital
224	Standout Capital AB	Multi-Country	Digital
225	Atomico IV LP	Multi-Country	Digital
226	Nest Capital 2015 Fund Ky	Multi-Country	RDI
227	Cipio Capital Partners Fund VII	Multi-Country	Digital
228	CD3 III Centre for Drug Design and Discovery	Multi-Country	Social infrastructure
229	Partech International Ventures VII	Multi-Country	Digital
230	DN Capital GVC Fund IV	Multi-Country	Digital
231	MED II	Multi-Country	Social infrastructure
232	Elvaston Capital Fund III	Multi-Country	RDI
233	Marondo Small-Cap Growth Fund I GmbH & Co. KG.	Multi-Country	Digital
234	Value 4 Capital Poland Plus	Multi-Country	RDI
235	Espira Fund I	Multi-Country	RDI
236	Newion Investments III	Multi-Country	Digital
237	Co-investment with eEquity III	Multi-Country	RDI
238	Panakes Fund I	Multi-Country	Social infrastructure
239	CapHorn 2, FPCI	Multi-Country	Digital
240	SET Fund II	Multi-Country	Digital
241	Frontline Ventures Fund II Limited Partnership	Multi-Country	Digital
242	Ysios BioFund II Innvierte	Multi-Country	Social infrastructure
243	Daphni Purple	Multi-Country	Digital
244	Sofinnova Industrial Biotechnology Fund	Multi-Country	Social infrastructure
245	Elaia Delta	Multi-Country	Digital
246	Innovation Nest II SCSp	Multi-Country	Digital
247	OXO CEE Angel Fund	Multi-Country	Digital
248	Usaldusfond Trind Ventures Fund I	Multi-Country	Digital
249	42CAP II GmbH & Co. KG	Multi-Country	Digital
250	MarketOne Capital	Multi-Country	Digital
251	Newion Investments III	Multi-Country	Digital
252	ProCredit Umbrella - Bulgaria & Greece - IFSMEG	Multi-Country	RDI
253	Pohjola - IFSMEG	Multi-Country	RDI
254	CIBANK Umbrella - Multi country umbrella - IFSMEG	Multi-Country	RDI
255	Unicredit Umbrella - UniCredit SpA - IFSMEG	Multi-Country	RDI
256	Unicredit Umbrella - Czech Republic and Slovakia - IFSMEG	Multi-Country	RDI
257	SIA UniCredit Leasing - IFSMEG	Multi-Country	RDI
258	Trea - IFSMEG	Multi-Country	RDI
259	Alandsbanken ABP - IFSMEG	Multi-Country	RDI
260	Aegon Investment Management - IFSMEG	Multi-Country	RDI
261	SIA UniCredit Leasing Latvia - COSME -	Multi-Country	Smaller businesses

	LGF		
262	Henq III	Netherlands	Digital
263	Karmijn Kapitaal Fund II	Netherlands	RDI
264	Carduso Capital	Netherlands	Social infrastructure
265	BioGeneration Capital Fund III	Netherlands	Social infrastructure
266	Innovation Industries Fund Cooperatief U.A.	Netherlands	RDI
267	Qredits - COSME - LGF	Netherlands	Smaller businesses
268	Triodos - EaSI - SE	Netherlands	Social infrastructure
269	Food Tech Opportunity I FPCI	Non-EU/Multi-Country	RDI
270	Kjeller Horisont AS	Non-EU/Multi-Country	RDI
271	SINTEF Venture V	Non-EU/Multi-Country	RDI
272	Idea Bank - IFSMEG	Poland	RDI
273	Raiffeisen Leasing Polska - IFSMEG	Poland	RDI
274	Bank Gospodarstwa Krajowego - COSME - LGF	Poland	Smaller businesses
275	Idea Bank - COSME - LGF	Poland	Smaller businesses
276	RLPL - COSME - LGF	Poland	Smaller businesses
277	POLFUND - COSME - LGF	Poland	Smaller businesses
278	Nest Bank (ex FM Bank) - EaSI - MF	Poland	Social infrastructure
279	Pekao Investment Loan - EaSi - MF	Poland	Social infrastructure
280	Pekao WC Loan - EaSi - MF	Poland	Social infrastructure
281	Co-investment with HCapital - ESID	Portugal	RDI
282	Indico Capital I	Portugal	Digital
283	BANIF - IFSMEG	Portugal	RDI
284	Novo Banco - IFSMEG	Portugal	RDI
285	BCP Millennium - IFSMEG	Portugal	RDI
286	Montepio - IFSMEG	Portugal	RDI
287	Novo Banco 2 – IFSMEG	Portugal	RDI
288	Banco BPI 2 – IFSMEG	Portugal	RDI
289	Novo Banco 3 - IFSMEG	Portugal	RDI
290	Millennium BCP 2 - IFSMEG	Portugal	RDI
291	ProCredit Umbrella - Romania - IFSMEG	Romania	RDI
292	Unicredit Umbrella - Romania - IFSMEG	Romania	RDI
293	Raiffeisen Bank Romania - COSME - LGF	Romania	Smaller businesses
294	CIBANK Umbrella - CSOB SK - IFSMEG	Slovakia	RDI
295	CSOB SK - COSME - LGF	Slovakia	Smaller businesses
296	Slovenska Sporitelna - EaSI - MF	Slovakia	Social infrastructure
297	Slovene Enterprise Fund - COSME - LGF	Slovenia	Smaller businesses
298	Abac Solutions (SCA) SICAR	Spain	RDI
299	BeAble Innvierte KETs Fund	Spain	RDI
300	Realza Capital II	Spain	RDI
301	Bullnet Capital III	Spain	Digital
302	K Fund FCR	Spain	Digital
303	Inveready - IFSMEG	Spain	RDI
304	CERSA - IFSMEG	Spain	RDI
305	Laboral Kutxa - IFSMEG	Spain	RDI
306	Inveready Venture Finance II - IFSMEG	Spain	RDI
307	Caixa Bank - IFSMEG	Spain	RDI
308	CERSA 2 - IFSMEG	Spain	RDI

309	Savia Financiacion - IFSMEG	Spain	RDI
310	CERSA - COSME - LGF	Spain	Smaller businesses
311	MicroBank 2 - COSME - LGF	Spain	Smaller businesses
312	FoF ESIF - Sweden	Sweden	RDI
313	MVI Fund I	Sweden	RDI
314	Norrlandsfonden - IFSMEG	Sweden	RDI
315	ALMI 2 - IFSMEG	Sweden	RDI
316	Svensk Exportkredit - IFSMEG	Sweden	RDI
317	Mayfair Equity Partners Fund I	United Kingdom	RDI
318	Livingbridge Entreprise II	United Kingdom	RDI
319	Key Capital Partners VIII L.P.	United Kingdom	RDI
320	Growth Capital Partners IV	United Kingdom	RDI
321	NorthEdge Capital Fund II LP	United Kingdom	RDI
322	Panoramic Growth Fund 2	United Kingdom	RDI
323	SEP V LP (Scottish Equity Partners V)	United Kingdom	Digital
324	CBPE Capital Fund IX	United Kingdom	RDI
325	Barclays UK - IFSMEG	United Kingdom	RDI
326	British Business Bank (BBB) - IFSMEG	United Kingdom	RDI
327	British Business Bank (BBB) 2 - IFSMEG	United Kingdom	RDI
328	iwoca - COSME - LGF	United Kingdom	Smaller businesses

ANNEX 3. EFSI AUDITED FINANCIAL REPORTS (2017)

European Investment Bank

Report of factual findings resulting from the agreed-upon procedures as at 31 December 2017 in relation to INFRASTRUCTURE and INNOVATION WINDOW (IIW) Schedule III of "the Agreement on the Management of the European Fund for Strategic Investments (EFSI) and on the granting of the EU Guarantee" between the EUROPEAN UNION and the EUROPEAN INVESTMENT BANK for the period from 1 January 2017 to 31 December 2017

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L-2950 Luxembourg

Report of factual findings resulting from the agreed-upon procedures as at 31 December 2017 in relation to INFRASTRUCTURE and INNOVATION WINDOW (IIW) Schedule III of "the Agreement on the Management of the European Fund for Strategic Investments (EFSI) and on the granting of the EU Guarantee" between the EUROPEAN UNION and the EUROPEAN INVESTMENT BANK for the period from 1 January 2017 to 31 December 2017

We have performed the procedures agreed with you as enumerated in our engagement letter dated 20 February 2018 and listed below in relation to the tables prepared by the European Investment Bank ("the Bank") to the European Commission in INFRASTRUCTURE and INNOVATION WINDOW (IIW) Schedule III of the Second Amendment and Restatement Agreement dated 21 November 2017 relating to "the Agreement on the Management of the European Fund for Strategic Investments (EFSI) and on the granting of the EU Guarantee" dated 22 July 2015.

Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements 4400, as adopted for Luxembourg by the Institut des Réviseurs d'Entreprises.

The procedures we performed, as described below, were solely to enable the Bank to comply with the Schedule III of the Second Amendment and Restatement Agreement dated 21 November 2017 relating to the "AGREEMENT ON THE MANAGEMENT OF THE EUROPEAN FUND FOR STRATEGIC INVESTMENTS AND ON THE GRANTING OF THE EU GUARANTEE" dated 22 July 2015.

1) Obtain the templates 1, 2, 4 and 5 ("the templates") prepared by European Investment Bank ("the Bank") to the European Commission in relation to IIW EFSI Guaranteed Operations and Defaulted and Subrogated Debt Type Operations as at 31 December 2017.
2) *(for templates 1 & 2)* Verify that the figures reported in the templates 1 and 2 correspond to the Bank's audited accounting data and records ("EIB accounting data and records") as at 31 December 2017, used for the preparation of the Bank's financial statements as at 31 December 2017.
3) *(for templates 1 & 2)* Obtain a sample of 20 operations signed in period from 1 January 2017 to 31 December 2017 and verify that the IIW EFSI Guaranteed Operations have been approved by either the European Commission or the Investment Committee, by obtaining the correspondence between the Bank and the European Commission or the approval of the Investment Committee.
4) (*for template 1& 2*) Obtain the formula used in determining the "net available EU guarantee" and verify that the amount reported in template 1 and 2 has been calculated in line with this formula.

5) *(for template 2)* For the IIW EFSI Guaranteed Operations, verify that the figures reported in the column "Value adjustment" are equal to the value adjustments as recorded in the EIB's statutory financial statements as at 31 December 2017 for the pari passu operations.

6) *(for template 4)* Obtain the data on defaulted and subrogated debt type operations from the source system used at the EIB for calls/refunds execution as at 31 December 2017 and verify that the reported figures for :

   — Total Amounts outstanding called;

   — Total Amount in arrears not yet called for loan already called once; Total amount Called and not paid;

   — Total amount Called and paid (subrogated);

   correspond to the EIB accounting data and records as at 31 December 2017.

7) *(for template 4)* Obtain the data on defaulted and subrogated debt type operations from the source system used at the EIB for calls/refunds executions at 31 December 2017 and verify that the reported figures for:

   — Amounts accrued (accrued borrower penalties; accrued penalties; accrued recovery fees);

   — Amounts recovered;

   correspond to the EIB accounting data and records as at 31 December 2017.

8) *(for template 5):* Check that the incurred risk sharing revenues for the EFSI debt portfolio reported under "Amount incurred – 1.1 IIW Debt Portfolio risk sharing revenues" in the template 5 are equal to corresponding EFSI risk sharing expenses as recorded in EIB books (accounts: 7025000, 7025001, 7025002 and 7025003) as at 31 December 2017.

9) *(for template 5):* Check that the total incurred revenue (interest, dividends, fees) stemming from the EFSI equity window covered by the EU Guarantee reported under "Amount incurred - 1.2 IIW Equity Portfolio revenues – Interests, dividends" in the template 5 is equal to the total amount of revenues accounted in EIB books for EFSI equity portfolio operations covered by the EU Guarantee as at 31 December 2017 (accounts: 7051412, 7051414, 7051416, 7023510, 7041500, 7023393, 7293010 and 7041505).

10) *(for template 5):* Check that the total amount of incurred reversed value adjustments reported under "Amount incurred - 1.3 IIW Equity Portfolio revenues – Reversed Value Adjustments" in the template 5 is equal to the total amount of the refunds of value adjustments as extracted from the source system used at the EIB for calls/refunds execution as at 31 December 2017.

11) *(for template 5):* Check that incurred gains on repayments/prepayments or dis-investments from EFSI equity window operations under EU Guarantee reported under "Amount incurred - 1.4 IIW Equity Portfolio revenues – Gains on repayments/prepayments or dis-investments" in the template 5 are equal to the total amount of gains on repayments/prepayments or dis-investments from EFSI equity window operations under the EU Guarantee accounted in EIB books at 31 December 2017 (account no 7293005).

12) *(for template 5)*: Check that the total amount incurred for debt portfolio recovered subrogated amounts reported under "Amount incurred - 1.5 IIW Debt Portfolio Recovered subrogated amounts" in the template 5 is equal to the total defaulted and subrogated debt type operations extracted from the source system used at the EIB for calls/refunds execution for the period from 1 January 2017 to 31 December 2017.

13) *(for template 5):* Check whether the interest incurred on EFSI cash account balance reported under "Amount incurred - 1.6 Interest on the EFSI Account balance" in the template 5 is equal to the sum of interest booked in the EFSI vostro account opened in EIB books during the period from 1 January 2017 to 31 December 2017.

14) *(for template 5)*: Check that the total Balance of incurred inflows from EIF for SMEW Operations as reported under "Amount incurred - 1.8 Inflows from EIF related to the SMEW Operations (gross amount before application of the amounts as per Article 5 (f) of Schedule VII)" in the template 5 as at 31 December 2017 is equal to the sum of inflows recorded in the EIB's treasury back office IT application under the instrument EFSI-PAYMENT-EIF and to the total amount of SMEW Revenues and Recoveries used for the payment of EIF Administrative Fees and/or SMEW Costs during the period from 1 January 2017 to 31 December 2017.

15) *(for template 5)*: Check that the total Balance of incurred payments from the EU as at 31 December 2017 as reported under "Amount incurred - 1.9 Payments from the EU" in the template 5 is equal to the sum of inflows recorded in the EIB's treasury back office IT application under the instrument EFSI-Contribution for the period from 1 January 2017 to 31 December 2017.

16) *(for template 5)*: Check that the total amount incurred for debt portfolio calls under the EU Guarantee as reported under "Amount incurred - 2.1 IIW Debt Portfolio Calls of the EU Guarantee – Payment defaults" in the template 5 is equal to the total defaulted and subrogated debt type operations extracted from the source system used at the EIB for calls/refunds execution for the period 1 January 2017 to 31 December 2017.

17) *(for template 5)*: Check that the total amount incurred for debt portfolio calls of the EU Guarantee – Restructuring Losses as reported under "Amount incurred - 2.2 IIW Debt Portfolio Calls of the EU Guarantee – Restructuring losses" in the template 5 is equal to the total defaulted and subrogated debt type operations extracted from the source system used at the EIB for calls/refunds execution for the period from 1 January 2017 to 31 December 2017.

18) *(for template 5):* Check that the total amount of incurred IIW Debt Portfolio EIB recoverable administrative costs as reported under "Amount incurred - 2.3 IIW Debt Portfolio EIB Recoverable Administrative Costs" in the template 5 is equal to the total amount called for Administrative costs as extracted from the source system used at the EIB for calls/refunds execution as at 31 December 2017.

19) *(for template 5):* Check that the total amount of incurred IIW Debt/Equity Portfolio Recovery costs as reported under "Amount incurred - 2.4 IIW Debt Portfolio Recovery costs on subrogated amounts and IIW Equity Portfolio Recovery costs" in the template 5 is equal to the total amount called for IIW Debt/Equity Portfolio Recovery costs as extracted from the source system used at the EIB for calls/refunds execution as at 31 December 2017.

20) *(for template 5):* Check that the total amount of incurred IIW Equity Portfolio expenses – value adjustments as reported under "Amount incurred - 2.5 IIW Equity Portfolio expenses – Value Adjustments" in the template 5 is equal to the total amount called for value adjustments as extracted from the source system used at the EIB for calls/refunds execution as at 31 December 2017.

21) *(for template 5):* Check that the total amount of incurred IIW Equity Portfolio expenses – losses on repayments/prepayments or dis-investments as reported under "Amount incurred - 2.6 IIW Equity Portfolio expenses – Losses on repayments/prepayments or dis-investments" in the template 5 is equal to the total amount called for losses on repayments/prepayments or dis-investments from EFSI equity window operations under EU Guarantee as extracted from the source system used at EIB used at the EIB for calls/refunds execution as at 31 December 2017.

22) *(for template 5):* Check that the total amount of incurred IIW Equity Portfolio expenses - EIB funding costs as reported under "Amount incurred - 2.7 IIW Equity Portfolio expenses – EIB Funding Costs" in the template 5 is equal to the amount of IIW Equity Portfolio EIB funding costs for the 2017 reporting period as extracted from the source system.

23) *(for template 5):* Check that the total amount of incurred EU contributions to EIAH agreement as at 31 December 2017 as reported under "Amount incurred - 2.8 EU expenses under EIAH agreement" in the template 5 is equal to the total payment recorded in the EIB's treasury back office IT application under the instrument EFSI-PAYMENT-EIAH for the period from 1 January 2017 to 31 December 2017.

24) *(for template 5):* Check that the total amount of incurred EIB/EIF SMEW Guarantee Calls as reported under "Amount incurred - 2.9 EIB/EIF SMEW Guarantee Calls (as described in the Article 7.2 (d) (i))" in the template 5 is equal to the total amount called for EIB/EIF SMEW Guarantee as extracted from the source system used at the EIB for calls/refunds execution and to the total invoiced amounts of SMEW Costs paid during the period from 1 January 2017 to 31 December 2017.

25) *(for template 5):* Check that the total amount of incurred SMEW Equity Product – EIB Funding Costs as reported under "Amount incurred - 2.10 SMEW Equity Product – EIB Funding Costs paid according to Article 5 (f) of Schedule VII" in the template 5 is equal to the EIB Funding Costs related to SMEW Products recorded at EIB books (account no 7023352) minus the amount called for SMEW EIB Funding Costs for the period from 1 January 2017 to 31 December 2017.

26) *for template 5):* Check that the total amount of incurred SMEW Equity Product – EIB Funding Costs as reported under "Amount incurred - 2.10 SMEW Equity Product – EIB Funding Costs called and paid from the EFSI Account according to Article 8.1(c)(iii)" in the template 5 is equal to the total amount called for SMEW EIB Funding Costs as extracted from the source system used at the EIB for calls/refunds execution for the period from 1 January 2017 to 31 December 2017.

27) *(for template 5):* Check that the total amount of incurred SMEW funding repaid as reported under "Amount incurred - 2.11 EIB Funding repaid related to SMEW Products funded by EIB according to Article 5 (f) of Schedule VII" and the total amount of settled SMEW funding as reported under "Amount settled – 2.11 EIB Funding repaid related to SMEW Products funded by EIB according to Article 5 (f) of Schedule VII" in the template 5 are equal to the repayments of the outstanding EIB funding related to SMEW Products recorded at EIB books minus the amount called for EIB SMEW funding outstanding as extracted from the source system used at the EIB for calls/refunds execution for the period from 1 January 2017 to 31 December 2017.

28) *(for template 5)*: Check that the total amount of incurred SMEW funding repaid as reported under "Amount incurred - 2.11 EIB Funding repaid related to SMEW Products funded by EIB outstanding funding called and repaid after the EIB SMEW Funding Repayment Date according to Article 8.1(c)(iv)" in the template 5 is equal to the total amount called for EIB SMEW funding outstanding as extracted from the source system used at the EIB for calls/refunds execution for the period from 1 January 2017 to 31 December 2017.

29) *(for template 5)*: Check that the total amount of incurred SMEW Portfolio Value Variation Amounts for SMEW Equity Operations as reported under "Amount incurred - 2.12 SMEW Equity Product – SMEW Portfolio Value Variation Amounts" in the template 5 is equal to the total amount called for SMEW Portfolio Value Variation Amounts as extracted from the source system used at the EIB for calls/refunds execution for the period from 1 January 2017 to 31 December 2017.

30) *(for template 5)*: Check that the total amount of incurred payments to EIF as at 31 December 2017 as reported under "Amount incurred - 2.13 EIF Administrative Fees paid from the EFSI Account according to Article 6.1(c) of Schedule VII" in the template 5 for the period from 1 January 2017 to 31 December 2017 is equal to the invoiced amounts of EIF Administrative Fees paid during the period from 1 January 2017 to 31 December 2017.

31) *(for template 5)*: Check that the total amount of incurred payments to the EU as at 31 December 2017 as reported under "Amount incurred - 2.15 Payments to the EU" in the template 5 for the period from 1 January 2017 to 31 December 2017 is equal to the payment recorded in the EIB's treasury back office IT application under the instrument EFSI-REPAYMENT for the period from 1 January 2017 to 31 December 2017.

32) *(for template 5)*: Check that the column "Amounts settled" of the template 5 equals to the respective cash movements reported in EFSI account in the books of EIB for all the lines of the Template 5 covered under procedures 8-31 of this report.

33) *(for template 5)*: Check that the column "Amount outstanding at the beginning of the year 01/01/2017" equals to the column "Amount outstanding at the end of the year 31/12/2016" as reported in the audited Template 5 as at 31 December 2016.

34) *(for template 5)*: Check that the cash balance on EFSI account on 1 January 2017 as reported under "3. Cash balance on EFSI account on 1 January" in the template 5 equals to the balance of the vostro account number 3752514 with account name "EFSI" opened in the books of EIB as at 1 January 2017.

35) *(for template 5)*: Check that the cash balance on EFSI account on 31 December 2017 as reported under "4. Cash balance on EFSI account on 31 December" in the template 5 equals to the balance of the vostro account number 3752514 with account name "EFSI" opened in the books of EIB.

We report our findings below:

a) We obtained the tables related to item 1, which are presented in Appendix I of this report.

b) With respect to items 2-35, we have no finding to report.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the accompanying tables as at 31 December 2017.

Had we performed additional procedures or had we performed an audit or review of the accompanying tables as at 31 December 2017 in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the third paragraph of this report and for your information and for information of the European Commission and the European Court of Auditors and is not to be used for any other purpose or to be distributed to any other parties.

This report relates only to the tables referred to above and does not extend to any financial statements and any other financial information of the Bank, taken as a whole.

Luxembourg, 15 March 2018

KPMG Luxembourg,
Société coopérative
Cabinet de révision agréé

F. Rouault

Appendix I

Tables prepared by European Investment Bank to the European Commission in relation to INFRASTRUCTURE and INNOVATION WINDOW (IIW) Schedule III of "the Agreement on the Management of the European Fund for Strategic Investments (EFSI) and on the granting of the EU Guarantee" between the EUROPEAN UNION and the EUROPEAN INVESTMENT BANK for the period from 1 January 2017 to 31 December 2017

European Fund for Strategic Investments
-
Infrastructure and Innovation Window

Financial Reporting*

31 December 2017

* prepared in accordance with art. 23 of the Agreement on the Management of the European Fund for Strategic Investments and on the Granting of the EU Guarantee.

Version compiled by FC at 15.02.2018

Template 1

Outstanding EFSI Guaranteed Debt Type Operations (in EUR) as at 31.12.2017

FI Number	Currency ID	Counterpart ID	Denomination of the Counterpart	Date of EFSI operation signature	Undisbursed Exposure	Theoretical Disbursed Exposure*	Real Disbursed Exposure**	Accrued interests on current installments	Overdue capital	Overdue interests	Overdue penalties	Overdue fees	Capital Called but not paid	Interest Called but not paid	Penalties Called but not paid	Fees Called but not paid	Subrogated Capital amounts	Accumulated Amount of Restructuring losses	Net available EU guarantee (at portfolio level)
82084	EUR	03464	SPA AUTOVIE VENETE	27/02/2017	300,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
83188	EUR	18902	FUNDACAO ALFREDO DE SOUSA	21/07/2017	16,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
83446	EUR	18616	FRAPORT REGIONAL AIRPORTS OF GREECE A SA	24/03/2017	146,000,000.00	4,000,000.00	4,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
83610	EUR	19288	LATECOERE SA	05/12/2017	10,000,000.00	45,000,000.00	45,000,000.00	12,735.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
83644	EUR	17109	SOCIETATEA NATIONALA DE TRANSPORT G AZE NATURALE TRANSGAZ SA	27/10/2017	35,000,000.00	15,000,000.00	15,000,000.00	16,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
83655	EUR	17947	NOBELWIND NV	21/10/2015	0.01	99,999,999.99	99,999,999.99	5,688.92	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
83996	EUR	12343	CYPRUS ORGANISATION FOR STORAGE AND MANAGEMENT OF OIL STOCKS	28/12/2017	35,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84081	EUR	17831	GRIFOLS WORLDWIDE OPERATIONS LTD	28/10/2015	0.00	85,000,000.00	85,000,000.00	236,583.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84233	EUR	17682	ACCIAIERIA ARVEDI SPA	22/05/2015	0.00	20,625,000.00	20,625,000.00	45,936.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84233	EUR	17840	SIDERURGICA TRIESTINA SRL	22/05/2015	0.00	48,125,000.00	48,125,000.00	107,185.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84253	EUR	18653	HEALTHCARE CENTRES PPP LTD	25/05/2016	4,986,978.92	65,013,021.08	65,013,021.08	71.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84446	EUR	18247	SOLINTER ACTIFS 1	21/07/2016	500,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84471	EUR	18645	ZERO BYPASS LTD	21/06/2016	383,272,001.40	43,650,000.00	43,650,000.00	2,860.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84497	GBP	18114	METER FIT 5 LTD	02/12/2015	344,059,601.23	33,520,056.81	33,520,056.81	2,935.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84534	EUR	18200	FONDO FINANCIERO DE ACCESIBILIDAD T ERRESTRE PORTUARIA	17/12/2015	105,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84560	EUR	17720	REDEXIS GAS SA	22/12/2015	0.00	160,000,000.00	160,000,000.00	920,177.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84625	EUR	17954	2I RETE GAS SPA	18/12/2015	0.00	200,000,000.00	200,000,000.00	3,544.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84638	EUR	11666	TELECOM ITALIA SPA	14/12/2015	0.00	500,000,000.00	500,000,000.00	31,625.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84669	PLN	14797	KUJAWSKO-POMORSKIE INWESTYCJE MEDYC ZNE SP ZOO	17/11/2016	57,098,395.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84705	EUR	15092	COMPAGNIE DAHER	20/09/2016	0.00	60,000,000.00	60,000,000.00	22,275.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84747	EUR	10557	PSA AUTOMOBILES SA	20/12/2016	0.00	250,000,000.00	250,000,000.00	3,414,388.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84782	EUR	12968	METSAELIITTO OSUUSKUNTA	12/06/2015	0.00	60,937,500.00	60,937,500.00	61,919.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84784	EUR	19054	VIA6WEST GMBH & CO KG	12/12/2016	270,749,526.39	28,671,473.50	28,671,473.50	653.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84819	GBP	18174	BEATRICE OFFSHORE WINDFARM LTD	20/05/2016	40,154,342.21	213,443,935.57	213,443,935.57	25,685.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84823	EUR	08857	RAFFINERIA DI MILAZZO SCPA	18/12/2015	8,700,000.00	21,300,000.00	21,300,000.00	41,649.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84883	EUR	17882	SPOLDZIELNIA MLECZARSKA MLEKOVITA	27/07/2016	20,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84891	EUR	18516	ROSACE	05/04/2016	62,500,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84894	EUR	07372	FERROVIE DELLO STATO ITALIANE SPA	23/12/2015	0.00	300,000,000.00	300,000,000.00	14,650.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84916	GBP	18124	GALLOPER WIND FARM LTD	29/10/2015	42,456,182.73	211,142,095.06	211,142,095.06	29,077.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84974	EUR	17154	SEM ENERGIES POSIT'IF	07/12/2015	100,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
84985	EUR	02790	AGENCE FRANCAISE DE DEVELOPPEMENT	22/12/2016	180,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85012	EUR	17921	NOVAMONT SPA	18/12/2015	0.00	15,000,000.00	15,000,000.00	16,180.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85021	EUR	17025	ERAMET SA	23/05/2017	0.00	30,000,000.00	30,000,000.00	171,463.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85032	EUR	12603	LANDESBANK SAAR	30/06/2016	4,135,944.42	75,536,401.00	75,536,401.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85089	EUR	17964	RP SIA RIGAS SATIKSME	19/07/2017	75,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85137	EUR	10797	HRVATSKA BANKA ZA OBNOVU I RAZVITAK	21/11/2016	50,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85176	EUR	14578	TAURON POLSKA ENERGIA SA	14/12/2016	0.00	190,000,000.00	190,000,000.00	358,865.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85205	EUR	13854	GRIMALDI EUROMED SPA	18/11/2016	200,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85227	EUR	19688	AGENCE REGIONALE POUR LES TRAVAUX D 'ECONOMIES D'ENERGIE	06/11/2017	43,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85240	EUR	15681	INDRA SISTEMAS SA	23/12/2016	0.00	80,000,000.00	80,000,000.00	266,605.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85267	GBP	18258	THE HOSPITAL COMPANY (SANDWELL) LTD	11/12/2015	37,149,222.41	83,338,874.14	83,338,874.14	70,676.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85293	EUR	18226	RENTEL NV	03/10/2016	149,450,000.00	100,550,000.00	100,550,000.00	6,882.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85299	EUR	18118	MECA DEV SAS	20/07/2017	40,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85337	EUR	18106	AIMAG SPA	30/11/2016	32,500,000.00	26,500,000.00	26,500,000.00	4,395.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85354	EUR	18212	GLOBAL DOMINION ACCESS SA	18/11/2016	0.00	25,000,000.00	25,000,000.00	23,700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85355	EUR	15700	FINPIEMONTE SPA	27/12/2017	75,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85365	EUR	18099	APERAM SA	27/06/2016	50,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85393	GBP	18968	ROCK RAIL EAST ANGLIA PLC	04/10/2016	39,870,074.34	27,756,133.07	27,756,133.07	40,905.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85432	EUR	18915	SYNDICAT MIXTE DES TRANSPORTS ARTOI S-GOHELLE	20/12/2016	110,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85443	EUR	17545	STG QREDITS MICROFINANCIERING NEDER LAND	15/12/2015	14,200,000.00	5,800,000.00	5,800,000.00	46,675.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85471	EUR	11914	TALLINNA LENNUJAAM AS	07/12/2016	20,000,000.00	10,000,000.00	10,000,000.00	8,554.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85472	EUR	18377	EL CORTE INGLES SA	09/12/2016	0.00	116,000,000.00	116,000,000.00	531,744.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85475	EUR	17768	REGIE REGIONALE DU SERVICE PUBLIC D E L'EFFICACITE ENERGETIQUE	07/12/2015	24,500,000.00	10,732,415.21	10,732,415.21	44,476.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85493	EUR	18096	MASPEX - GMW SP ZOO SP K	01/12/2016	3,750,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85493	EUR	18582	POLSKIE ZAKLADY ZBOZOWE LUBELLA SP ZOO SK	01/12/2016	3,750,000.00	7,000,000.00	7,000,000.00	2,254.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85493	EUR	18583	TYMBARK-MWS SP ZOO SK	01/12/2016	3,750,000.00	8,000,000.00	8,000,000.00	839.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85493	EUR	18584	ZPOW AGROS NOVA SP ZOO SP K	01/12/2016	3,750,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85497	EUR	19043	THD 59-62	04/11/2016	105,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85540	EUR	18235	COOPERATIVE AGRICOLE LAITIERE LES M AITRES LAITIERS DU COTENTIN	11/04/2016	0.00	38,500,000.00	38,500,000.00	92,348.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85543	PLN	19001	TRASA LAGIEWNICKA SA	16/03/2017	95,762,508.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85545	EUR	06157	CENTRO INTERMODAL DE LOGISTICA SA S ME	07/04/2017	70,000,000.00	5,000,000.00	5,000,000.00	26,493.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85582	EUR	08600	STADTWERKE KIEL AG	30/09/2016	28,574,311.00	76,425,689.00	76,425,689.00	104,229.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85591	EUR	18220	TERMA A/S	24/10/2016	0.00	28,000,000.00	28,000,000.00	39,904.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85599	EUR	18227	SOCIETA GASDOTTI ITALIA SPA	15/09/2016	15,000,000.00	28,500,000.00	28,500,000.00	1,122.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85607	EUR	18906	ELLEVIO AB	07/02/2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85607	SEK	18906	ELLEVIO AB	07/02/2017	0.00	240,946,077.73	240,946,077.73	99,591.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85633	EUR	18601	MALIN LIFE SCIENCES HOLDINGS LTD	22/06/2016	30,000,000.00	40,000,000.00	40,000,000.00	437,879.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85634	EUR	18525	KIINTEISTOE OY TRIPLA MALL	22/06/2016	106,400,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85672	EUR	11035	GESTAMP AUTOMOCION SA	15/06/2016	0.00	160,000,000.00	160,000,000.00	66,097.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85677	EUR	18681	NORTHER NV	14/12/2016	182,565,248.22	36,385,568.92	36,385,568.92	2,187.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85787	EUR	19058	COSMOTE MOBILE TELECOMMUNICATIONS S A	10/07/2017	150,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85788	EUR	18426	COSENTINO SAU	16/12/2016	63,000,000.00	7,000,000.00	7,000,000.00	4,312.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85797	EUR	02031	COMMERZBANK AG	23/12/2016	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85797	EUR	03597	FONDS EUROPEEN D'INVESTISSEMENT	23/12/2016	0.00	89,775,000.00	89,775,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85832	EUR	18811	SINEPIA DAC	01/08/2016	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85846	EUR	14407	ZF FRIEDRICHSHAFEN AG	21/12/2016	500,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85848	EUR	18439	AGRANA GROUP-SERVICES GMBH	21/12/2016	0.00	41,500,000.00	41,500,000.00	165,576.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85859	EUR	14056	HEIDELBERGER DRUCKMASCHINEN AG	31/03/2016	0.00	100,000,000.00	100,000,000.00	741,063.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85867	EUR	11911	LEG NRW GMBH	16/12/2016	75,000,000.00	25,000,000.00	25,000,000.00	329.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85868	EUR	18352	SATO OYJ	11/11/2016	0.00	150,000,000.00	150,000,000.00	100,994.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85890	EUR	16208	DOLOMITI ENERGIA HOLDING SPA	19/10/2016	0.00	100,000,000.00	100,000,000.00	2,616.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85893	EUR	18819	ITALGAS SPA	29/11/2016	0.00	300,000,000.00	300,000,000.00	50,633.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

Template 1

Outstanding EFSI Guaranteed Debt Type Operations (in EUR) as at 31.12.2017

FI Number	Currency ID	Counterpart ID	Denomination of the Counterpart	Date of EFSI operation signature	Undisbursed Exposure	Theoretical Disbursed Exposure*	Real Disbursed Exposure**	Accrued interests on current installments	Overdue capital	Overdue interests	Overdue penalties	Overdue fees	Capital Called but not paid	Interest Called but not paid	Penalties Called but not paid	Fees Called but not paid	Subrogated Capital amounts	Accumulated Amount of Restructuring losses	Net available EU guarantee (at portfolio level)
85906	EUR	18369	SPOLDZIELNIA MLECZARSKA MLEKPOL W G RAJEWIE	21/12/2016	20,000,000.00	30,000,000.00	30,000,000.00	35,569.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85914	EUR	18788	TERNA ILIAKI VIOTIAS SA	19/07/2017	0.00	7,780,136.00	7,780,136.00	20,677.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85917	EUR	04053	ANSALDO ENERGIA SPA	19/12/2016	0.00	80,000,000.00	80,000,000.00	517,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85919	EUR	18331	AGRICOVER CREDIT IFN SA	29/07/2016	0.00	14,285,714.29	14,285,714.29	49,991.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85921	PLN	15611	PRZEWOZY REGIONALNE SP ZOO	16/12/2016	47,881,254.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85945	EUR	09245	SOCIEDAD ANONIMA INDUSTRIAS CELULOS A ARAGONESA	01/12/2016	0.00	70,000,000.00	70,000,000.00	18,005.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85958	EUR	08613	ADP - AGUAS DE PORTUGAL SGPS SA	12/09/2017	220,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85972	EUR	18378	UAB VILINAUS KOGENERACINE JEGAINE	05/12/2016	190,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85974	EUR	03597	FONDS EUROPEEN D'INVESTISSEMENT	02/06/2017	0.00	143,111,209.95	143,111,209.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85975	GBP	18665	METER FIT 10 LTD	08/06/2016	0.00	35,957,907.71	35,957,907.71	3,337.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85977	EUR	18255	MM SPA	18/11/2016	70,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85983	EUR	18411	TELE2 AB	07/10/2016	125,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85997	EUR	14197	VOLVO CAR CORPORATION	08/11/2017	245,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
85999	EUR	11448	CESKA SPORITELNA AS	03/03/2017	25,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86001	EUR	18565	BONNIER TREASURY SA	18/08/2016	0.00	100,000,000.00	100,000,000.00	1,965.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86029	EUR	16141	TOSCANA ENERGIA SPA	27/07/2016	0.00	90,000,000.00	90,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86050	EUR	18171	IBERDROLA INTERNATIONAL BV	23/12/2016	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86105	EUR	18235	COOPERATIVE AGRICOLE LAITIERE LES M AITRES LAITIERS DU COTENTIN	11/04/2016	0.00	16,500,000.00	16,500,000.00	37,116.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86110	EUR	06084	CAMARA MUNICIPAL DE LISBOA	24/10/2016	45,000,000.00	6,000,000.00	6,000,000.00	286.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86112	EUR	05212	BANCA DEL MEZZOGIORNO - MEDIOCREDIT O CENTRALE SPA	22/11/2016	50,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86128	EUR	18650	PARKWAY 6 BV	08/06/2016	60,622,968.36	18,022,086.87	18,022,086.87	94.86	0.00	22,925.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86131	EUR	07019	GIESECKE & DEVRIENT GMBH	14/10/2016	0.00	80,000,000.00	80,000,000.00	452,622.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86138	EUR	10410	BULGARIAN DEVELOPMENT BANK AD	18/11/2016	75,000,000.00	75,000,000.00	75,000,000.00	15,652.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86178	EUR	19147	ALPHA PROODOS DAC	16/12/2016	0.00	250,000,000.00	250,000,000.00	800,687.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86182	EUR	18697	WINDPARK HOF-SEIBERSDORF GMBH & CO KG	02/06/2016	0.00	36,538,105.53	35,230,413.22	262.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86206	EUR	15888	BANKIA SA	14/10/2016	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86208	EUR	18746	LUMO KODIT OY	28/11/2016	0.00	75,000,000.00	75,000,000.00	818,486.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86210	EUR	19114	ADESTIA	27/09/2017	200,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86211	DKK	03859	KOEBENHAVNS LUFTHAVNE A/S	24/10/2016	53,728,055.45	114,172,117.83	114,172,117.83	983,291.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86217	PLN	08062	MBANK SA	24/10/2017	232,881,514.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86266	EUR	18561	GUAGUAS MUNICIPALES SA	15/02/2017	44,500,000.00	5,500,000.00	5,500,000.00	18,865.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86301	EUR	14516	ENERGA SA	04/09/2017	0.00	125,000,000.00	125,000,000.00	1,180,993.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86342	EUR	18628	EGEA ENTE GESTIONE ENERGIA E AMBIEN TE SPA	17/11/2017	30,000,000.00	10,000,000.00	10,000,000.00	4,293.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86364	EUR	18889	OHB SYSTEM AG	19/12/2016	0.00	30,000,000.00	30,000,000.00	103,226.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86378	EUR	17127	TREVES SAS	20/10/2016	0.00	29,166,666.66	29,166,666.66	87,684.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86396	EUR	14987	RHEINMETALL AG	27/10/2016	0.00	250,000,000.00	250,000,000.00	801,666.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86398	EUR	18662	CASTELLUM AB	09/03/2017	75,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86412	EUR	18664	NAVARRA DE SUELO Y VIVIENDA SA	03/07/2017	39,750,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86423	PLN	11487	BANK ZACHODNI WBK SA	10/02/2017	299,224,802.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86435	PLN	18006	POZNANSKIE TOWARZYSTWO BUDOWNICTWA SPOLECZNEGO SP ZOO	22/12/2016	35,192,722.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86501	EUR	18585	OEBB-PERSONENVERKEHR AG	29/09/2017	100,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86517	EUR	18649	CENTRUL MEDICAL UNIREA SRL	21/06/2017	15,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86548	EUR	18524	KIINTEISTOE OY TRIPLAPARKKI	22/06/2016	23,600,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86553	EUR	18698	NETIA SA	24/10/2017	50,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86556	EUR	17954	2I RETE GAS SPA	19/12/2016	0.00	225,000,000.00	225,000,000.00	8,725.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86557	EUR	18855	SONORGAS - SOCIEDADE DE GAS DO NORT E SA	30/06/2017	29,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86611	EUR	18742	VALIO OY	07/03/2017	0.00	30,000,000.00	30,000,000.00	56,658.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86618	EUR	18626	KOS SPA	29/06/2017	20,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86626	EUR	18758	LA SPEZIA CONTAINER TERMINAL - SPA	23/12/2016	100,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86635	PLN	18937	SC POLAND CONSUMER 16-1 SP ZOO	09/12/2016	0.00	33,666,507.06	33,666,507.06	90,170.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86637	EUR	18766	OLIVA AD	18/09/2017	7,400,000.00	23,600,000.00	23,600,000.00	39,065.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86658	EUR	06976	BANCO BPI SA	26/09/2016	70,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86659	EUR	05005	BANCO SANTANDER TOTTA SA	26/09/2016	70,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86660	EUR	04230	BANCO COMERCIAL PORTUGUES SA	26/09/2016	70,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86665	EUR	02910	CAIXA GERAL DE DEPOSITOS SA	26/09/2016	70,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86677	EUR	16624	SORIN GROUP ITALIA SRL	29/06/2017	33,333,333.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86677	EUR	17049	SORIN CRM SAS	29/06/2017	33,333,333.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86677	EUR	18175	LIVANOVA PLC	29/06/2017	33,333,333.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86681	EUR	18459	ALPERIA SPA	06/12/2017	80,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86689	EUR	18935	VONOVIA SE	13/07/2017	0.00	300,000,000.00	300,000,000.00	173,066.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86737	EUR	18823	FARMAFACTORING ESPANA SA	10/07/2017	300,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86746	EUR	18608	STG AMPHIA	19/10/2017	53,000,000.00	47,000,000.00	47,000,000.00	19,113.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86749	EUR	13771	TECHNICOLOR SA	16/12/2016	0.00	90,000,000.00	90,000,000.00	552,885.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86799	EUR	18896	LATVIJAS UNIVERSITATE	20/07/2017	30,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86803	EUR	13195	ILIAD SA	08/12/2016	0.00	200,000,000.00	200,000,000.00	842,227.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86804	PLN	19513	SITS INDUSTRY SP ZOO	27/06/2017	5,266,937.99	10,773,282.26	10,773,282.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86838	EUR	11480	BANK MILLENNIUM SA	22/12/2016	50,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86838	EUR	13553	MILLENNIUM LEASING SP ZOO	22/12/2016	50,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86850	EUR	18921	BIOVET AD	22/12/2017	100,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86859	EUR	19144	MER MEC SPA	16/06/2017	0.00	30,000,000.00	30,000,000.00	1,918.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86869	EUR	11051	ARCELORMITTAL	16/12/2016	0.00	350,000,000.00	350,000,000.00	577,497.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86876	EUR	19506	LIMBURGS ENERGIE FONDS (LEF) BV	07/11/2017	30,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86883	EUR	00201	CAIXA ECONOMICA MONTEPIO GERAL CAIX A ECONOMICA BANCARIA SA	24/10/2016	20,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86935	EUR	19012	LABORATORIOS BASI - INDUSTRIA FARMA CEUTICA SA	30/06/2017	10,000,000.00	10,000,000.00	10,000,000.00	27,170.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86961	EUR	19118	SENER INGENIERIA Y SISTEMAS SA	21/06/2017	55,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
86997	EUR	18971	ADIENT GERMANY LTD UND CO KG	17/05/2017	0.00	165,000,000.00	165,000,000.00	92,106.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87082	EUR	19168	SAVIOLA HOLDING SRL	22/12/2017	12,500,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87082	EUR	19693	SADEPAN CHIMICA SRL	22/12/2017	12,500,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87082	EUR	19697	COMPOSAD SRL	22/12/2017	12,500,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87082	EUR	19716	GRUPPO MAURO SAVIOLA SRL	22/12/2017	12,500,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87095	EUR	18555	VIDRALA SA	29/06/2017	0.00	45,000,000.00	45,000,000.00	40,192.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87102	EUR	11226	FASSA SRL	04/08/2017	30,000,000.00	10,000,000.00	10,000,000.00	2,522.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87106	EUR	19074	GREENFIBER INTERNATIONAL SA	20/10/2017	0.00	7,500,000.00	7,500,000.00	20,395.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

Template 1

Outstanding EFSI Guaranteed Debt Type Operations (in EUR) as at 31.12.2017

FI Number	Currency ID	Counterpart ID	Denomination of the Counterpart	Date of EFSI operation signature	Undisbursed Exposure	Theoretical Disbursed Exposure*	Real Disbursed Exposure**	Accrued interests on current installments	Overdue capital	Overdue interests	Overdue penalties	Overdue fees	Capital Called but not paid	Interest Called but not paid	Penalties Called but not paid	Fees Called but not paid	Subrogated Capital amounts	Accumulated Amount of Restructuring losses	Net available EU guarantee (at portfolio level)
87119	EUR	16907	AENA SME SA	01/12/2017	400,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87128	PLN	18937	SC POLAND CONSUMER 16-1 SP ZOO	09/12/2016	0.00	20,199,904.24	20,199,904.24	54,102.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87158	EUR	19121	MARKBYGDEN ETT AB	07/11/2017	100,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87169	EUR	08229	DRUZBA ZA AVTOCESTE V REPUBLIKI SLO VENIJI DD	16/11/2017	51,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87190	EUR	19142	AXIARE PATRIMONIO SOCIMI SA	21/12/2017	16,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87200	EUR	11510	BANK OCHRONY SRODOWISKA SA	13/06/2017	75,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87229	EUR	19152	TIETO OYJ	22/06/2017	85,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87230	EUR	19184	INDUSTRIAS CARNICAS LORIENTE PIQUER AS SA	21/12/2017	35,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87259	EUR	19041	OSPEDAL GRANDO SPA	26/07/2017	23,996,000.00	4,717,000.00	4,717,000.00	1,240.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87261	SEK	19077	IP-ONLY AB	20/07/2017	36,571,242.81	85,332,899.90	85,332,899.90	13,743.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87261	SEK	19779	IP-ONLY NETWORKS AB	20/07/2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87265	EUR	19222	SAINT JEAN INDUSTRIES	06/10/2017	35,000,000.00	10,000,000.00	10,000,000.00	30,852.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87266	EUR	13115	AVL LIST GMBH	15/12/2017	70,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87304	EUR	19534	CS SYSTEMES D'INFORMATION	31/07/2017	20,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87338	EUR	06125	OP YRITYSPANKKI OYJ	06/11/2017	150,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87413	EUR	02493	BANCO SANTANDER SA	09/06/2017	134,320,984.86	65,679,015.14	65,679,015.14	61,573.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87458	EUR	17585	GRIFOLS SA	05/12/2017	0.00	85,000,000.00	85,000,000.00	38,136.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87461	EUR	19589	LABORATORIOS FARMACEUTICOS ROVI SA	21/12/2017	45,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87476	EUR	19300	OLSA SPA	20/07/2017	0.00	35,000,000.00	35,000,000.00	390,347.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87499	EUR	07327	KFW	14/11/2017	300,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87531	EUR	17857	PIEMONTE SAVOIA SRL	04/07/2017	100,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	216,630.56	0.00	0.00	0.00	0.00	0.00	0.00	
87532	EUR	17857	PIEMONTE SAVOIA SRL	04/07/2017	67,600,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87568	CZK	11448	CESKA SPORITELNA AS	03/03/2017	26,454,865.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87606	EUR	19314	MATERIALISE NV	20/12/2017	35,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87629	EUR	16694	MAIER SC	22/06/2017	25,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87633	EUR	18615	FRAPORT REGIONAL AIRPORTS OF GREECE B SA	24/03/2017	130,404,133.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87644	EUR	13584	UNICREDIT BANK SA	30/10/2017	50,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87657	EUR	02493	BANCO SANTANDER SA	29/06/2017	158,100,000.00	341,900,000.00	341,900,000.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87661	USD	19240	VIRBAC SA	25/07/2017	0.00	75,043,775.54	75,043,775.54	193,140.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87662	EUR	20149	IRISH FERRIES FINANCE DAC	30/11/2017	75,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87709	EUR	19308	SOREGIES	21/12/2017	10,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87709	EUR	19459	SERGIES	21/12/2017	33,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87709	EUR	19462	SRD	21/12/2017	27,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87722	EUR	19374	SCM GROUP SPA	18/12/2017	50,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87781	EUR	19421	CRAMO OYJ	22/12/2017	50,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87789	EUR	19425	RAMIRENT OYJ	04/12/2017	50,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87796	DKK	08625	HALDOR TOPSOE A/S	15/12/2017	75,219,277.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87824	EUR	18508	BRIANZACQUE SRL	06/11/2017	0.00	50,000,000.00	50,000,000.00	15,612.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87828	EUR	04436	ACQUEDOTTO PUGLIESE SPA	22/12/2017	200,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87842	EUR	18772	PATRONAT MUNICIPAL DE L'HABITATGE	21/07/2017	125,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87863	EUR	08635	STMICROELECTRONICS NV	04/08/2017	127,500,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87863	EUR	15285	STMICROELECTRONICS FINANCE BV	04/08/2017	127,500,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87932	EUR	17720	REDEXIS GAS SA	22/12/2017	50,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87965	EUR	08635	STMICROELECTRONICS NV	04/08/2017	122,500,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87965	EUR	15285	STMICROELECTRONICS FINANCE BV	04/08/2017	122,500,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88004	EUR	06555	PIRAEUS BANK SA	29/09/2017	100,000,000.00	250,000,000.00	250,000,000.00	918,812.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88015	EUR	19118	SENER INGENIERIA Y SISTEMAS SA	21/06/2017	55,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88031	EUR	03597	FONDS EUROPEEN D'INVESTISSEMENT	18/12/2017	105,400,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88039	EUR	16337	PATENTES TALGO SLU	21/12/2017	30,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88047	EUR	13458	NATIXIS ENERGECO	20/12/2017	70,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88048	EUR	02800	CREDIT INDUSTRIEL ET COMMERCIAL CIC	19/12/2017	60,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88049	EUR	13853	AUXIFIP	19/12/2017	100,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88050	EUR	03278	CAISSE D'EPARGNE CEPAC	20/12/2017	70,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88062	EUR	05166	FNM SPA	22/12/2017	50,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88095	EUR	19542	OASEN NV	05/12/2017	55,000,000.00	15,000,000.00	15,000,000.00	5,513.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88155	EUR	16693	BATZ SC	21/12/2017	25,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88199	EUR	18789	TERNA ILIAKI PELOPONNISOU SA	19/07/2017	0.00	8,422,874.00	8,422,874.00	22,403.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88200	EUR	18798	TERNA ILIAKI PANORAMATOS SA	19/07/2017	0.00	7,332,992.00	7,332,992.00	19,453.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88206	EUR	08062	MBANK SA	24/10/2017	20,378,376.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88255	EUR	19829	CELLNEX TELECOM SA	05/12/2017	75,000,000.00	25,000,000.00	25,000,000.00	4,943.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88298	EUR	19518	LEDVANCE GMBH	21/12/2017	80,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88299	EUR	12817	HUETTENWERKE KRUPP MANNESMANN GMBH	15/12/2017	30,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88317	EUR	14516	ENERGA SA	04/09/2017	0.00	125,000,000.00	125,000,000.00	1,721,575.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88320	EUR	03597	FONDS EUROPEEN D'INVESTISSEMENT	20/12/2017	138,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88321	EUR	19947	EBB SRL	06/12/2017	0.00	61,000,000.00	61,000,000.00	128,777.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88356	EUR	13853	AUXIFIP	19/10/2017	90,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88382	PLN	20225	BGZ POLAND ABS1 DAC	11/12/2017	0.00	81,510,653.58	81,510,653.58	127,608.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88439	EUR	16059	AEROPORT DE LA REUNION ROLAND GARRO S	22/12/2017	100,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88560	EUR	20176	ALBA 9 SPV SRL	20/12/2017	75,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88567	EUR	08947	AMAP SPA	20/12/2017	20,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88603	EUR	18331	AGRICOVER CREDIT IFN SA	21/12/2017	5,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88612	EUR	19795	SYNDICAT MIXTE POUR L'AMENAGEMENT H YDRAULIQUE DU CROULT ET DU PETIT RO	14/12/2017	76,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88634	EUR	20119	CAMBER22 GMBH	05/10/2017	21,305,976.14	0.00	0.00	0.00	0.00	0.00	0.00	21,883.01	0.00	0.00	0.00	0.00	0.00	0.00	
88670	EUR	03597	FONDS EUROPEEN D'INVESTISSEMENT	15/12/2017	68,165,667.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88825	EUR	17109	SOCIETATEA NATIONALA DE TRANSPORT G AZE NATURALE TRANSGAZ SA	14/12/2017	50,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
88930	EUR	06084	CAMARA MUNICIPAL DE LISBOA	20/12/2017	52,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
89001	EUR	12817	HUETTENWERKE KRUPP MANNESMANN GMBH	15/12/2017	30,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
89002	EUR	19043	THD 59-62	20/12/2017	72,221,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
89003	EUR	19043	THD 59-62	20/12/2017	6,205,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
89029	EUR	02590	CAISSE DES DEPOTS ET CONSIGNATIONS	21/12/2017	200,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
87815	EUR	20356	WINDPARK KREUZSTETTEN IV GMBH	28/12/2017	35,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
				Sum:	**14,213,475,116.81**	**9,359,387,089.63**	**9,358,079,397.32**	**20,768,571.32**	**0.00**	**22,925.87**	**0.00**	**238,513.57**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**10,500,000,000.00**

* *based on the contractual capital repayment schedule*
** *based on actual cash-flows received*

Template 2

Outstanding EFSI Guaranteed Equity Type Operations (in EUR) as at 31.12.2017

FI Number	Currency ID	Counterpart ID	Denomination of the Counterpart	Date of EFSI operation signature	Undisbursed Exposure	Net disbursed guaranteed carrying amount	Value Adjustement	Net available EU guarantee (at portfolio level)
84391	DKK	17955	COPENHAGEN INFRASTRUCTURE II K/S	01/07/2015	18,993,259.54	7,610,790.41	0.00	
84391	GBP	17955	COPENHAGEN INFRASTRUCTURE II K/S	01/07/2015	0.00	5,651,257.46	0.00	
84391	USD	17955	COPENHAGEN INFRASTRUCTURE II K/S	01/07/2015	0.00	4,041,486.99	0.00	
84577	EUR	17935	CAPENERGIE 3	23/07/2015	16,929,000.00	5,489,689.50	0.00	
84759	EUR	17951	IMPAX NEW ENERGY INVESTORS III-B LP	30/11/2016	34,449,000.00	3,051,000.00	0.00	
84998	EUR	18830	FONDS BEI - SOCIETES DE PROJETS IND USTRIELS	29/07/2016	49,000,000.00	1,000,000.00	0.00	
85491	EUR	17834	GINKGO FUND II SCA SICAR	11/02/2016	10,184,074.98	4,815,925.02	0.00	
85553	EUR	18449	MIROVA RENEWABLES CO-INVESTMENT 1	25/02/2016	1,088,100.00	4,761,900.00	0.00	
85573	EUR	18236	CAP 3IEME REVOLUTION INDUSTRIELLE	03/12/2015	7,600,000.00	2,400,000.00	0.00	
85605	EUR	18440	NMAS1 PRIVATE EQUITY FUND III FCR	22/04/2016	17,813,521.20	2,186,199.12	0.00	
85716	EUR	18296	BTP IMPACT LOCAL	30/09/2016	6,622,302.59	902,697.41	0.00	
85812	EUR	19150	CEB SA	28/07/2017	50,000,000.00	0.00	0.00	
86022	EUR	19031	CONSTRUCTION ENERGIE PLUS FPCI	07/04/2017	14,461,350.00	538,650.00	0.00	
86189	EUR	18172	QUAERO EUROPEAN INFRASTRUCTURE FUND	20/09/2016	10,677,837.82	9,372,162.19	0.00	
86194	EUR	18379	SUSTAINABLE FUNDS (SCA) SICAV SIF - SUSI RENEWABLE ENERGY FUND II	12/08/2016	28,782,166.38	3,717,833.62	0.00	
86315	EUR	18058	CRETA FARM INDUSTRIAL AND COMMERCIA L CO	06/05/2016	2,500,000.00	5,000,000.00	0.00	
86390	EUR	05611	INSTITUTO DE CREDITO OFICIAL	12/05/2016	12,500,000.00	0.00	0.00	
86460	EUR	18888	AMRYT PHARMACEUTICALS DAC	01/12/2016	5,000,000.00	5,000,000.00	0.00	
86508	EUR	19049	CURETIS GMBH	12/12/2016	7,500,000.00	5,000,000.00	0.00	
86694	EUR	18500	CUBE INFRASTRUCTURE FUND II	13/09/2016	41,284,210.54	8,715,789.46	0.00	
86716	EUR	18420	DIORAMA INVESTMENTS SICAR SA	29/07/2016	6,738,896.73	3,244,849.54	0.00	
86723	EUR	05611	INSTITUTO DE CREDITO OFICIAL	14/07/2016	62,500,000.00	0.00	0.00	
86855	EUR	19145	THE FORAOIS LIMITED PARTNERSHIP	12/12/2016	11,000,854.94	3,249,145.06	0.00	
86889	EUR	18969	EVOTEC AG	08/09/2017	29,304,000.00	8,196,000.00	0.00	
86959	EUR	19219	MARIADB CORPORATION AB	12/04/2017	7,500,000.00	5,000,000.00	0.00	
86972	GBP	18544	INFRACAPITAL GREENFIELD PARTNERS I LP	22/12/2016	51,628,617.16	4,726,326.32	0.00	
86982	EUR	18656	TIIC 2 SCA SICAR	27/12/2016	29,643,750.00	356,250.00	0.00	
86983	EUR	18639	KGAL ESPF 4 SICAV-SIF SCS	30/06/2017	49,948,000.00	52,000.00	0.00	
87141	EUR	19921	QEIF CO-INVEST	27/07/2017	6,762,500.00	5,737,500.00	0.00	
87237	EUR	18810	UPSTREAM TELECOMMUNICATIONS AND SOF TWARE SYSTEMS SA	16/12/2016	0.00	0.00	0.00	
87237	EUR	18998	UPSTREAM MOBILE COMMERCE LTD	16/12/2016	5,000,000.00	7,500,000.00	0.00	
87411	SEK	18765	INFRANODE I (NO 1) AB	16/02/2017	40,012,040.41	4,664,530.73	0.00	
87430	EUR	20129	CENSHARE AG	14/12/2017	12,500,000.00	0.00	0.00	
87550	EUR	19082	SKELETON TECHNOLOGIES GMBH	10/02/2017	2,500,000.00	5,000,000.00	0.00	
87551	EUR	19215	USALDUSFOND BALTCAP INFRASTRUCTURE FUND	28/06/2017	10,000,000.00	0.00	0.00	
87730	EUR	19007	EIFFEL ENERGY TRANSITION FUND SLP	08/03/2017	9,870,000.00	10,105,297.08	0.00	
87761	EUR	20328	MARGUERITE II GP SARL	30/11/2017	100,000,000.00	0.00	0.00	
87762	GBP	18712	UK ENERGY EFFICIENCY INVESTMENTS 2 LP	03/10/2017	28,177,586.42	0.00	0.00	
87768	EUR	18191	FLEXENCLOSURE AB (PUBL)	31/10/2017	2,500,000.00	2,500,000.00	0.00	
87774	EUR	19110	APEIRON BIOLOGICS AG	28/08/2017	12,500,000.00	0.00	0.00	

Template 2

Outstanding EFSI Guaranteed Equity Type Operations (in EUR) as at 31.12.2017

FI Number	Currency ID	Counterpart ID	Denomination of the Counterpart	Date of EFSI operation signature	Undisbursed Exposure	Net disbursed guaranteed carrying amount	Value Adjustement	Net available EU guarantee (at portfolio level)
87841	EUR	19492	SCIENCE4YOU SA	06/11/2017	5,000,000.00	0.00	0.00	
87849	EUR	19078	INRIVER AB	21/06/2017	4,000,000.00	0.00	0.00	
87904	EUR	20240	NEXUS HOLDING AB	18/12/2017	14,500,000.00	0.00	0.00	
87906	EUR	19201	BIOFRONTERA AG	19/05/2017	5,000,000.00	5,000,000.00	0.00	
87921	EUR	19323	EPS ELVI ENERGY SRL	11/04/2017	10,000,000.00	5,000,000.00	0.00	
88006	EUR	19079	IZETTLE AB	04/08/2017	10,000,000.00	5,000,000.00	0.00	
88035	EUR	19040	MAGFORCE AG	08/08/2017	17,500,000.00	0.00	0.00	
88141	EUR	19315	ENTEROME SA	23/11/2017	20,000,000.00	0.00	0.00	
88228	EUR	19103	AMOEBA	06/10/2017	7,500,000.00	2,500,000.00	0.00	
88265	EUR	19391	NOSTO SOLUTIONS OY	12/07/2017	4,000,000.00	3,500,000.00	0.00	
88296	EUR	19428	CELLNOVO GROUP SA	07/07/2017	10,000,000.00	0.00	0.00	
88305	EUR	03597	FONDS EUROPEEN D'INVESTISSEMENT	18/08/2017	94,455,198.39	5,544,801.61	0.00	
88334	EUR	19684	SUNPARTNER TECHNOLOGIES SAS	05/10/2017	4,000,000.00	3,500,000.00	0.00	
88342	EUR	19591	AMADEITE SAS	11/09/2017	10,000,000.00	5,000,000.00	0.00	
88364	EUR	19254	TELCO OI	12/09/2017	7,500,000.00	5,000,000.00	0.00	
88368	EUR	19369	SC EFFICIENCY & ENVIRONTMENT FUND I I FCR	28/07/2017	9,505,014.00	494,986.00	0.00	
88375	EUR	19867	GLENNMONT CLEAN ENERGY FUND EUROPE III SCSP	30/11/2017	50,000,000.00	0.00	0.00	
88403	EUR	19869	MEDNEO GROUP SA	10/08/2017	10,000,000.00	5,000,000.00	0.00	
88460	EUR	19322	AMW GMBH	08/11/2017	7,500,000.00	5,000,000.00	0.00	
88533	EUR	19585	FIVE DEGREES HOLDING BV	07/12/2017	3,750,000.00	0.00	0.00	
88538	EUR	19472	VIKING HEAT ENGINES GERMANY GMBH	01/12/2017	12,000,000.00	3,000,000.00	0.00	
88568	EUR	19671	ITALIA VENTURE I	28/09/2017	10,875,000.00	0.00	0.00	
88601	EUR	19661	BROWNFIELDS 3 FPCI	21/12/2017	20,000,000.00	0.00	0.00	
88602	EUR	19865	DIF CORE INFRASTRUCTURE I FEEDER SC S	03/11/2017	29,039,752.99	710,247.01	0.00	
88605	EUR	19601	ALBA I	01/12/2017	23,680,000.00	1,320,000.00	0.00	
88614	EUR	19329	VOXELJET AG	09/11/2017	7,500,000.00	5,000,000.00	0.00	
88644	EUR	19439	INFRAGREEN III	11/12/2017	20,857,954.54	4,142,045.46	0.00	
88652	EUR	20147	CAPIDEA KAPITAL III K/S	20/12/2017	6,165,791.28	0.00	0.00	
88654	EUR	19631	EGYM GMBH	14/12/2017	7,500,000.00	5,000,000.00	0.00	
88655	EUR	20122	FSI MID-MARKET GROWTH EQUITY FUND	29/09/2017	23,750,000.00	0.00	0.00	
88656	EUR	19476	CM GROEP BV	15/12/2017	5,000,000.00	0.00	0.00	
88693	EUR	20148	WELLINGTON PARTNERS LIFE SCIENCES V GMBH UND CO KG	22/11/2017	10,000,000.00	0.00	0.00	
88707	EUR	20154	QUALIUM FUND II	31/10/2017	18,831,368.72	168,631.28	0.00	
88711	EUR	20160	LSP HEALTH ECONOMICS FUND 2 CV	01/12/2017	10,000,000.00	0.00	0.00	
88853	EUR	18892	FORSEE POWER SAS	18/12/2017	10,000,000.00	0.00	0.00	
88873	EUR	20255	CATACAP II K/S	27/12/2017	10,073,875.08	0.00	0.00	
88880	EUR	20260	INNOVA/6 SCA SICAV-RAIF	21/12/2017	9,250,000.00	0.00	0.00	
88905	EUR	20284	MIURA FUND III FCR	07/12/2017	14,250,000.00	0.00	0.00	
88922	EUR	19884	CLAVISTER AB	18/12/2017	10,000,000.00	0.00	0.00	
88933	EUR	20301	INVENTURE FUND III KY	19/12/2017	5,625,000.00	0.00	0.00	
88957	EUR	20314	DIGITAL GROWTH FUND I GMBH UND CO K G	22/12/2017	10,000,000.00	0.00	0.00	

Template 2

Outstanding EFSI Guaranteed Equity Type Operations (in EUR) as at 31.12.2017

FI Number	Currency ID	Counterpart ID	Denomination of the Counterpart	Date of EFSI operation signature	Undisbursed Exposure	Net disbursed guaranteed carrying amount	Value Adjustement	Net available EU guarantee (at portfolio level)
88964	EUR	20321	LTC III	27/12/2017	5,952,000.00	0.00	0.00	
89010	EUR	19927	INVEN CAPITAL INVESTICNI FOND AS	15/12/2017	25,000,000.00	0.00	0.00	
				Sum:	**1,423,032,023.71**	**209,467,991.27**	**0.00**	**2,499,444,971.86**

Template 3

Outstanding EFSI Guaranteed Equity Type Operations - additional information as at 31.12.2017

Not applicable

Template 4

Defaulted and subrogated Debt Type Operations as at 31.12.2017 - Operations in Currency at 31.12.2017

All amounts are in contractual instalment currency. Accruals are calculated (estimated) until 31.12.2017.

															Principal Outstanding			Interest Outstanding			Other Amounts Outstanding (Borrower Penalties, Commissions, Subsidies)			EFSI Penalty From Calls			EFSI Accrual Accounting			Recovery			
Instalment Called (flag Y/N)	Instalment Paid from EU Guarantee (flag Y/N)	Instalment Refunded (flag Y/N)	Call ID	Call Date	EFSI Payment Date	FI Number	Facility Name	Country	Instalment Currency	Exchange Rate (ECB rate at 31/12/2016)	Exchange Rate (prevailing market rate on the relevant value date as transacted by EIB)	Total Principal Outstanding	Total Principal in Arrears to date (Curr)	Instalment Date	Not Yet Called (but late)	Called, not Paid by EFSI	Called and Paid by EFSI	Not Yet Called (but late)	Called, not Paid by EFSI	Called and Paid by EFSI	Not yet called (but late)	Called, not yet paid by EFSI	Called and Paid By EFSI	Penalty Generated not yet called	Penalty Called not yet paid by year end	Penalty Called and Paid	Accrued Penalty by End 201X (P2 For Amount Called And Paid)	Accrued Penalty by End 201X (P2 For Amount Called and Not Paid)	Accrued Recovery Fees on called amounts by Year End	Principal	Interests	Other amounts (Borrower Penalties, Commissions, Subsidies)	Recovery Fees Paid
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 4

Defaulted and subrogated Debt Type Operations as at 31.12.2017 - Operations in EUR at 31.12.2017

All amounts are in EUR. Accruals are calculated (estimated) until 31.12.2017.

															Principal Outstanding			Interest Outstanding			Other Amounts Outstanding (Borrower Penalties, Commissions, Subsidies)			EFSI Penalty From Calls			EFSI Accrual Accounting			Recovery			
Instalment Called (flag Y/N)	Instalment Paid from EU Guarantee (flag Y/N)	Instalment Refunded (flag Y/N)	Call ID	Call Date	EFSI Payment Date	FI Number	Facility Name	Country	Instalment Currency	Exchange Rate (ECB rate at 31/12/2016)	Exchange Rate (prevailing market rate on the relevant value date as transacted by EIB)	Total Principal Outstanding	Total Principal in Arrears to date (Curr)	Instalment Date	Not Yet Called (but late)	Called, not Paid by EFSI	Called and Paid by EFSI	Not Yet Called (but late)	Called, not Paid by EFSI	Called and Paid by EFSI	Not yet called (but late)	Called, not yet paid by EFSI	Called and Paid By EFSI	Penalty Generated not yet called	Penalty Called not yet paid by year end	Penalty Called and Paid	Accrued Penalty by End 201X (P2 For Amount Called And Paid)	Accrued Penalty by End 201X (P2 For Amount Called and Not Paid)	Accrued Recovery Fees on called amounts by Year End	Principal	Interests	Other amounts (Borrower Penalties, Commissions, Subsidies)	Recovery Fees Paid
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 4

Defaulted and subrogated Debt Type Operations as at 31.12.2017 - Operations in EUR at transaction date

All amounts are in EUR. Accruals are calculated (estimated) until 31.12.2017.

															Principal Outstanding			Interest Outstanding			Other Amounts Outstanding (Borrower Penalties, Commissions, Subsidies)			EFSI Penalty From Calls			EFSI Accrual Accounting			Recovery			
Instalment Called (flag Y/N)	Instalment Paid from EU Guarantee (flag Y/N)	Instalment Refunded (flag Y/N)	Call ID	Call Date	EFSI Payment Date	FI Number	Facility Name	Country	Instalment Currency	Exchange Rate (ECB rate at 31/12/2016)	Exchange Rate (prevailing market rate on the relevant value date as transacted by EIB)	Total Principal Outstanding	Total Principal in Arrears to date (Curr)	Instalment Date	Not Yet Called (but late)	Called, not Paid by EFSI	Called and Paid by EFSI	Not Yet Called (but late)	Called, not Paid by EFSI	Called and Paid by EFSI	Not yet called (but late)	Called, not yet paid by EFSI	Called and Paid By EFSI	Penalty Generated not yet called	Penalty Called not yet paid by year end	Penalty Called and Paid	Accrued Penalty by End 201X (P2 For Amount Called And Paid)	Accrued Penalty by End 201X (P2 For Amount Called and Not Paid)	Accrued Recovery Fees on called amounts by Year End	Principal	Interests	Other amounts (Borrower Penalties, Commissions, Subsidies)	Recovery Fees Paid
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 5

Information on financial flows - Information on amount incurred amount settled and amount oustanding (in EUR)

1. Inflows	Amount Incurred	Amount settled (Incurred - Outstanding)	Amount outstanding at the beginning of the year (01/01/2017)	Amount outstanding at the end of the year (31/12/2017)
1.1 IIW Debt Portfolio risk sharing revenues	61,049,347.40	40,335,860.67	11,066,501.04	31,779,987.77
1.2 IIW Equity Portfolio revenues - Interests, dividends	512,756.10	502,756.10	0.00	10,000.00
1.3 IIW Equity Portfolio revenues – Reversed Value Adjustments	0.00	0.00	n/a	n/a
1.4 IIW Equity Portfolio revenues – Gains on repayments/prepayments or dis-investments	0.00	0.00	0.00	0.00
1.5 IIW Debt Portfolio Recovered subrogated amounts	0.00	0.00	0.00	0.00
1.6 Interest on the EFSI Account balance	-32,257.56	-32,257.56	n/a	n/a
1.7 Other EU revenue	n/a	0.00	n/a	n/a
1.8 Inflows from EIF related to the SMEW Operations (gross amount before application of the amounts as per Article 5 (f) of Schedule VII)	n/a	2,205.96	n/a	n/a
1.9 Payments from the EU	n/a	0.00	n/a	n/a

2. Outflows	Amount Incurred	Amount settled (Incurred - Outstanding)	Amount outstanding at the beginning of the year (01/01/2017)	Amount outstanding at the end of the year (31/12/2017)
2.1 IIW Debt Portfolio Calls of the EU Guarantee – Payment defaults	0.00	0.00	0.00	0.00
2.2 IIW Debt Portfolio Calls of the EU Guarantee – Restructuring Losses	0.00	0.00	0.00	0.00
2.3 IIW Debt Portfolio EIB Recoverable Administrative Costs	0.00	0.00	0.00	0.00
2.4 IIW Debt Portfolio Recovery costs on subrogated amounts and IIW Equity Portfolio Recovery costs	0.00	0.00	0.00	0.00
2.5 IIW Equity Portfolio expenses – Value Adjustments	0.00	0.00	0.00	0.00
2.6 IIW Equity Portfolio expenses – Losses on repayments/prepayments or dis-investments	0.00	0.00	0.00	0.00
2.7 IIW Equity Portfolio expenses - EIB Funding Costs	-449,731.32	-353,341.06	-57,661.72	-154,051.98
2.8 EU expenses under EIAH agreement	n/a	0.00	n/a	n/a
2.9 EIB/EIF SMEW Guarantee Calls (as described in the Article 7.2 (d) (i))	0.00	-105,907.10	0.00	0.00
2.10 SMEW Equity Product – EIB Funding Costs split into:	0.00	0.00	0.00	0.00
- costs paid according to Article 5 (f) of Schedule VII	0.00	0.00	0.00	0.00
- costs called and paid from the EFSI Account according to Article 8.1(c)(iii)	0.00	0.00	0.00	0.00
2.11 EIB Funding repaid related to SMEW Products funded by EIB split into:	0.00	0.00	0.00	0.00
- funding repaid according to Article 5 (f) of Schedule VII	0.00	0.00	0.00	0.00
- outstanding funding called and repaid after the EIB SMEW Funding Repayment Date according to Article 8.1(c)(iv)	0.00	0.00	0.00	0.00
2.12 SMEW Equity Product – SMEW Portfolio Value Variation Amounts	0.00	0.00	0.00	0.00
2.13 EIF Administrative Fees paid from the EFSI Account according to Article 6.1(c) of Schedule VII	n/a	-945,146.75	n/a	n/a
2.14 Other EU expense	n/a	0.00	n/a	n/a
2.15 Payments to the EU	n/a	-39,200,000.00	n/a	n/a

3. Cash balance on EFSI Account on 1 January			86,211.10	
4. Cash balance on EFSI Account on 31 December				290,381.36

European Investment Fund

Report of factual findings resulting from the Agreed-Upon Procedures in relation to the SME Window of the European Fund for Strategic Investments for the period from 1 January 2017 to 31 December 2017

To the Management of the
European Investment Fund
37 B, avenue J.F. Kennedy
L-2968 Luxembourg

Report of factual findings resulting from the Agreed-Upon Procedures in relation to the SME Window of the European Fund for Strategic Investments for the period from 1 January 2017 to 31 December 2017.

Dear Sirs,

In accordance with our Engagement Letter March 28, 2018 with the European Investment Fund (hereafter “the Fund” or “EIF”), we provide our Report of Factual Findings (hereafter "the Report"), with respect to the Agreed-Upon Procedures, in the context of the SME Window of the European Fund for Strategic Investments (hereafter “SMEW”) as set out in Schedule III of the “Agreement on the Management of the European Fund for Strategic Investments and on the granting of the EU Guarantee” (the “EFSI Agreement”) between the European Union and the European Investment Bank (“EIB”), dated 22 July 2015, as subsequently amended, and the “EIB/EIF SMEW Agreement for the implementation of the SME Window of the European Fund for Strategic Investments” between EIB and EIF dated 22 July 2015, as subsequently amended, for the period from 1 January 2017 to 31 December 2017.

The Report consists of this letter and the Financial report set out in Appendix 1.

Objective

The procedures we performed, as described in the scope of the work below, were solely to enable the Fund to comply with the Schedule III of the EFSI Agreement and the “EIB/EIF SMEW Agreement for the implementation of the SME Window of the European Fund for Strategic Investments”..

Scope of Work

Our engagement was undertaken in accordance with:

— The Engagement Letter dated March, 28, 2018.

— International Standard on Related Services ('ISRS') 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as adopted by the Institut des Réviseurs d’Entreprises (IRE).

Sources of Information

The Report sets out information provided to us by the EIF in response to specific questions or as obtained and extracted from the EIF's records and accounts.

Factual Findings

We have agreed to perform the following procedures and report to you the factual findings resulting from our work as described below.

Information on SMEW Equity Products

Template 6 Reference to Financial report	PROCEDURES	Applicable[1]	Factual Finding
1	Obtain from EIF the formula used in SMEW Covered Amount at the reporting date relating to the EFSI EP Contribution drawn down by the EIF from the EIB and check the mathematical accuracy of the amount reported.	Applicable	No exception noted
2	For each Sub-Window, obtain from EIF the reported Committed amount (net of de-commitments) under Equity Product Operations and verify that the amount matches with the balance in eFront for each Sub-Window.	Applicable	We noted that between the reported Committed amounts (net of de-commitments) under Equity Product Operations and the amounts reported in eFront the following differences of EUR 507,098.89 for the Sub-Window 1 and EUR 506,648.48 for the Sub-Window 2. *EIF Management Comment:* *As per Article 5.4 of Schedule III of the EFSI Agreement, "All data shall be reported in EUR and in the underlying currencies as applicable. Amounts denominated in a currency other than EUR shall be translated into EUR at the ECB exchange rate prevailing at the*

Template 6 Reference to Financial report	PROCEDURES	Applicable[1]	Factual Finding
			last day of the relevant reporting period." Due to the fact that balances in eFront are converted at the historical exchange rate, this results in a difference which is justified by the different methodologies. As the information shown both in EFSI report and eFront is correct but will never match due to the exchange rates used, EIF will approach the EC to review this procedure for the next exercise.
3	For each Sub-Window, obtain from EIF the reported EIB funding balance and verify that the amount matches with the balance in EIF accounting data and records as at the reporting date.	Applicable	No exception noted
4	For each Sub-Window, obtain from EIF the reported Payments to Intermediaries balance and verify that the amount matches with the balance in EIF accounting data and records as at the reporting date. Inspect evidence that EIF performed a reconciliation between the amounts in EIF accounting data and records and eFront.	Applicable	No exception noted
5	Obtain from EIF the reported amount of Capital repayments from Sub-window 1 Equity	Applicable	No exception noted

Template 6 Reference to Financial report	PROCEDURES	Applicable[1]	Factual Finding
	Product Operations and verify that the amount matches with the balance in EIF accounting data and records as at the reporting date. Inspect evidence that EIF performed a reconciliation between the amounts in EIF accounting data and records and eFront.		
6	Obtain from EIF the reported amount of revenues from Sub-window 1 Equity Product Operations and verify that the amount matches with the balance in EIF accounting data and records as at the reporting date. Inspect evidence that EIF performed a reconciliation between the amounts in EIF accounting data and records and eFront.	Applicable	No exception noted
7	Obtain from EIF the amounts received (reflows) from IFE operations in relation to the Sub-window 2 SMEW Equity Product and verify that the amount matches with the balance in EIF accounting data and records as at the reporting date. Inspect evidence that EIF performed a reconciliation between the amounts in EIF accounting data and records and eFront.	Applicable	No exception noted
8	For each Sub-Window, obtain from EIF the reported amount of the fair value of EFSI Investments and verify that the amount matches with the balance in EIF accounting data and records as at the reporting date.	Applicable	No exception noted

Template 6 Reference to Financial report	PROCEDURES	Applicable[1]	Factual Finding
9	Obtain from EIF the reported SMEW Portfolio Variation Amount related to SW1 and SW2 Equity Product Operations and verify that it matches to the balance in EIF accounting data and records as at 31/12/2017. Check that the reported SMEW Portfolio Variation Amount related to SW1 and SW2 Equity Product Operations matches with the amount indicated in the notification to EIB on SMEW Portfolio Variation Amounts, for each Sub-Window and in total.	Applicable	No exception noted
10	Obtain from EIF the amount accrued in relation to the Total IFE Senior Tranche IRR allocated to the EFSI IFE Senior Tranche and verify that it matches with the balance in EIF accounting data and records as at the reporting date.	Applicable	No exception noted

(1) For the procedures that were deemed not applicable for the year 2017 as per EIF Management, it was indicated as “Not applicable in 2017”.
For the items where there was no balance, we checked that there was no balance and reported as "No exception noted".

Information on SMEW Portfolio Guarantee Products (accumulated amounts and amounts of the year under the points 3.-6.)

Template 7 Reference to Financial report	Procedures	Applicable[1]	Factual Findings
Total of SMEW Portfolio Guarantee Products			
1	Obtain from EIF the formula used in determining the Total of SMEW Portfolio Guarantee Products and check the mathematical accuracy of the amount reported.	Applicable	No exception noted
2	Obtain from EIF the formula used in determining the Total of SMEW Portfolio Guarantee Products and check the mathematical accuracy of the amount reported.	Applicable	No exception noted
3	Obtain from EIF the formula used in determining the Total of SMEW Portfolio Guarantee Products and check the mathematical accuracy of the amount reported.	Applicable	No exception noted
4	Obtain from EIF the formula used in determining the Total of SMEW Portfolio Guarantee Products and check the mathematical accuracy of the amount reported.	Applicable	No exception noted
5	Obtain from EIF the formula used in determining the Total of SMEW Portfolio Guarantee Products and check the mathematical accuracy of the amount reported.	Applicable	No exception noted
6	Obtain from EIF the formula used in determining the Total of SMEW Portfolio Guarantee Products and check the mathematical accuracy of the amount reported.	Applicable	No exception noted

Template 7 Reference to Financial report	Procedures	Applicable[1]	Factual Findings
6a	Obtain from EIF the formula used in determining the Total of SMEW Portfolio Guarantee Products and check the mathematical accuracy of the amount reported.	Applicable	No exception noted
InnovFin SMEG			
1	Obtain from EIF the Enhancement amount and verify that the amount matches to the amount reported in Section 1 of Annex 1 of Schedule VII of the EFSI Agreement	Applicable	No exception noted
2	Obtain from EIF the reported amount and verify that it matches with the balance of total EFSI exposure reported in the Annual operational report of InnovFin SMEG.	Applicable	No exception noted
3	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
4	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
5	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
6	Obtain from EIF the reported amount and verify that it matches	Applicable	No exception noted

Template 7 Reference to Financial report	Procedures	Applicable[1]	Factual Findings
	with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).		
6a	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
COSME LGF			
1	Obtain from EIF the Enhancement amount and verify that the amount matches to the amount reported in Section 2 of Annex 1 of Schedule VII of the EFSI Agreement	Applicable	No exception noted
2	Obtain from EIF the reported amount and verify that it matches with the balance of total exposure reported in the Annual Operational report of COSME LGF.	Applicable	No exception noted
3	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
4	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
5	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for	Applicable	No exception noted

Template 7 Reference to Financial report	Procedures	Applicable[1]	Factual Findings
	the year (annually and on a cumulative basis).		
6	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
6a	Obtain from EIF the reported amount and verify that it matches with the balance in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
EaSI			
1	Obtain from EIF the Enhancement amount and verify that the amount matches to the amount reported in Section 4 of Annex 1 of Schedule VII of the EFSI Agreement	Applicable	No exception noted
2	Obtain from EIF the reported amount and verify that it matches with the balance of total exposure reported in the Annual operational report of EaSI.	Applicable	No exception noted
3	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
4	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted

Template 7 Reference to Financial report	Procedures	Applicable[1]	Factual Findings
5	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
6	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
6a	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
CCS			
1	Obtain from EIF the Enhancement amount and verify that the amount matches to the amount reported in Section 5 of Annex 1 of Schedule VII of the EFSI Agreement	Applicable	No exception noted
2	Obtain from EIF the reported amount and verify that it matches with the balance of total exposure reported in the Annual operational report of CCS.	Applicable	No exception noted
3	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
4	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF	Applicable	No exception noted

Template 7 Reference to Financial report	Procedures	Applicable[1]	Factual Findings
	accounting data and records for the year (annually and on a cumulative basis).		
5	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
6	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted
6a	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (annually and on a cumulative basis).	Applicable	No exception noted

(1) For the procedures that were deemed not applicable for the year 2017 as per EIF Management, it was indicated as “Not applicable in 2017”.
For the items where there was no balance, we checked that there was no balance and reported as "No exception noted".

Information on SMEW transactions

Reference to Financial report / Template 8	Procedures	Applicable[1]	Factual Finding
Section A: SMEW dedicated bank accounts - SMEW Available Amounts, as per Article 5 of Schedule VII			
1	Obtain from EIF the formula used in determining the SMEW Revenues received during the year and check the mathematical accuracy of the amount reported.	Applicable	No exception noted
2	Obtain from EIF the reported amount and verify that it matches with the balance of treasury income recorded in EIF accounting data and records as at the 31 December 2017.	Applicable	No exception noted
Section B: Additional financial information			
SMEW Available amounts as at 31 December			
1	Obtain from EIF the formula used in determining the SMEW Available amounts as at 31 December and check the mathematical accuracy of the amount reported.	Applicable	No exception noted
SMEW Costs			
2	*SMEW Costs accrued or due to EIF as at 1 January* Obtain from EIF the reported amount and verify that it matches with the balance in EIF accounting data and records as at 1 January 2017 and to the SMEW Costs accrued or due as at 31 December of the previous year's financial report.	Applicable	No exception noted
	SMEW Costs related to the current the year	Applicable	No exception noted

Reference to Financial report Template 8	Procedures	Applicable[1]	Factual Finding
	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year 2017. Verify that it is recorded as revenue in EIF statutory accounts.		We noted a difference of EUR 69,940.63 between the reported amount and the EIF accounting data and records for the year 2017. *EIF Management Comment:* *The difference is due to three invoices, which were recorded and paid by the EIF according to its internal rules during Q4 2017. Such invoices are subject to a reimbursement from the mandate as such costs shall be borne by the mandate. However, for this specific mandate, as the re-invoicing process depends on the waterfall exercise that took place after the closing of the EIF accounting books, the reimbursement was not reflected into the 2017 EIF accounting books.*
	SMEW Costs paid during the year from SMEW Available Amounts	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF		

Reference to Financial report Template 8	Procedures	Applicable[1]	Factual Finding
	accounting data and records for the year 2017. Obtain from EIF the reported amount of Costs from the EFSI bank account statements and verify that it matches with the SMEW Costs debited during the year.		
	SMEW Costs paid during the year from SMEW Costs Reserve	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year 2017. Obtain from EIF the reported amount of Costs from the EFSI bank account statements and verify that it matches with the SMEW Costs debited during the year.		
	SMEW Costs paid to EIF by EIB during the year	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year 2017. Obtain from EIF the reported amount of Costs from the EFSI bank account statements and verify that it matches with the SMEW Costs paid by EIB during the year.		
	SMEW Costs accrued or due to EIF as at 31 December	Applicable	No exception noted
	Obtain from EIF the formula used in determining the accrued or		

Reference to Financial report Template 8	Procedures	Applicable[1]	Factual Finding
	due amount as at 31 December and check the mathematical accuracy of the amount reported.		
EIF Administrative Fees			
3	*EIF Administrative fees accrued or due to EIF as at 1 January*	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches with the balance in EIF accounting data and records as at 1 January 2017 and to the EIF Administrative Fees accrued or due to EIF as at 31 December of the previous year's financial report.		
	EIF Administrative fees related to the current year	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year 2017.		
	EIF Administrative Fees paid during the year from SMEW Available Amounts	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year 2017.		
	EIF Administrative Fees paid during the year from Expected EIF Administrative Fees reserve	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF		

Reference to Financial report Template 8	Procedures	Applicable[1]	Factual Finding
	accounting data and records for the year 2017.		
	EIF Administrative Fees paid to EIF by EIB during the year	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year 2017.		
	EIF Administrative Fees accrued or due to EIF as at 31 December	Applicable	No exception noted
	Obtain from EIF the formula used in determining the accrued or due amount as at 31 December and check the mathematical accuracy of the amount reported.		
SMEW Costs Reserve			
4	*SMEW Cost Reserve beginning of the year*	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches to the reserve in the end of the preceding year.		
	Increases during the year	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches to the amount of SMEW Available Amounts allocated to the SMEW Costs Reserve, as per Article 5 of Schedule VII of the EFSI Agreement		
	Use during the year	Applicable	No exception noted
	Obtain from EIF the formula used in determining the reported		

Reference to Financial report Template 8	Procedures	Applicable[1]	Factual Finding
	amount and check the mathematical accuracy of the amount reported.		
	SMEW Costs Reserve as at 31 December	Applicable	No exception noted
	Obtain from EIF the formula used in determining the reported amount and check the mathematical accuracy the amount reported.		
EIF Administrative Fees reserve			
5	*EIF Administrative Fees reserve beginning of the year*	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches to the reserve in the end of the preceding year and to the EIF Administrative Fees accrued or due to EIF as at 31 December of the previous year in the previous financial report.		
	Increases during the year	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches to the amount of SMEW Available Amounts allocated to the EIF Administrative Fees Reserve, as per Article 5 of Schedule VII of the EFSI Agreement		
	Uses during the year	Applicable	No exception noted
	Obtain from EIF the formula used in determining the reported amount and check the mathematical accuracy of the amount of the amount reported.		

Reference to Financial report Template 8	Procedures	Applicable[1]	Factual Finding
	EIF Administrative Fees reserve as at 31 December	Applicable	No exception noted
	Obtain from EIF the formula used in determining the reported amount and check the mathematical accuracy of the amount reported.		
Amounts due to EIF under the EIB/EIF SMEW Guarantee, as per Schedule VII, Article 5(e)			
6	*Amounts accrued or due to EIF under the EIB/EIF SMEW Guarantee as at 1 January*	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches with the balance in EIF accounting data and records as at the 31 December 2017 and to the EIF Administrative Fees accrued or due to EIF as at 31 December of the previous year's financial report.		
	Amounts related to the current year	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches with the balance in EIF accounting data and records as at the 31 December 2017.		
	Amounts paid to EIF under the EIB/EIF SMEW Guarantee from SMEW Available Amounts during the year	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches with the balance in EIF accounting data and records as at the 31 December 2017.		

Reference to Financial report Template 8	Procedures	Applicable[1]	Factual Finding
	Amounts paid to EIF under the EIB/EIF SMEW Guarantee by EIB during the year	Applicable	No exception noted
	Obtain from EIF the reported amount and verify that it matches with the balance in EIF accounting data and records as at the 31 December 2017.		
	Amounts accrued or due to EIF under the EIB/EIF SMEW Guarantee as at 31 December	Applicable	No exception noted
	Obtain from EIF the formula used in determining the accrued or due amount as at 31 December and check the mathematical accuracy of the amount reported.		
Amounts to be transferred to EIB as at 31 December			
7	*Amounts to be transferred to EIB as at 31 December (Amounts transferred to EIB during the year are reported by EIB to the Commission as per Schedule III, Section C, Template 5)*	Applicable	No exception noted
	Obtain from EIF the formula used in determining the amount to be transferred to EIB as at 31 December and check the mathematical accuracy of the amount reported.		
Section C: Additional information on signed guarantees and on provisions for risks and liabilities of SMEW Portfolio Guarantee Products			
SIGNED GUARANTEES			
Total of SMEW Portfolio Guarantee Products			

Reference to Financial report Template 8	Procedures	Applicable[1]	Factual Finding
1-4	Obtain from EIF the formula used in determining the Total of SMEW Portfolio Guarantee Products and check the mathematical accuracy of the amount reported.	Applicable	No exception noted
InnovFin SMEG			
1	Obtain from EIF the reported amount and verify that it matches with the balance recorded in EIF accounting data and records for the year (on a cumulative basis).	Applicable	No exception noted
2	Not Applicable	Not Applicable	Not Applicable
3	Obtain from EIF the reported amount and verify that it matches with the balance reported in note 3.5 of the latest available audited financial statements of InnovFin SMEG	Applicable	No exception noted
4	Obtain from EIF the formula used in the total amount allocated to SMEW Portfolio Guarantee Product and check the mathematical accuracy of the amount reported.	Applicable	No exception noted
COSME LGF			
1-3	Obtain from EIF the reported amount and verify that it matches with the balance reported in note 3.4 of the latest available audited financial statements of COSME LGF	Applicable	No exception noted
4	Obtain from EIF the formula used in the total amount allocated to SMEW Portfolio Guarantee	Applicable	No exception noted

Reference to Financial report Template 8	Procedures	Applicable[1]	Factual Finding
	Product and check the mathematical accuracy of the amount reported.		
EaSI			
1-3	Obtain from EIF the reported amount and verify that it matches with the balance reported in note 3.4 of the latest available audited financial statements of EaSI	Applicable	No exception noted
4	Obtain from EIF the formula used in the total amount allocated to SMEW Portfolio Guarantee Product and check the mathematical accuracy of the amount reported.	Applicable	No exception noted
CCS			
1-3	Obtain from EIF the reported amount and verify that it matches with the balance reported in note 3.4 of the latest available audited financial statements of CCS	Applicable	No exception noted
4	Obtain from EIF the formula used in the total amount allocated to SMEW Portfolio Guarantee Product and check the mathematical accuracy of the amount reported.	Applicable	No exception noted
Provision for risks and liabilities allocated to SMEW Portfolio Guarantee products			
Total of SMEW Portfolio Guarantee Products			
1-7	Obtain from EIF the formula used in determining the Total of SMEW Portfolio Guarantee Products and check the	Applicable	No exception noted

Reference to Financial report Template 8	Procedures	Applicable[1]	Factual Finding
	mathematical accuracy of the amount reported.		
InnovFin SMEG			
1-7	Obtain from EIF the reported amount and verify that it matches with the total amount reported in note 5.2 of the latest available audited financial statements of InnovFin SMEG.	Applicable	No exception noted
COSME LGF			
1-7	Obtain from EIF the reported amount and verify that it matches the difference between the total amount reported in note 5.2 of the latest available audited financial statements of COSME LGF.	Applicable	No exception noted
EaSI			
1-7	Obtain from EIF the reported amount and verify that it matches to the total amount reported in note 5.3 of the latest available audited financial statements of EaSI.	Applicable	No exception noted
CCS			
1-7	Obtain from EIF the reported amount and verify that it matches to the total amount reported in note 5.2 of the latest available audited financial statements of CCS.	Applicable	No exception noted

(1) For the procedures that were deemed not applicable for the year 2017 as per EIF Management, it was indicated as “Not applicable in 2017”.
For the items where there was no balance, we checked that there was no balance and reported as "No exception noted".

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier, we do not express any assurance on the accompanying Financial report in Appendix 1 in relation to the SMEW for the period from 1 January 2017 to 31 December 2017.

Had we performed additional procedures or had we performed an audit or review of the accompanying Financial report in Appendix 1 in relation to the SMEW for the period from 1 January 2017 to 31 December 2017 in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Use of this Report

This Report is solely for the purpose set forth in the above objective and for your information.

This Report is prepared solely for the confidential use of the EIF, the EIB, the European Court of Auditors and the European Commission, and is not to be used for any other purpose or to be distributed to any other parties.

This report relates only to the tables referred above and does not extend to any financial statements and any other financial information of the EIF, taken as a whole.

Luxembourg, March 28, 2018

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

M. Tabart

Appendix 1 – Financial report

Template 6

Information on SMEW Equity Products		Cumulative as at 31/12/2017		
Template 6		SW1	SW2	TOTAL
1	SMEW EIB Covered Amount (excluding SMEW Equity Product Funding Costs)	304 614 374.74	20 000 000.00	324 614 374.74
2	Committed amount (net of de-commitments) under Equity Product Operations	304 614 374.74	130 668 351.52	435 282 726.27
3	Total EIB funding drawn down by the EIF	40 000 000.00	20 000 000.00	60 000 000.00
4	Aggregate of amounts disbursed to Equity Product Operations	34 929 397.16	13 110 282.46	48 039 679.62
5	Capital repayments from Sub-window 1 Equity Product Operations	-		-
6	Revenues from Sub-window 1 Equity Product Operations	224.53		224.53
7	Amounts received (reflows) from IFE operations in relation to the Sub-window 2 SMEW Equity Product		6 502.73	6 502.73
8	Net Asset Value of Equity Product outstanding Operations at 31 December	32 659 967.58	13 233 015.27	45 892 982.85

Appendix 1 – Financial report (continued)

Template 6 (continued)

9	SMEW Portfolio Variation amounts as at 31 December in relation to the Sub-window 1 Equity Product Operations and to the Sub-window 2 SMEW Equity Product	-	-	-
10	For the Sub-window 2 SMEW Equity Product, the amount accrued in relation to the Total IFE Senior Tranche IRR allocated to the EFSI IFE Senior Tranche, as per Article 3.1 (ii) of Annex C of the H2020 Delegation Agreement.		162 555.70	162 555.70

Amounts in EUR

Appendix 1 – Financial report (continued)

Template 7

Information on SMEW Portfolio Guarantee Products (accumulated amounts and amounts of the year under the points 3.-6.)			
Template 7			
	Total of SMEW Portfolio Guarantee Products	**2017**	**Cumulative as at 31/12/2017**
1	Total EFSI Guarantee ceiling	290 000 000,00	1 590 000 000,00
2	SMEW EIB Covered Amounts	425 858 605,36	1 068 543 535,72
3	Amounts called from EIB/EIF guarantee for guarantee calls from operations	-	-
4	Amounts called from EIB/EIF guarantee for up-front purchase of currencies (hedging)	-	-
5	Amounts paid by EIF for guarantee calls from operations out of previously purchased non EUR currency	-	-
6	SMEW Replenishment Amounts paid by EIF to EIB, of which:	-	-
6a	SMEW Recovered Amounts	-	-

Appendix 1 – Financial report (continued)

Template 7 (continued)

	InnovFin SMEG	2017	Cumulative as at 31/12/2017
1	Total EFSI Guarantee ceiling	130 000 000.00	880 000 000.00
2	SMEW EIB Covered Amounts	237 411 715.81	613 724 204.81
3	Amounts called from EIB/EIF guarantee for guarantee calls from operations	-	-
4	Amounts called from EIB/EIF guarantee for up-front purchase of currencies (hedging)	-	-
5	Amounts paid by EIF for guarantee calls from operations out of previously purchased non EUR currency	-	-
6	SMEW Replenishment Amounts paid by EIF to EIB, of which:	-	-
6a	SMEW Recovered Amounts	-	-

Appendix 1 – Financial report (continued)

Template 7 (continued)

	COSME LGF	2017	Cumulative as at 31/12/2017
1	Total EFSI Guarantee ceiling	50 000 000.00	550 000 000.00
2	SMEW EIB Covered Amounts	140 636 415.06	407 008 856.42
3	Amounts called from EIB/EIF guarantee for guarantee calls from operations	-	-
4	Amounts called from EIB/EIF guarantee for up-front purchase of currencies (hedging)	-	-
5	Amounts paid by EIF for guarantee calls from operations out of previously purchased non EUR currency	-	-
6	SMEW Replenishment Amounts paid by EIF to EIB, of which:	-	-
6a	SMEW Recovered Amounts	-	-

Appendix 1 – Financial report (continued)

Template 7 (continued)

	EaSI	2017	Cumulative as at 31/12/2017
1	Total EFSI Guarantee ceiling	50 000 000.00	100 000 000.00
2	SMEW EIB Covered Amounts	31 080 651.26	31 080 651.26
3	Amounts called from EIB/EIF guarantee for guarantee calls from operations	-	-
4	Amounts called from EIB/EIF guarantee for up-front purchase of currencies (hedging)	-	-
5	Amounts paid by EIF for guarantee calls from operations out of previously purchased non EUR currency	-	-
6	SMEW Replenishment Amounts paid by EIF to EIB, of which:	-	-
6a	SMEW Recovered Amounts	-	-

Appendix 1 – Financial report (continued)

Template 7 (continued)

	CCS	2017	Cumulative as at 31/12/2017
1	Total EFSI Guarantee ceiling	60 000 000.00	60 000 000.00
2	SMEW EIB Covered Amounts	16 729 823.23	16 729 823.23
3	Amounts called from EIB/EIF guarantee for guarantee calls from operations	-	-
4	Amounts called from EIB/EIF guarantee for up-front purchase of currencies (hedging)	-	-
5	Amounts paid by EIF for guarantee calls from operations out of previously purchased non EUR currency	-	-
6	SMEW Replenishment Amounts paid by EIF to EIB, of which:	-	-
6a	SMEW Recovered Amounts	-	-

Amounts in EUR

Appendix 1 – Financial report (continued)
Template 8 –section A and section B

Information on SMEW transactions		
Section A: SMEW dedicated bank accounts - SMEW Available Amounts, as per Article 5 of Schedule VII		**2017**
1	SMEW Revenues received during the year	4 539.99
2	Treasury income on SMEW Accounts (net of treasury losses, negative interest and bank charges) during the year	-
Section B: Additional financial information		**2017**
1	**SMEW Available amounts as at 31 December**	
	SMEW Available amounts as at 31 December	2 838.04

Appendix 1 – Financial report (continued)
Template 8 –section B (continued)

2	SMEW Costs	
	SMEW Costs accrued or due to EIF as at 1 January	-
	SMEW Costs related to the current the year	177 804.80
	SMEW Costs paid during the year from SMEW Available Amounts	1 957.17
	SMEW Costs paid during the year from SMEW Costs Reserve	-
	SMEW Costs paid to EIF by EIB during the year	105 633.19
	SMEW Costs accrued or due to EIF as at 31 December	70 214.44

Appendix 1 – Financial report (continued)
Template 8 –section B (continued)

3	EIF Administrative Fees	
	EIF Administrative fees accrued or due to EIF as at 1 January	926 086,10
	EIF Administrative fees related to the current year	12 716 191,52
	EIF Administrative Fees paid during the year from SMEW Available Amounts	1 932,05
	EIF Administrative Fees paid during the year from Expected EIF Administrative Fees reserve	-
	EIF Administrative Fees paid to EIF by EIB during the year	943 214,70
	EIF Administrative Fees accrued or due to EIF as at 31 December	12 697 130,87

Appendix 1 – Financial report (continued)
Template 8 –section B (continued)

4	SMEW Costs Reserve	
	SMEW Cost Reserve beginning of the year	-
	Increases during the year	-
	Use during the year	-
	SMEW Costs Reserve as at 31 December	-

Appendix 1 – Financial report (continued)
Template 8 –section B (continued)

5	EIF Administrative Fees reserve	
	EIF Administrative Fees reserve beginning of the year	-
	Increases during the year	-
	Uses during the year	-
	EIF Administrative Fees reserve as at 31 December	-

Appendix 1 – Financial report (continued)
Template 8 –section B (continued)

6	**Amounts due to EIF under the EIB/EIF SMEW Guarantee, as per Schedule VII, Article 5(e)**	
	Amounts accrued or due to EIF under the EIB/EIF SMEW Guarantee as at 1 January	-
	Amounts related to the current year	-
	Amounts paid to EIF under the EIB/EIF SMEW Guarantee from SMEW Available Amounts during the year	-
	Amounts paid to EIF under the EIB/EIF SMEW Guarantee by EIB during the year	-
	Amounts accrued or due to EIF under the EIB/EIF SMEW Guarantee as at 31 December	-
7	**Amounts to be transferred to EIB as at 31 December**	
	Amounts to be transferred to EIB as at 31 December (Amounts transferred to EIB during the year are reported by EIB to the Commission as per Schedule III, Section C, Template 5)	-
Amounts in EUR		

Appendix 1 – Financial report (continued)
Template 8 –section C (continued)

Information on SMEW transactions

Section C: Additional information on signed guarantees and on provisions for risks and liabilities of SMEW Portfolio Guarantee Products

Signed guarantees

	Total of SMEW Portfolio Guarantee Products	Cumulative as at 31/12/2017
1	Amount of signed guarantees	16 091 941 693.92
	Drawn	6 599 858 816.63
	Undrawn	9 492 082 877.22
2	Total guarantee cap, if applicable	973 369 432.92
3	Total amount allocated to the EU Contribution under Horizon 2020, COSME LGF, CCS and the EaSI Guarantee facility, as applicable	1 242 663 935.70
4	Total amount allocated to SMEW Portfolio Guarantee Product (1-3 for Horizon 2020 and 2-3 for remaining SMEW Portfolio Guarantee Products)	907 161 135.27
	InnovFin SMEG	**Cumulative as at 31/12/2017**
1	Amount of signed guarantees	5 882 278 190.24
	Drawn	2 451 407 277.75
	Undrawn	3 430 870 912.49
2	Total guarantee cap, if applicable	N/A
3	Total amount allocated to the EU Contribution under Horizon 2020	683 153 998.75
4	Total amount allocated to SMEW Portfolio Guarantee Product (1x20%-3)	493 301 639.30

Appendix 1 – Financial report (continued)
Template 8 –section C (continued)

	COSME LGF	Cumulative as at 31/12/2017
1	Amount of signed guarantees	9 189 253 024.00
	Drawn	3 871 182 218.00
	Undrawn	5 318 070 806.00
2	Total guarantee cap, if applicable	847 868 291.77
3	Total amount allocated to the EU Contribution under COSME LGF	451 963 159.47
4	Total amount allocated to SMEW Portfolio Guarantee Product (2-3)	395 905 132.30
	EaSI	**Cumulative as at 31/12/2017**
1	Amount of signed guarantees	824 329 966.41
	Drawn	263 342 869.88
	Undrawn	560 987 096.73
2	Total guarantee cap, if applicable	86 503 814.88
3	Total amount allocated to the EU Contribution under EaSI	74 030 216.48
4	Total amount allocated to SMEW Portfolio Guarantee Product (2-3)	12 473 598.40

Appendix 1 – Financial report (continued)
Template 8 –section C (continued)

	CCS	Cumulative as at 31/12/2017
1	Amount of signed guarantees	196 080 513.28
	Drawn	13 926 451.00
	Undrawn	182 154 062.00
2	Total guarantee cap, if applicable	38 997 326.27
3	Total amount allocated to the EU Contribution under CCS	33 516 561.00
4	Total amount allocated to SMEW Portfolio Guarantee Product (2-3)	5 480 765.27
Amounts in EUR		

Appendix 1 – Financial report (continued)
Template 8 –section C (continued)

Provision for risks and liabilities allocated to SMEW Portfolio Guarantee products			
	Total of SMEW Portfolio Guarantee Products		**Cumulative as at 31/12/2017**
1	Provision for risks and liabilities as at 1 January		227 428 751,00
2	Additions		336 744 081,00
3	Reclassification		-
4	Guarantee calls / Recoveries	-	30 214 366,00
5	Time effect	-	217 820,00
6	FX impact		442 178,00
7	Provision for risk and liabilities as at 31 December		534 182 824,00
	InnovFin SMEG		**Cumulative as at 31/12/2017**
1	Provision for risks and liabilities as at 1 January		77 869 408,00
2	Additions		129 721 847,00
3	Reclassification		-
4	Guarantee calls / Recoveries	-	9 296 001,00
5	Time effect	-	88 867,00
6	FX impact	-	26 126,00
7	Provision for risk and liabilities as at 31 December		198 180 261,00
	COSME LGF		**Cumulative as at 31/12/2017**
1	Provision for risks and liabilities as at 1 January		137 902 078,00
2	Additions		188 721 629,00
3	Reclassification		-
4	Guarantee calls / Recoveries	-	16 077 385,00
5	Time effect	-	119 461,00
6	FX impact		477 127,00
7	Provision for risk and liabilities as at 31 December		310 903 988,00

Appendix 1 – Financial report (continued)
Template 8 –section C (continued)

	EaSI	Cumulative as at 31/12/2017
1	Provision for risks and liabilities as at 1 January	11 657 265,00
2	Additions	15 738 302,00
3	Reclassification	-
4	Guarantee calls / Recoveries	- 4 840 980,00
5	Time effect	- 9 492,00
6	FX impact	- 8 823,00
7	Provision for risk and liabilities as at 31 December	22 536 272,00
	CCS	**Cumulative as at 31/12/2017**
1	Provision for risks and liabilities as at 1 January	-
2	Additions	2 562 303,00
3	Reclassification	-
4	Guarantee calls / Recoveries	-
5	Time effect	-
6	FX impact	-
7	Provision for risk and liabilities as at 31 December	2 562 303,00

Amounts in EUR

Cultural and Creative Sectors Guarantee Facility

Audited Financial Statements

December 31, 2017

KPMG

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To the Chief Executive of the
European Investment Fund
37B, avenue J.F. Kennedy
L-2968 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the accompanying financial statements of Cultural and Creative Sectors Guarantee Facility (CCS GF) ("the Facility") managed by the European Investment Fund on behalf of the European Commission, which comprise the balance sheet as at 31 December 2017, and the economic outturn account, statement of changes in capital and cash flow table for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of Cultural and Creative Sectors Guarantee Facility (CCS GF) for the year ended 31 December 2017 are prepared, in all material respects, in accordance with the accounting rules set out in Note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Law and standards are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Facility in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to enable the European Investment Fund to meet the requirements of the European Commission. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the European Investment Fund, the European Commission and the European Court of Auditors, and should not be used by or distributed to any other party.

Responsibilities of the European Investment Fund's Management and Those Charged with Governance for the financial statements

The European Investment Fund's Management ("the Management") is responsible for the preparation of the financial statements in accordance with the accounting rules set out in Note 2 to the financial statements, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Facility's financial reporting process.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are prepared, in all material respects, in accordance with the accounting rules set out in Note 2 to the financial statements, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, 13 March 2018

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Thierry Ravasio

Cultural and Creative Sectors Guarantee Facility
Economic outturn account for the year ended December 31, 2017

Economic outturn account	Notes	2017	From 30 June 2016 to 31 December 2016
		EUR	EUR
Financial operations revenues			
Net interest income	6.1	11 293	35
Total financial operations revenues		11 293	35
Financial operations expenses			
General administrative expenses	6.4	(4 570 721)	(1 568 768)
Provision for risks and liabilities	5.2	(2 562 303)	0
Foreign exchange loss	6.3	(44 247)	(3 963)
Total financial operations expenses		(7 177 271)	(1 572 731)
Economic result of the year/period		(7 165 978)	(1 572 696)

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

Cultural and Creative Sectors Guarantee Facility
Balance Sheet as at December 31, 2017

ASSETS	Notes	2017 EUR	2016 EUR
Current Assets			
Cash and cash equivalents	4.1	17 381 801	5 676 072
Total Current Assets		17 381 801	5 676 072
Total Assets		17 381 801	5 676 072
LIABILITIES			
Capital			
EU contribution	5.1	19 286 710	5 980 000
Accumulated deficit		(1 581 556)	0
Economic result of the year/period		(7 165 978)	(1 572 696)
Total Capital		10 539 176	4 407 304
Current liabilities			
Payable to the Commission		8 860	0
Other liabilities	5.3	2 471 357	1 268 768
Total Current liabilities		2 480 217	1 268 768
Non-Current liabilities			
Provision for risks and liabilities	5.2	2 562 303	0
Other liabilities	5.3	1 800 105	0
Total Non-Current liabilities		4 362 408	0
Total Liabilities		6 842 625	1 268 768
Total Capital and Liabilities		17 381 801	5 676 072

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

Cultural and Creative Sectors Guarantee Facility
Cash flow table for the year ended December 31, 2017

Cash flow statements	2017 EUR	From 30 June 2016 to 31 December 2016 EUR
Cash flows from operating activities		
Interest paid from cash and cash equivalents	(33 256)	(3 918)
Administrative fee paid	(818 000)	(300 000)
Incentive fee paid	(750 000)	0
Treasury management fee paid	(27)	0
Other operating income	456	0
Other operating charges	(154)	(10)
Net cash flows from operating activities	(1 600 981)	(303 928)
Cash flows from financing activities		
EU contribution received	13 306 710	5 980 000
Net cash flows from financing activities	13 306 710	5 980 000
Net increase in cash and cash equivalents	11 705 729	5 676 072
Cash and cash equivalents at the beginning of the financial year/period	5 676 072	0
Cash and cash equivalents at the end of the financial year/period	17 381 801	5 676 072

Interest paid from cash and cash equivalents also include effect of exchange rate fluctuations.

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

Cultural and Creative Sectors Guarantee Facility
Statement of Changes in Capital as at December 31, 2017

	EU contribution	Accumulated deficit	Economic result of the year	Total capital
Balance as at 31.12.2016	5 980 000	0	(1 572 696)	4 407 304
Allocation of the Economic result of the period 2016	0	(1 572 696)	1 572 696	0
EU contribution	13 306 710	0	0	13 306 710
Payable to the Commission	0	(8 860)	0	(8 860)
Allocation of the Economic result of the year 2017	0	0	(7 165 978)	(7 165 978)
Balance as at 31.12.2017	19 286 710	(1 581 556)	(7 165 978)	10 539 176

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

1. General section

On 11 December 2013, the Regulation (EU) No 1288/2013 of the European Parliament and of the Council of 11 December 2013 established “Creative Europe Programme”: the Union programme establishing the Cultural and Creative Sectors Guarantee Facility (“CCS GF”).

Following this decision, the European Investment Fund (hereafter “EIF”) and the European Union (hereafter “EU”) represented by the European Commission (hereafter “EC”) entered into a Delegation Agreement in respect of the Financial Instruments under Cultural and Creative Sectors Guarantee Facility (the “Delegation Agreement”).

The CCS GF aims to improve access to finance SMEs and organisations from those sectors. The CCS GF should enable the cultural and creative sectors at large to grow, and in particular should provide sufficient leverage for new actions and opportunities. Selected Financial Intermediaries should act in favour of cultural and creative projects to ensure a balanced loans portfolio in terms of geographical coverage and sector representation.

The CCS GF will tackle the main challenges linked to the access to finance for cultural and creative sectors SMEs. These main challenges relate to the prototype nature of the assets and output of the SMEs from cultural and creative sectors, perceived lack of critical mass and volume of financing needed by the companies from those sectors as well as the specific cash flow schemes. The CCS GF will encourage Financial Intermediaries to take on the specific approach necessary when credit assessing SMEs and organisations from those sectors.

In addition, the CCS GF should, through the Capacity Building scheme, improve the capacity of participating Financial Intermediaries to assess the risks associated with SMEs and micro, small and medium-sized organisations in the cultural and creative sectors and with their projects, including through technical assistance, knowledge-building and networking measures.

On 25 June 2015 the Regulation (EU) 2015/1017 of the European Parliament and of the Council (the “EFSI Regulation”) established the European Fund for Strategic Investments (“EFSI”). Consequently, the EIB and the EU entered into an Agreement on the Management of the EFSI and on the granting of the EU Guarantee (the “EFSI Agreement”) on 22 July 2015. This Agreement contained provisions on two SME Window (“SMEW”) Products.

The initial Agreement was amended on 21 July 2016 by the Parties to include two further SMEW Products.

A Second Amendment and Restatement Agreement was signed on 21 November 2017 to convert the three current guarantee products under the SMEW from a temporary enhancement (frontloading) to a permanent enhancement (top-up) structure and to add a further SMEW Product: the CCS GF Enhancement.

On 12 December 2017 an amendment to the Delegation Agreement was signed to implement the EFSI top-up, a permanent mechanism combining CCS GF resources with the risk-bearing capacity of EFSI.

The EIF’s Management has authorized the financial statements for issue on 13 March 2018.

The financial year of the Facility runs from January 1st to December 31st each year except for the first period which ran from 30 June 2016 to 31 December 2016.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1. Basis of preparation

The accounts are kept in accordance with Council Regulation (EC, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 (OJ L 298 of 26 October 2012) on the Financial Regulation applicable to the general budget of the Union and Commission Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of the Financial Regulation.

In accordance with article 144 of the Financial Regulation the financial statements have been prepared on the basis of accrual-based accounting rules that are derived from International Public Sector Standards (IPSAS) or by default, International Financial Reporting Standard (IFRS). These accounting rules, adopted by the Accounting Officer of the Commission have to be applied by all the institutions and EU bodies in order to establish a uniform set of rules for accounting, valuation and presentation of the accounts with a view to harmonise the process for drawing up the financial statements.

The Facility has consistently applied the policies set out below to the year 2017.

2.2. Significant accounting judgments and estimates

The preparation of financial statements in conformity with the accounting rules adopted by the Accounting Officer of the European Commission requires the use of certain critical accounting estimates. It also requires the European Investment Fund's Management ("the Management") to exercise its judgement in the process of applying the Facility's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed hereafter.

The most significant use of judgements and estimates are as follows:

- Provisions for risks and liabilities

According to the accounting rules established by the Accounting Officer of the European Commission and in particular the accounting rule on "Provisions, contingent assets and liabilities", a provision should be established on the face of the balance sheet when the following three conditions are met:

- A present obligation exists as a result of a past event;
- The likelihood of an outflow of resources is higher than 50%; and
- A reliable estimate is possible.

The Facility is based on a portfolio first-loss piece approach and the facility therefore reviews its exposure to the first loss piece of the financial guarantees issued by European Investment Fund at each reporting date to assess whether a provision for risks and liabilities should be recorded in the economic outturn account. In particular, judgment by the Management is required in the estimation and timing of future cash flows when determining the level of provision is required.

2.3. Foreign currencies

The Facility uses the Euro (EUR) for presenting its financial statements, which is also the functional currency.

Foreign currency transactions are translated at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in currencies other than Euro are translated into Euro at the exchange rate prevailing at the balance sheet date. The gain or loss arising from such translation is recorded in the economic outturn account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences on non-monetary assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in the economic outturn account or within the reserves.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in the economic outturn account.

The elements of the economic outturn account are translated into Euro on the basis of the exchange rates prevailing at the end of each month.

2.4. Cash and cash equivalents

The Facility defines cash and cash equivalents as current accounts, and short-term deposits with original maturities of three months or less.

2.5. Other assets

Other assets include expenses related to subsequent financial years but which are paid and accounted for during the current year, as well as income relating to the current year, which will be received in subsequent years.

The interest accruals on term deposits have been included in the carrying amount of the financial assets.

2.6. EU contribution

The contributions received from the European Commission are recognised in the balance sheet on the date when payments are received or made.

Revenues related to operations funded by the Facility and to be returned to the Commission are recorded in the balance sheet and netted with the accumulated deficit.

2.7. Other liabilities

Accruals represent charges related to the current financial year but which have not yet been paid and deferred income represent income received in the current financial year which is, however, related to a subsequent financial year. Non-current other liabilities represent fee shortfalls that will be settled after additional EU contribution is committed.

2.8. Net interest income

Interest income and interest charges are recorded on an accrual basis.

2.9. Taxation

The Protocol on the Privileges and Immunities of the European Communities, appended to the Treaty of 8 April 1965 establishing a Single Council and a Single Commission of the European Communities, stipulates that the assets, revenues and other property of the Institutions of the Union are exempt from all direct taxes.

2.10. Provisions for risk and liabilities

The financial risk of the Facility for the drawn and undrawn guarantees is capped. The expected loss estimated for each guarantee operation is recognised as the provision and is subsequently reduced by the payment demands made by financial intermediaries. It corresponds to the provision of the Facility.

In order to reflect the time values of money, the provisions are distributed over the life of the guarantee and are discounted using a discount rate that reflects current market assessments of the time value of money.

3. Financial risk management

The Risk Management function of EIF ensures that the portfolio is managed in line with the agreed asset management guidelines ("AMG"), especially in respect of the eligible investments in the Facility's portfolio, the average maturity, the interest rate risk and the credit risk exposure of the Facility's portfolio. In this respect quarterly reporting is also delivered to the EC concerning the risk and the performance of the Facility's portfolio. The reporting makes reference to breaches, if any, of the limits set out in the Facility Agreement and includes a comparison of the valuations of the portfolio to a performance index taken as benchmark.

3.1. Credit risk

Credit risk is the risk that another party will cause a financial loss to the Facility by failing to discharge an obligation. The EIF uses appropriate instruments, policies, and processes to manage the credit risk of the Facility.

In accordance with the AMG, all interbank investments should have a minimum Moody's credit rating of P-1 or equivalent (Fitch: F1 or F1+).

3.1.1 Current accounts - Profile of counterparties

The following table shows the breakdown of current account balances per currency (eligible short-term counterparty rating P-1):

Currency	31.12.2017			31.12.2016		
	Balance in currency	Converted to EUR	in %	Balance in currency	Converted to EUR	in %
EUR	13 180 075	13 180 075	100%	4 519 374	4 519 374	99%
RON	176 168	37 816	0%	250 000	55 079	1%
Total		13 217 891	100%		4 574 453	100%

3.1.2. Short term deposits with a maturity of 3 months or less - Profile of counterparties

The following table shows the breakdown of short term deposits including accrued interest with maturity less than 3 months per counterparty short term rating (eligible short term rating P-1):

Currency	31.12.2017			31.12.2016		
	Balance in currency	Converted to EUR	in %	Balance in currency	Converted to EUR	in %
EUR	2 505 209	2 505 209	60%	0	0	0%
RON	7 727 060	1 658 701	40%	5 000 250	1 101 619	100%
Total		4 163 910	100%		1 101 619	100%

3.2. Liquidity risk

The table below provides an analysis of assets and liabilities into relevant maturity groupings on the remaining period from the balance sheet date to the contractual maturity date. It is presented under the most prudent consideration maturity dates. Therefore, in the case of liabilities the earliest possible repayment date is shown, while for assets it is the latest possible repayment date.

Maturity (at 31.12.2017)	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Undefined maturity	Total
ASSETS						
Cash and cash equivalents						
Current accounts	13 217 891	0	0	0	0	13 217 891
Short term deposits	4 163 910	0	0	0	0	4 163 910
	17 381 801	0	0	0	0	17 381 801
Total Assets	17 381 801	0	0	0	0	17 381 801
LIABILITIES						
Other liabilities	2 467 480	3 877	1 800 105	0	0	4 271 462
Payable to the Commission	0	8 860	0	0	0	8 860
Total Liabilities	2 467 480	12 737	1 800 105	0	0	4 280 322

Maturity (at 31.12.2016)	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Undefined maturity	Total
ASSETS						
Cash and cash equivalents						
Current accounts	4 574 453	0	0	0	0	4 574 453
Short term deposits	1 101 619	0	0	0	0	1 101 619
	5 676 072	0	0	0	0	5 676 072
Total Assets	5 676 072	0	0	0	0	5 676 072
LIABILITIES						
Other liabilities	1 268 768	0	0	0	0	1 268 768
Payable to the Commission	0	0	0	0	0	0
Total Liabilities	1 268 768	0	0	0	0	1 268 768

3.3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

3.3.1 Market risk: Interest rate risk

The interest rate risk relates to the risk that the fair value of future cash flow of financial instruments held by the Facility is influenced because of changes in the market interest rate.

In accordance with the agreement between the Commission and the EIF on the management of the Facility Treasury Funds, investment decisions are based on the interest rates available in the market at the time of the investment. Interest rate expectations are not taken into account. No significant risk is currently taken on interest rate due to the short term maturity of term deposits.

For the year end 2017, the average interest rate for the deposits is in EUR 0% (2016: N/A) and in RON 1.45% (2016: 0.20%).

3.3.2 Market risk: Currency risk

The foreign currency risk relates to the risk that the future cash flow of the financial instruments held by the Facility will fluctuate because of changes in foreign exchange rates.

The Facility's objective is to reduce exchange risk by fixing the EUR equivalent of a given guarantee operation in a tradable out-currency and by purchasing the tradable out-currency in the amount of the guarantee cap.

At 31.12.2017	EUR	RON	Subtotal except EUR	Total
ASSETS				
Cash and cash equivalents	15 685 284	1 696 517	1 696 517	17 381 801
Total Assets	15 685 284	1 696 517	1 696 517	17 381 801
Capital and liabilities				
EU contribution	19 286 710	0	0	19 286 710
Other liabilities	4 271 462	0	0	4 271 462
Payable to the Commission	8 860	0	0	8 860
Total Capital and liabilities	23 567 032	0	0	23 567 032

At 31.12.2016	EUR	RON	Subtotal except EUR	Total
ASSETS				
Cash and cash equivalents	4 519 374	1 156 698	1 156 698	5 676 072
Total Assets	4 519 374	1 156 698	1 156 698	5 676 072
Capital and liabilities				
EU contribution	5 980 000	0	0	5 980 000
Other liabilities	1 268 768	0	0	1 268 768
Total Capital and liabilities	7 248 768	0	0	7 248 768

3.4. Volume of the Facility

As the guarantee volume is considerably higher than the guarantee cap, there is a significant gearing effect. In 2017 the amount of signed guarantees (drawn and undrawn) was approximately 5 times the guarantee cap (2016: nil). The cap amount of the actual included amounts in the portfolio represents 7% of the total guarantee cap (2016: nil).

Under the Facility, the EIF is empowered to issue guarantees in its own name but on behalf of and at the risk of the Commission.

The figures bellow do not include the transactions, if any, which were signed before the end of the year, but for which the guarantee availability period starts the following year. As at 31 December 2017 these transactions amounted to EUR 11 200 000.

The amounts of guarantees drawn and undrawn are shown below:

31.12.2017	Amount of guarantees drawn	Amount of guarantees undrawn	Total guarantee signed on behalf of the Facility	Total guarantee cap	Gearing effect
Facility	13 926 451	182 154 062	196 080 513	38 997 326	5

31.12.2016	Amount of guarantees drawn	Amount of guarantees undrawn	Total guarantee signed on behalf of the Facility	Total guarantee cap	Gearing effect
Facility	0	0	0	0	0

The European Fund for Strategic Investments (EFSI) is a joint initiative of the EC and the EIB Group under the Investment Plan for Europe. The purpose of EFSI is to help support financing and implementing productive investments in the European Union and to ensure increased access to financing.

The table below summarises the amounts allocated to this initiative:

	2017	2016
	EUR	EUR
EU Guarantee allocated to CCS as at 1 January	0	0
EU Guarantee allocated to CCS as at 31 December	5 480 765	0
Total SMEW Guaranteed sums called with respect to CCS	0	0
Amount of SMEW Replenished Amount during the year for CCS	0	0
Any reduction in the SMEW EIB Covered Amount during the year, as a result of new contributions committed under CCS	0	0

4. Detailed disclosures relating to asset headings

4.1. Cash and cash equivalents

Cash and cash equivalents consist of:

	2017 EUR	2016 EUR
Cash at bank	13 217 891	4 574 453
Short term deposits	4 161 442	1 101 564
Accrued interest on short term deposits	2 468	55
	17 381 801	5 676 072

At year end, the short term deposits have an average maturity of 68 days (2016: 40 days).

5. Detailed disclosures relating to liabilities headings

5.1. EU contribution

The budgetary commitments of the Facility corresponds to the budgetary resources committed by the Commission for the financing of the Facility and amounts to:

	2017 EUR	2016 EUR
Aggregate budgetary commitments	36 731 000	14 800 000
Uncalled budgetary commitments	(17 444 290)	(8 820 000)
	19 286 710	5 980 000

5.2. Provision for risks and liabilities

The provision of the Facility corresponds to the cap amount of the actual included amounts in the portfolio and subsequently reduced by the payment demands made by the financial intermediaries up to December 31, 2017.

The movements in the provision in respect of expected losses that may arise from the guarantee portfolio are divided into current (less than one year) and non-current (more than one year) provisions as set out below:

	Balance as at 31.12.2016	Additions	Balance as at 31.12.2017
Non-current provision for risks and liabilities	0	2 562 303	2 562 303
Total provision for risks and liabilities	0	2 562 303	2 562 303

As per the table below, the total increase in provision recognized in the economic outturn for 2017 is EUR 2 562 303 (2016: EUR 0). The provisions are annually reviewed and adjusted to reflect any variation of the pre-agreed obligations or any change in the net payment demands made by the financial intermediaries.

5.3. Other liabilities

Other liabilities are composed of:

	2017 EUR	2016 EUR
EIF incentive fee	3 500 000	750 000
EIF treasury management fee	3 877	768
EIF administrative fee	767 585	518 000
	4 271 462	1 268 768

Management fees payable to the EIF are calculated according to the applicable provisions set out in the Delegation Agreement and according to the note 6.3 and accrued at end of the year.

Other non-current liabilities included EUR 1 800 105 (2016: EUR 0) relating to fees shortfall which will be settled more than 12 months after the balance sheet date.

6. Detailed disclosures relating to the Economic outturn account

6.1. Net interest income

Net interest income consists of:

	2017 EUR	From 30.06.2016 to 31.12.2016 EUR
Interest income on short term deposits	11 293	55
Negative interest on bank current accounts	0	(20)
	11 293	35

The negative interest on bank current accounts of EUR 20 in 2016 was reimbursed during 2017.

6.2. Foreign exchange loss

Foreign exchange loss amounting to EUR (44 247) mainly correspond to losses from transaction or cash positions in foreign currencies (2016: EUR (3 963)).

6.3. General administrative expenses

The general administrative expenses are composed of EIF administrative fee, a fee in consideration of the financial management by the EIF of the EU contribution paid and additional incentive fees which serve to ensure the achievement of policy objectives.

<u>EIF administrative and incentive fee</u>

According to the Delegation Agreement, the EIF is entitled to receive administrative and incentive fee, which shall be capped at 6% of the EU Contribution committed during the period from 2016 to 2020.

EIF administrative fees shall not exceed 3.5% of the EU contribution committed for the Facility during the period from 2016 to 2020.

EIF administrative fee is composed of 3.5% of the EU contribution committed and of a start-up fee foreseen for 2016 and 2017 and amounting respectively to EUR 300 000 per year.

EIF additional incentive fee are due to the EIF based on the deployment of the Facility and depending of reaching certain objectives by the EIF.

As at 31 December 2017, administrative and incentive expenses comprise of EUR 767 585 (2016: EUR 518 000) administrative fee, EUR 300 000 (2016: 300 000) start-up fee and EUR 3 500 000 (2016: EUR 750 000) incentive fee.

EIF treasury management fee

For each period, EIF is entitled to receive a treasury management fee, which shall not exceed 0.4% of the EU contribution committed, and shall be based on the following schedule:

Average value of assets under management	Annual remuneration for management (per tranche)
Up to 200,000,000	0.10%
From 200,000,001 to 400,000,000	0.07%
From 400,000,001 to 600,000,000	0.04%
From 600,000,001	0.02%

The EIF's annual remuneration shall be invoiced in respect of each accounting period on the basis of the audited financial statements sent to EC. The remuneration shall be calculated by the EIF on the basis of a), in the case of securities and the Unitary Fund, the average market value at the end of each month, and b) in the case of cash and money market deposits, the average nominal value at the end of each month.

Exceptional and unforeseen expenses

In accordance with the Delegation Agreement and on a yearly basis, the EIF shall submit to the EC an overview of all Exceptional and unforeseen expenses it deems eligible with the relevant supporting documentation to claim the reimbursement of such costs.

The Exceptional and unforeseen expenses shall not exceed 0.5% of the EU Contribution committed for the Facility during the period from 2016 to 2020.

A statement of fees and Exceptional and unforeseen expenses covering the period from 1st January to 31 December of the previous calendar year shall be provided by the EIF no later than 15 February of each year.

As at 31 December 2017, general administrative expenses comprise the following:

	2017 EUR	2016 EUR
EIF administrative fee	1 067 585	818 000
EIF incentive fee	3 500 000	750 000
EIF treasury management fee	3 136	768
	4 570 721	1 568 768

7. Other information

7.1. Information relating to personnel employed and management

The Facility employs no staff.

7.2. Related party

The amounts included in the Facility's financial statements and related to the EIF are the followings:

	2017 EUR	2016 EUR
Current Liabilities		
Other liabilities	2 471 357	1 268 768
Non-Current liabilities		
Other liabilities	1 800 105	0
Economic outturn account		
General administrative expenses	4 570 721	1 568 768

Loan Guarantee Facility (LGF)

Audited Financial Statements

December 31, 2017

KPMG

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the accompanying financial statements of Loan Guarantee Facility (LGF) ("the Facility") managed by the European Investment Fund on behalf of the European Commission, which comprise the balance sheet as at 31 December 2017, and the economic outturn account, statement of changes in capital and cash flow table for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of Loan Guarantee Facility (LGF) for the year ended 31 December 2017 are prepared, in all material respects, in accordance with the accounting rules set out in Note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Law and standards are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Facility in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to enable the European Investment Fund to meet the requirements of the European Commission. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the European Investment Fund, the European Commission and the European Court of Auditors, and should not be used by or distributed to any other party.

Responsibilities of the European Investment Fund's Management and Those Charged with Governance for the financial statements

The European Investment Fund's Management ("the Management") is responsible for the preparation of the financial statements in accordance with the accounting rules set out in Note 2 to the financial statements, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Facility's financial reporting process.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are prepared, in all material respects, in accordance with the accounting rules set out in Note 2 to the financial statements, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, 15 March 2018

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Thierry Ravasio

Loan Guarantee Facility (LGF)
Economic outturn account for the year ended December 31, 2017

Economic outturn account	Notes	2017 EUR	2016 EUR restated*
Financial operations revenues			
Net interest income	6.1	1 050 408	178 183
Total financial operations revenues		1 050 408	178 183
Financial operations expenses			
General administrative expenses	6.3	(13 999 831)	(17 654 009)
Provision for risks and liabilities	5.2	(188 602 168)	(111 973 901)
Foreign exchange loss	6.2	(12 888)	(1 397 992)
Total financial operations expenses		(202 614 887)	(131 025 902)
Economic result of the year		(201 564 479)	(130 847 719)

* refer to Note 2.1

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

Loan Guarantee Facility (LGF)
Balance Sheet as at December 31, 2017

ASSETS	Notes	2017 EUR	2016 EUR *restated
Current Assets			
Cash and cash equivalents	4.1	223 503 694	160 285 252
Other assets		552	764
Total Current Assets		223 504 246	160 286 016
Total Assets		223 504 246	160 286 016
LIABILITIES			
Capital			
EU contribution	5.1	271 738 483	182 966 661
Accumulated deficit		(180 395 619)	(48 513 558)
Economic result of the year		(201 564 479)	(130 847 719)
Total Capital		(110 221 615)	3 605 384
Current liabilities			
Provision for risks and liabilities	5.2	57 252 515	15 513 116
Other liabilities	5.3	10 965 059	12 659 720
Payable to the Commission		1 269 442	0
Total Current liabilities		69 487 016	28 172 836
Non Current liabilities			
Provision for risks and liabilities	5.2	253 651 473	122 388 962
Other liabilities	5.3	10 587 372	5 883 734
Payable to the Commission		0	235 100
Total Non Current liabilities		264 238 845	128 507 796
Total Liabilities		333 725 861	156 680 632
Total Capital and Liabilities		223 504 246	160 286 016

* refer to Note 2.1

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

Loan Guarantee Facility (LGF)
Cash flow table for the year ended December 31, 2017

	2017 EUR	2016 EUR
Cash flows from operating activities		
Interest received/(paid)	1 514 648	(1 447 344)
Administration fee paid	(4 650 877)	(4 159 477)
Incentive fee paid	(7 245 362)	(7 400 000)
Treasury management fee paid	(122 860)	(75 988)
Other assets	213	(715)
Guarantee call paid	(15 684 936)	(3 897 260)
Recovery of guarantee calls	635 796	273
Net cash flows from operating activities	(25 553 378)	(16 980 511)
Cash flows from financing activities		
EU contribution received	88 771 822	51 774 763
Net cash flows from financing activities	88 771 822	51 774 763
Net increase in cash and cash equivalents	63 218 444	34 794 252
Cash and cash equivalents at the beginning of the financial year	160 285 252	125 491 000
Cash and cash equivalents at the end of the financial year	223 503 696	160 285 252

Interest received/(paid) includes also accruals (on cash and cash equivalents) and effect of the exchange rate.

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

Loan Guarantee Facility (LGF)
Statement of Changes in Capital as at December 31, 2017

	EU contribution	Accumulated deficit	Economic result of the year	Total capital
Balance as at 31.12.2016 restated*	182 966 661	(48 513 558)	(130 847 719)	3 605 384
Allocation of the Economic result of the year 2016	0	(130 847 719)	130 847 719	0
EU contribution	88 771 822	0	0	88 771 822
Payable to the commission	0	(1 034 342)	0	(1 034 342)
Allocation of the Economic result of the year 2017	0	0	(201 564 479)	(201 564 479)
Balance as at 31.12.2017	271 738 483	(180 395 619)	(201 564 479)	(110 221 615)

	EU contribution	Accumulated deficit	Economic result of the year	Total capital
Balance as at 31.12.2015	131 191 898	(4 332 520)	(43 945 938)	82 913 440
Allocation of the Economic result of the year	0	(43 945 938)	43 945 938	0
EU contribution	51 774 763	0	0	51 774 763
Payable to the commission	0	(235 100)	0	(235 100)
Allocation of the Economic result of the year	0	0	(130 847 719)	(130 847 719)
Balance as at 31.12.2016 restated*	182 966 661	(48 513 558)	(130 847 719)	3 605 384

* refer to Note 2.1

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

1. General section

On 11 December 2013, regulation (EU) n° 1287/2013 of the European Parliament and the Council establishing a programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014-2020) was adopted.

Following this decision, the European Investment Fund (hereafter "EIF") and the European Union (hereafter "EU") represented by the European Commission (hereafter "EC") entered into a Delegation Agreement in respect of the Financial Instruments under COSME (the "Delegation Agreement"). The Programme of COSME provides the establishment of the Equity Facility for Growth and the establishment of the Loan Guarantee Facility (hereafter jointly the "COSME Financial Instruments"). The COSME Financial Instruments aim to improve access to finance for small and medium-sized enterprises ("SMEs") in the form of debt and equity exclusively.

In the context of COSME Financial Instruments, the Loan Guarantee Facility (hereafter "LGF" or "the Facility") has been structured in the form of a direct and indirect guarantee financial instrument. The objective of LGF is to contribute to the reduction of the structural shortcoming of the SME financing market and to support the creation of a more diversified SME finance market. Through direct and indirect guarantees, LGF aims to guarantee debt financing which addresses the particular difficulties that viable SMEs face in accessing finance, either due to their perceived higher risk or due to their lack of sufficient available collateral. Furthermore, by guaranteeing the mezzanine tranche of eligible and transparent securitisation transactions, the LGF aims to provide new avenues of financing for SMEs.

On 25 June 2015 the Regulation (EU) 2015/1017 of the European Parliament and of the Council (the "EFSI Regulation") established the European Fund for Strategic Investments ("EFSI"). Consequently, the EIB and the EU entered into an Agreement on the Management of the EFSI and on the granting of the EU Guarantee (the "EFSI Agreement") on 22 July 2015. This Agreement contained provisions on two SME Window ("SMEW") Products.

The EFSI Agreement was amended on 21 July 2016 by the Parties to include two further SMEW Products, one of which is COSME LFG Enhancement. On 21 November 2017 the EFSI Agreement was amended to convert the temporary LGF Enhancement (frontloading) to a permanent LGF Enhancement (top-up).

The EIF's Management has authorized the financial statements for issue on 15 March 2018.

The financial year of the Facility runs from 1st January to 31st December each year.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1. Basis of preparation

The accounts are kept in accordance with Council Regulation (EC, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 (OJ L 298 of 26 October 2012) on the Financial Regulation applicable to the general budget of the Union and Commission Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of the Financial Regulation.

In accordance with article 144 of the Financial Regulation the financial statements have been prepared on the basis of accrual-based accounting rules that are derived from International Public Sector Standards (IPSAS) or by default, International Financial Reporting Standard (IFRS). These accounting rules, adopted by the Accounting Officer of the Commission have to be applied by all the institutions and EU bodies in order to establish a uniform set of rules for accounting, valuation and presentation of the accounts with a view to harmonise the process for drawing up the financial statements.

The Facility has consistently applied the policies set out below to the year 2017 except for the following changes.

In 2017, the Facility retrospectively changed its accounting policy due to a voluntary change with regards to the recognition of revenues to be returned to the Commission, as described in note 2.6. In the financial statements as at 31 December 2016, the revenues to be returned to the Commission, amounting to EUR 235 100 were recognised as Interest payable to the Commission in the economic outturn account.

Following the change in the accounting policy, the prior year figures of the revenues related to operations funded by the Facility and to be returned to the Commission are restated and increased the economic result of 2016 and the accumulated deficit as at 31 December 2016.

2.2. Significant accounting judgments and estimates

The preparation of financial statements in conformity with the accounting rules adopted by the Accounting Officer of the European Commission requires the use of certain critical accounting estimates. It also requires the European Investment Fund's Management ("the Management") to exercise its judgement in the process of applying the Facility's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed hereafter.

The most significant use of judgements and estimates are as follows:

- Provisions for risks and liabilities

According to the accounting rules established by the Accounting Officer of the European Commission and in particular the accounting rule on "Provisions, contingent assets and liabilities", a provision should be established on the face of the balance sheet when the following three conditions are met:

- A present obligation exists as a result of a past event;
- The likelihood of an outflow of resources is higher than 50%; and
- A reliable estimate is possible.

The Facility is based on a portfolio first-loss piece approach and the facility therefore reviews its exposure to the first loss piece of the financial guarantees issued by European Investment Fund at each reporting date to assess whether a provision for risks and liabilities should be recorded in the economic outturn account. In particular, judgment by the Management is required in the estimation and timing of future cash flows when determining the level of provision is required.

2.3. Foreign currencies

The Facility uses the Euro (EUR) for presenting its financial statements, which is also the functional currency.

Foreign currency transactions are translated at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in currencies other than Euro are translated into Euro at the exchange rate prevailing at the balance sheet date. The gain or loss arising from such translation is recorded in the economic outturn account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences on non-monetary assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in the economic outturn account or within the reserves.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in the economic outturn account.

The elements of the economic outturn account are translated into Euro on the basis of the exchange rates prevailing at the end of each month.

2.4. Cash and cash equivalents

The Facility defines cash and cash equivalents as current accounts, and short-term deposits with maturities of three months or less.

2.5. Other assets

Other assets include expenses related to subsequent financial years but which are paid and accounted for during the current year, as well as income relating to the current year, which will be received in subsequent years.

The interest accruals on term deposits have been included in the carrying amount of the financial assets.

2.6. EU contribution

The contributions received from the European Commission (hereafter "EC") are recognised in the balance sheet on the date when payments are received or made.

Revenues related to operations funded by the Facility and to be returned to the Commission are recorded in the balance sheet and netted with the accumulated deficit.

2.7. Other liabilities

Other liabilities represent charges related to the current financial year but which have not yet been paid and deferred income represent income received in the current financial year which is, however, related to a subsequent financial year.

2.8. Interest income

Interest income and interest charges are recorded on an accrual basis.

2.9. Taxation

The Protocol on the Privileges and Immunities of the European Communities, appended to the Treaty of 8 April 1965 establishing a Single Council and a Single Commission of the European Communities, stipulates that the assets, revenues and other property of the Institutions of the Union are exempt from all direct taxes.

2.10 Provisions for risks and liabilities

According to the EC Accounting Rules (AR) and in particular the AR on "Provisions, contingent assets and liabilities", a provision should be established on the face of the balance sheet when the following three conditions are met: a present obligation exists as a result of a past event, the likelihood of an outflow of resources is higher than 50% and a reliable estimate is possible.

The Facility is based on a portfolio first-loss piece approach.

The financial risk of the Facility for the drawn and undrawn guarantees is capped. The expected loss estimated for each guarantee operation is recognised as the provision and is subsequently reduced by the payment demands made by financial intermediaries. It corresponds to the provision of the Facility.

In order to reflect the time values of money, the provisions are distributed over the life of the guarantee and are discounted using a discount rate that reflects current market assessments of the time value of money.

3. Financial risk management

The Risk Management function of EIF ensures that the portfolio is managed in line with the agreed asset management guidelines, especially in respect of the eligible investments in the Facility's portfolio, the average maturity, the interest rate risk and the credit risk exposure of the Facility's portfolio. In this respect quarterly reporting is also delivered to the EC concerning the risk and the performance of the Facility's portfolio. The reporting makes reference to breaches, if any, of the limits set out in the Facility Agreement and includes a comparison of the valuations of the portfolio to a performance index taken as benchmark.

3.1. Credit risk

Credit risk is the risk that another party will cause a financial loss to the Facility by failing to discharge an obligation. The EIF uses appropriate instruments, policies, and processes to manage the credit risk of the Facility.

In accordance with the AMG, all interbank investments should have a minimum Moody's credit rating of P-1 or equivalent (Fitch: F1 or F1+).

3.1.1 Current accounts - Profile of counterparties

The following table shows the breakdown of current account balances per short-term counterparty rating:

Rating	31.12.2017				31.12.2016			
	Balance in currency		Converted to EUR	in %	Balance in currency		Converted to EUR	in %
P-1	EUR	5 656 471	5 656 471	28%	EUR	3 962 046	3 962 046	12%
P-1	BGN	17 916 356	9 160 628	45%	BGN	8 000 375	4 090 590	12%
P-1	CZK	2 665 379	104 381	1%	CZK	662 051 989	24 501 387	74%
P-1	DKK	1 057 381	142 028	1%	DKK	184 568	24 826	0%
P-1	GBP	92 878	104 683	1%	GBP	83 006	96 949	0%
P1	HUF	1 291 550 725	4 161 862	20%	HUF	4 235 817	13 671	0%
P-1	PLN	1 041 872	249 431	1%	PLN	147 066	33 347	0%
P-1	RON	1 117 402	239 863	1%	RON	654 016	144 088	1%
P-1	TRY	387 318	85 192	0%	TRY	964 211	260 091	1%
P-1	HRK	3 753 367	504 485	2%	HRK	250 000	33 070	0%
Total			20 409 024	100%			33 160 065	100%

3.1.2. Short term deposits with a maturity of 3 months or less - Profile of counterparties

The following table shows the breakdown of short term deposits including accrued interest with maturity less than 3 months per counterparty short term rating (eligible short term rating P-1):

Rating	31.12.2017				31.12.2016			
	Nominal deposits in currency		Converted to EUR including interest	in %	Nominal deposits in currency		Converted to EUR including interest	in %
P-1	EUR	108 856 749	108 856 749	54%	EUR	86 771 752	86 771 752	68%
P-1	DKK	52 432 990	7 042 807	3%	DKK	44 526 658	5 989 274	5%
P-1	HUF	5 500 000 000	17 723 069	9%	HUF	1 652 863 441	5 334 743	4%
P-1	PLN	110 988 521	26 571 348	13%	PLN	69 798 378	15 826 220	12%
P-1	CZK	634 448 972	24 846 249	12%	CZK	0	0	0%
P-1	TRY	31 927 095	7 022 500	3%	TRY	28 393 357	7 658 976	7%
P-1	HRK	5 003 125	672 463	0%	HRK	8 500 869	1 124 498	1%
P-1	RON	43 003 223	9 231 131	5%	RON	12 104 213	2 666 714	2%
P-1	GBP	1 000 110	1 128 354	1%	GBP	1 500 892	1 753 010	1%
Total			203 094 670	100%			127 125 187	100%

3.2. Liquidity risk

The liquidity risk is closely related to the Facility's solvency and to the confidence that creditors have in the Facility to meet its commitments. The treasury is managed in such a way as to ensure an adequate level of liquidity to meet possible guarantee calls.

The table below provides an analysis of assets and liabilities into relevant maturity groupings on the remaining period from the balance sheet date to the contractual maturity date. It is presented under the most prudent consideration maturity dates. Therefore, in the case of liabilities the earliest possible repayment date is shown, while for assets it is the latest possible repayment date.

Those assets and liabilities that do not have a contractual maturity date are grouped together in the "Undefined maturity" category.

Maturity (at 31.12.2017)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undefined maturity	Total
ASSETS						
Cash and cash equivalents						
Current accounts	20 409 024	0	0	0	0	20 409 024
Short term deposits	203 094 670	0	0	0	0	203 094 670
	223 503 694	0	0	0	0	223 503 694
Other assets	552	0	0	0	0	552
Total Assets	223 504 246	0	0	0	0	223 504 246
LIABILITIES						
Other liabilities	1 917 723	9 047 336	10 587 372	0	0	21 552 431
Payable to the Commission	0	1 269 442	0	0	0	1 269 442
Total Liabilities	1 919 723	10 316 778	10 587 372	0	0	22 821 873

Maturity (at 31.12.2016)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undefined maturity	Total
ASSETS						
Cash and cash equivalents						
Current accounts	33 160 065	0	0	0	0	33 160 065
Short term deposits	127 125 187	0	0	0	0	127 125 187
	160 285 252	0	0	0	0	160 285 252
Other assets	764	0	0	0	0	764
Total Assets	160 286 016	0	0	0	0	160 286 016
LIABILITIES						
Other liabilities	12 659 720	0	5 883 734	0	0	18 543 454
Payable to the commission	0	0	235 100	0	0	235 100
Total Liabilities	12 659 720	0	6 118 834	0	0	18 778 554

3.3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

3.3.1 Market risk: Interest rate risk

The interest rate risk relates to the risk that the fair value of future cash flow of financial instruments held by the Facility is influenced because of changes in the market interest rate.

In accordance with the agreement between the Commission and the EIF on the management of the Facility Treasury Funds, investment decisions are based on the interest rates available in the market at the time of the investment. Interest rate expectations are not taken into account. No significant risk is currently taken on interest rate due to the short term maturity of term deposits.

As at year end 2017, the average interest rate for the deposits is in EUR -0.21% (2016: -0.20%), in DKK -0.65% (2016: -0.53%), in GBP 0.37% (2016: 0.30%), in HRK 0.00% (2016: 0.46%), in HUF 0.00% (2016: 0.42%), in PLN 1.25% (2016: 1.52%) and in RON 1.72% (2016: 0.23%), in TRY 12.12% (2016: 8.25%), in CZK -14.53% (2016: N/A).

3.3.2 Market risk: Foreign currency risk

The foreign currency risk relates to the risk that the future cash flow of the financial instruments held by the Facility will fluctuate because of changes in foreign exchange rates.

The Facility's objective is to reduce exchange risk by fixing the EUR equivalent of a given guarantee operation in a tradable out-currency and by purchasing the tradable out-currency in the amount of the guarantee cap.

The following table shows the foreign exchange position of the Facility:

At 31.12.2017	EUR	BGN	CZK	DKK	GBP	HUF	PLN	RON	TRY	HRK	Subtotal except EUR	Total
ASSETS												
Cash and cash equivalents	114 513 220	9 160 628	24 950 630	7 184 834	1 233 038	21 884 931	26 820 779	9 470 994	7 107 692	1 176 948	108 990 474	223 503 694
Other assets	58	0	4	422	0	0	0	0	68	0	494	552
Total	114 513 278	9 160 628	24 950 634	7 185 256	1 233 038	21 884 931	26 820 779	9 470 994	7 107 760	1 176 948	108 990 898	223 504 246
CAPITAL and LIABILITIES												
EU contribution	271 738 483	0	0	0	0	0	0	0	0	0	0	271 738 483
Other liabilities	20 898 939	0	322 523	0	87 848	0	243 121	0	0	0	653 492	21 552 431
Payable to the Commission	1 269 442	0	0	0	0	0	0	0	0	0	0	1 269 442
Total	293 906 864	0	322 523	0	87 848	0	243 121	0	0	0	653 492	294 560 356

At 31.12.2016	EUR	BGN	CZK	DKK	GBP	HUF	PLN	RON	TRY	HRK	Subtotal except EUR	Total
ASSETS												
Cash and cash equivalents	90 733 798	4 090 590	24 501 387	6 014 100	1 849 959	5 348 414	15 859 567	2 810 802	7 919 067	1 157 568	69 551 454	160 285 252
Other assets	744	0	0	20	0	0	0	0	0	0	20	764
Total	90 734 542	4 090 590	24 501 387	6 014 120	1 849 959	5 348 414	15 859 567	2 810 802	0	0	69 551 474	160 286 016
CAPITAL and LIABILITIES												
EU contribution	182 966 661	0	0	0	0	0	0	0	0	0	0	182 966 661
Other liabilities	18 229 023	31 343	0	0	283 088	0	0	0	0	0	314 431	18 543 454
Payable to the Commission	235 100	0	0	0	0	0	0	0	0	0	0	235 100
Total	201 195 684	31 343	0	0	283 088	0	0	0	0	0	314 431	201 745 215

3.4. Volume of the Facility

As the guarantee volume is considerably higher than the guarantee cap, there is a significant gearing effect. In 2017 the amount of signed guarantees (drawn and undrawn) was approximately 11 times the guarantee cap (2016: 11 times). The cap amount of the actual included amounts in the portfolio represents 42% of the total guarantee cap (2016: 27%).

Under the Facility, the EIF is empowered to issue guarantees in its own name but on behalf of and at the risk of the Commission. The amounts of guarantees drawn and undrawn are shown below.

The figures below do not include the transactions, if any, which were signed before the end of the year, but for which the guarantee availability period starts the following year. In 2017, these transactions amounted to EUR 9 690 000.

The table below provides a breakdown for the Facility as well as the allocation of the Facility's resources into SISI programs.

31.12.2017	Amount of guarantees drawn	Amount of guarantees undrawn	Total guarantee signed on behalf of the Facility	Total guarantee cap	Gearing effect
Facility	3 871 182 218	5 318 070 806	9 189 253 024	847 868 292	11
Middle Mezzanine (SISI*)	1 648 491	0	1 648 491	N/A	N/A

31.12.2016	Amount of guarantees drawn	Amount of guarantees undrawn	Total guarantee signed on behalf of the Facility	Total guarantee cap	Gearing effect
Facility	1 632 619 927	4 284 634 607	5 917 254 534	548 143 125	11
Middle Mezzanine (SISI*)	0	0	0	N/A	N/A

* SISI is the name for SME Initiative Securitisation Instrument

The European Fund for Strategic Investments (EFSI) is a joint initiative of the EC and the EIB Group under the Investment Plan for Europe. The purpose of EFSI is to help support financing and implementing productive investments in the European Union and to ensure increased access to financing.

The table below summarises the amounts allocated to this initiative:

	2017	2016
	EUR	EUR
EU Guarantee allocated to COSME LGF as at 1 January	198 842 627	53 670 328
EU Guarantee allocated to COSME LGF as at 31 December	395 905 132	198 842 627
Total SMEW Guaranteed sums called with respect to COSME LGF	0	0
Amount of SMEW Replenished Amount during the year for COSME LGF	0	0
Any reduction in the SMEW EIB Covered Amount during the year, as a result of new contributions committed under COSME LGF	0	0

4. Detailed disclosures relating to asset headings

4.1. Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

	2017 EUR	2016 EUR
Cash at bank	20 409 024	33 160 065
Short term deposits	203 025 795	127 067 608
Accrued interest on short term deposits	68 875	57 579
	223 503 694	160 285 252

At year end, the deposits have an average maturity of 78 days (2016: 82 days).

5. Detailed disclosures relating to liabilities headings

5.1. EU contribution

The budgetary commitments of the Facility corresponds to the budgetary resources committed by the Commission for the financing of the Facility and amounts to:

	2017 EUR	2016 EUR
Aggregate budgetary commitments	490 060 479	375 525 065
Uncalled budgetary commitments	(218 321 996)	(192 558 404)
Balance at the end of the year	**271 738 483**	**182 966 661**

5.2. Provision for risks and liabilities

The provision of the Facility corresponds to the cap amount of the actual included amounts in the portfolio and subsequently reduced by the payment demands made by the financial intermediaries up to December 31, 2017.

The movements in the provision in respect of expected losses that may arise from the guarantee portfolio are divided into current (less than one year) and non-current (more than one year) provisions as set out below:

	Balance as at 31.12.2016	Additions	Reclassification	Guarantee calls/recoveries	Time effect	FX impact	Balance as at 31.12.2017
Current provision for risks and liabilities	15 513 116	15 207 194	42 540 709	(16 077 385)	(9 625)	78 506	57 252 515
Non-current provision for risks and liabilities	122 388 962	173 514 435	(42 540 709)	0	(109 836)	398 621	253 651 473
Total provision for risks and liabilities	137 902 078	188 721 629	0	(16 077 385)	(119 461)	477 127	310 903 988

The total increase in provision recognized in the economic outturn for 2017 is EUR 188 602 168 (2016: EUR 111 973 901). The provisions are annually reviewed and adjusted to reflect any variation of the pre-agreed obligations or any change in the net payment demands made by the financial intermediaries.

5.3. Other liabilities

Other liabilities are composed of:

	2017 EUR	2016 EUR
Treasury management fees	136 891	124 003
Incentive fee	11 224 638	10 800 000
Due to financial intermediaries	1 917 723	889 478
Administrative fees	8 273 179	6 729 973
	21 552 431	18 543 454

Other liabilities due to financial intermediaries represent guarantee calls from financial intermediaries received by the EIF in the name of the Facility prior to December 31, 2017 and payable in the following year.

Other non-current liabilities included EUR 10 587 372 (2016: EUR 5 883 734) relating to fees shortfall which will be settled more than 12 months after the balance sheet date.

6. Detailed disclosures relating to the Economic outturn account

6.1. Net interest income

Net interest income is composed of:

	2017 EUR	2016 EUR
Interest charges on current account	0	(13 620)
Negative interest on short term deposits	(269 456)	(203 613)
Interest income on short term deposits	1 305 352	395 416
Interest income on current account	14 512	0
	1 050 408	178 183

6.2 Foreign exchange gain/loss

Foreign exchange loss amounting to EUR (12 888) mainly correspond to losses from transaction or cash positions in foreign currencies (2016: EUR 1 397 992)

6.3 General administrative expenses

The general administrative expenses are composed of EIF administrative fee, a fee in consideration of the financial management by the EIF of the EU contribution paid and additional incentive fees which serve to ensure the achievement of policy objectives.

EIF administrative and incentive fee

According to the Delegation Agreement, the EIF is entitled to receive administrative and incentive fee, which shall be capped at 6% of the EU Contribution committed during the period from 2014 to 2020.

EIF administrative fees shall not exceed 2.8% of the EU contribution committed for the LGF during the period from 2014 to 2020.

As at 31 December 2017, EIF administrative expenses comprise of EUR 4 069 083 (2016: 5 054 973) signature fee and EUR 2 125 000 (2016: EUR 1 675 000) monitoring fee.

EIF additional incentive fee are due to the EIF based on the deployment of the Facility and depending of reaching certain objectives by the EIF.

EIF treasury management fee

For each period, EIF is entitled to receive a treasury management fee, which shall not exceed 0.5% of the EU contribution committed, and shall be based on the following schedule:

Average value of assets under management	Annual remuneration for management (per tranche)
Up to 200 000 000	0.10%
From 200 000 001 to 400 000 000	0.07%
From 400 000 001 to 600 000 000	0.04%
From 600 000 001	0.02%

The EIF's annual remuneration shall be invoiced in respect of each accounting period on the basis of the audited financial statements sent to EC. The remuneration shall be calculated by the EIF on the basis of a), in the case of securities and the Unitary Fund, the average market value at the end of each month, and b) in the case of cash and money market deposits, the average nominal value at the end of each month.

Management costs

In accordance with the Delegation Agreement and on a yearly basis, the EIF shall submit to the EC an overview of all management costs it deems eligible with the relevant supporting documentation to claim the reimbursement of such costs.

The management costs shall not exceed 0.50% of the EU Contribution committed for the the Facility during the period from 2014 to 2020.

A statement of fees and management costs covering the period from 1st January to 31 December of the previous calendar year shall be provided by the EIF no later than 15 February of each year.

As at 31 December 2017, general administrative expenses comprise the following:

	2017 EUR	2016 EUR
EIF administrative fee	6 194 083	6 729 973
EIF incentive fee	7 670 000	10 800 000
EIF treasury management fee	135 748	124 036
	13 999 831	17 654 009

7. Other information

7.1. Information relating to personnel employed and management

The Facility employs no staff.

7.2. Related party

The amounts included in the Facility's financial statements and related to the EIF are the followings:

	2017 EUR	2016 EUR
Current Liabilities		
Other liabilities	9 047 336	11 770 242
Non-Current Liabilities		
Other liabilities	10 587 372	5 883 734
Economic outturn account		
General administrative expenses	13 999 831	17 654 009

Financial Instruments under the Programme for Employment and Social Innovation (EaSI)

Audited Financial Statements

December 31, 2017

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the accompanying financial statements of Financial Instruments under Programme for Employment and Social Innovation (EaSI) ("the Facility") managed by the European Investment Fund on behalf of the European Commission, which comprise the balance sheet as at 31 December 2017, and the economic outturn account, statement of changes in capital and cash flow table for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the Financial Instruments under Programme for Employment and Social Innovation (EaSI) for the year ended 31 December 2017 are prepared, in all material respects, in accordance with the accounting rules set out in Note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Law and standards are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Facility in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to enable the European Investment Fund to meet the requirements of the European Commission. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the European Investment Fund, the European Commission and the European Court of Auditors, and should not be used by or distributed to any other party.

Responsibilities of the European Investment Fund's Management and Those Charged with Governance for the financial statements

The European Investment Fund's Management ("the Management") is responsible for the preparation of the financial statements in accordance with the accounting rules set out in Note 2 to the financial statements, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Facility's financial reporting process.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are prepared, in all material respects, in accordance with the accounting rules set out in Note 2 to the financial statements, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

KPMG

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Facility's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Facility to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, 15 March 2018

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Thierry Ravasio

Financial Instruments under the Programme for Employment and Social Innovation (EaSI)
Economic outturn account for the year ended December 31, 2017

Economic outturn account	Notes	2017 EUR	2016 EUR restated*
Financial operations revenues			
Interest income	6.1	19 082	20 776
Foreign exchange gain	6.2	177 913	0
Total financial operations revenues		196 995	20 776
Financial operations expenses			
General administrative expenses	6.3	2 001 845	3 948 640
Foreign exchange loss	6.2	0	553 327
Provision for risks and liabilities	5.3	15 728 810	11 682 705
Total financial operations expenses		17 730 655	16 184 672
Economic result of the year		(17 533 660)	(16 163 896)

* refer to Note 2.1

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

Financial Instruments under the Programme for Employment and Social Innovation (EaSI)
Balance Sheet as at December 31, 2017

ASSETS	Notes	2017 EUR	2016 EUR restated*
Current Assets			
Cash and cash equivalents	4.1	55 789 891	48 535 642
Other assets	4.2	705	1 102 054
Total Current Assets		55 790 596	49 637 696
Total Assets		55 790 596	49 637 696
LIABILITIES			
Capital			
EU contribution	5.1	66 317 422	53 008 351
Accumulated deficit		(19 111 942)	(2 915 970)
Economic result of the year		(17 533 660)	(16 163 896)
Total Capital		29 671 820	33 928 485
Current liabilities			
Provision for risks and liabilities	5.3	9 993 777	5 451 061
Other liabilities	5.2	3 525 599	4 027 117
Payable to the commission		56 905	0
Total Current liabilities		13 576 281	9 478 178
Non-Current liabilities			
Payable to the commission		0	24 829
Provision for risks and liabilities	5.3	12 542 495	6 206 204
Total Non Current liabilities		12 542 495	6 231 033
Total Liabilities		26 118 776	15 709 211
Total Capital and Liabilities		55 790 596	49 637 696

* refer to Note 2.1

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

Financial Instruments under the Programme for Employment and Social Innovation (EaSI)
Cash flow table for the year ended December 31, 2017

Cash flow statements	2017 EUR	2016 EUR
Cash flows from operating activities		
Administrative fee paid	(1 611 532)	(2 230 612)
Incentive fee paid	(2 396 000)	0
Treasury management fee paid	(16 137)	(483)
Other assets	1 101 349	(1 106 173)
Other Liabilities	149	0
Interest received/(paid)	196 995	(527 913)
Guarantee call paid	(3 329 646)	(552 551)
Net cash flows from operating activities	(6 054 822)	(4 417 732)
Cash flows from financing activities		
EU contribution received	13 309 071	43 103 351
Net cash flows from financing activities	13 309 071	43 103 351
Net increase in cash and cash equivalents	7 254 249	38 685 619
Cash and cash equivalents at the beginning of the financial year	48 535 642	9 850 023
Cash and cash equivalents at the end of the financial year	55 789 891	48 535 642

Interest received/(paid) from cash and cash equivalents include also effect of exchange rate fluctuations.

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

Financial Instruments under the Programme for Employment and Social Innovation (EaSI)
Statement of Changes in Capital as at December 31, 2017

	EU contribution	Accumulated deficit	Economic result of the year	Total capital
Balance as at 31.12.2016 restated*	**53 008 351**	**(2 915 970)**	**(16 163 896)**	**33 928 485**
Allocation of the Economic result of the year 2016	0	(16 163 896)	16 163 896	0
EU contribution	13 309 071	0	0	13 309 071
Payable to the commission	0	(32 076)	0	(32 076)
Allocation of the Economic result of the year 2017	0	0	(17 533 660)	(17 533 660)
Balance as at 31.12.2017	**66 317 422**	**(19 111 942)**	**(17 533 660)**	**29 671 820**

	EU contribution	Accumulated deficit	Economic result of the year	Total capital
Balance at 31.12.2015	**9 905 000**	**0**	**(2 891 141)**	**7 013 859**
Allocation of the Economic result of the year	0	(2 891 141)	2 891 141	0
EU contribution	43 103 351	0	0	43 103 351
Payable to the commission	0	(24 829)	0	(24 829)
Allocation of the Economic result of the year	0	0	(16 163 896)	(16 163 896)
Balance as at 31.12.2016 restated*	**53 008 351**	**(2 915 970)**	**(16 163 896)**	**33 928 485**

*refer to Note 2.1

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

1. General section

On 11 December 2013, the Regulation (EU) No 1296/2013 of the European Parliament and of the Council on a European Union Programme for Employment and Social Innovation (hereafter "EaSI") and amending Decision No 283/2010/EU establishing a European Progresss Microfinance Facility for employment and social inclusion ("Legal Basis") was adopted.

Following this decision, the European Investment Fund (hereafter "EIF") and the European Union (hereafter "EU") represented by the European Commission (hereafter "EC") entered into a Delegation Agreement in respect of the EaSI Facility (the "Delegation Agreement").

The EaSI Guarantee Instrument consists, inter alia, of the EaSI Microfinance Guarantee which is the successor to the micro-credit guarantees under the European Progress Microfinance facility ("Progress Microfinance"). It will extend the support given to microcredit providers under Progress Microfinance.

In addition, the EaSI Guarantee financial Instrument consists of the EaSI Social Entrepreneurship Guarantee, which is a new product which will facilitate access to finance for social enterprises and support the development of the social investment market.

On 25 June 2015 the Regulation (EU) 2015/1017 of the European Parliament and of the Council (the "EFSI Regulation") established the European Fund for Strategic Investments ("EFSI"). Consequently, the EIB and the EU entered into an Agreement on the Management of the EFSI and on the granting of the EU Guarantee (the "EFSI Agreement") on 22 July 2015. This Agreement contained provisions on two SME Window ("SMEW") Products.

The initial Agreement was amended on 21 July 2016 by the Parties to include two further SMEW Products including the EaSI Guarantee Enhancement. A Second Amendment and Restatement Agreement was signed on 21 November 2017 to convert the three current guarantee products under the SMEW from a temporary enhancement (frontloading) to a permanent enhancement (top-up) structure and to add a further SMEW Product.

On 16 December 2016, the first amendment to the Delegation Agreement was signed to incorporate the EFSI frontloading, on 19 December 2016 a second amendment to the Delegation Agreement was signed to introduce the EaSI Capacity-Building Investments Window to foster financial instrument development through any direct or indirect equity or quasi-equity or loan and on 8 December 2017, the third amendment to the Delegation Agreement was signed to incorporate the EFSI top-up, allowing the delivery of a faster positive impact on the microfinance and social finance market by providing higher financing volumes in the European Union.

The EIF's Management has authorized the financial statements for issue on 15 March 2018.

The financial year of the Facility runs from January 1st to December 31st each year.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1. Basis of preparation

The accounts are kept in accordance with Council Regulation (EC, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 (OJ L 298 of 26 October 2012) on the Financial Regulation applicable to the general budget of the Union and Commission Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of the Financial Regulation.

In accordance with article 144 of the Financial Regulation the financial statements have been prepared on the basis of accrual-based accounting rules that are derived from International Public Sector Standards (IPSAS) or by default, International Financial Reporting Standard (IFRS). These accounting rules, adopted by the Accounting Officer of the Commission have to be applied by all the institutions and EU bodies in order to establish a uniform set of rules for accounting, valuation and presentation of the accounts with a view to harmonise the process for drawing up the financial statements.

The Facility has consistently applied the policies set out below to the year 2017 except for the following changes.

In 2017, the Facility retrospectively changed its accounting policy due to a voluntary change with regards to the recognition of revenues to be returned to the Commission, as described in note 2.6. In the financial statements as at 31 December 2016, the revenues to be returned to the Commission, amounting to EUR 24 829 were recognised as Interest payable to the Commission in the economic outturn account.

Following the change in the accounting policy, the prior year figures of the revenues related to operations funded by the Facility and to be returned to the Commission are restated and increased the economic result of 2016 and the accumulated deficit as at 31 December 2016.

2.2. Significant accounting judgments and estimates

The preparation of financial statements in conformity with the accounting rules adopted by the Accounting Officer of the European Commission requires the use of certain critical accounting estimates. It also requires the European Investment Fund's Management ("the Management") to exercise its judgement in the process of applying the Facility's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed hereafter.

The most significant use of judgements and estimates are as follows:

- Provisions for risks and liabilities

According to the accounting rules established by the Accounting Officer of the European Commission and in particular the accounting rule on "Provisions, contingent assets and liabilities", a provision should be established on the face of the balance sheet when the following three conditions are met:

- A present obligation exists as a result of a past event;
- The likelihood of an outflow of resources is higher than 50%; and
- A reliable estimate is possible.

The Facility is based on a portfolio first-loss piece approach and the facility therefore reviews its exposure to the first loss piece of the financial guarantees issued by European Investment Fund at each reporting date to assess whether a provision for risks and liabilities should be recorded in the economic outturn account. In particular, judgment by the Management is required in the estimation and timing of future cash flows when determining the level of provision is required.

2.3. Foreign currencies

The Facility uses the Euro (EUR) for presenting its financial statements, which is also the functional currency.

Foreign currency transactions are translated at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in currencies other than Euro are translated into Euro at the exchange rate prevailing at the balance sheet date. The gain or loss arising from such translation is recorded in the economic outturn account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences on non-monetary assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in the economic outturn account or within the reserves.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in the economic outturn account.

The elements of the economic outturn account are translated into Euro on the basis of the exchange rates prevailing at the end of each month.

2.4. Cash and cash equivalents

The Facility defines cash and cash equivalents as current accounts, and short-term deposits with original maturities of three months or less.

2.5. Other assets

Other assets include expenses related to subsequent financial years but which are paid and accounted for during the current year, as well as income relating to the current year, which will be received in subsequent years.

The interest accruals on term deposits have been included in the carrying amount of the financial assets.

2.6. EU contribution

The contributions received from the European Commission are recognised in the balance sheet on the date when payments are received or made.

Revenues related to operations funded by the Facility and to be returned to the Commission are recorded in the balance sheet and netted with the accumulated deficit.

2.7. Other liabilities

Other liabilities represent charges related to the current financial year but which have not yet been paid and income received in the current financial year which is, however, related to a subsequent financial year.

2.8. Interest income and charges

Interest income and interest charges are recorded on an accrual basis.

2.9. Taxation

The Protocol on the Privileges and Immunities of the European Communities, appended to the Treaty of 8 April 1965 establishing a Single Council and a Single Commission of the European Communities, stipulates that the assets, revenues and other property of the Institutions of the Union are exempt from all direct taxes.

2.10. Provision for risks and liabilities

The financial risk of the Facility for the drawn and undrawn guarantees is capped. The expected loss estimated for each guarantee operation is recognised as the provision and is subsequently reduced by the payment demands made by financial intermediaries. It corresponds to the provision of the Facility.

In order to reflect the time values of money, the provisions are distributed over the life of the guarantee and are discounted using a discount rate that reflects current market assessments of the time value of money.

3. Financial risk management

The Risk Management function of EIF ensures that the portfolio is managed in line with the agreed asset management guidelines ("AGM"), especially in respect of the eligible investments in the Facility's portfolio, the average maturity, the interest rate risk and the credit risk exposure of the Facility's portfolio. In this respect quarterly reporting is also delivered to the EC concerning the risk and the performance of the Facility's portfolio. The reporting makes reference to breaches, if any, of the limits set out in the Facility Agreement and includes a comparison of the valuations of the portfolio to a performance index taken as benchmark.

3.1. Credit risk

Credit risk is the risk that another party will cause a financial loss to the Facility by failing to discharge an obligation. The EIF uses appropriate instruments, policies, and processes to manage the credit risk of the Facility.

In accordance with the AMG, all interbank investments should have a minimum Moody's credit rating of P-1 or equivalent (Fitch: F1 or F1+).

3.1.1 Current accounts - Profile of counterparties

The following table shows the breakdown of current account balances per short-term counterparty rating (eligible term rating P-1):

Currency	31.12.2017			31.12.2016		
	Balance in currency	Converted to EUR	in %	Balance in currency	Converted to EUR	in %
CZK	1 679 381	65 769	0%	113 177 089	4 188 486	13%
EUR	24 702 774	24 702 774	90%	27 030 731	27 030 731	81%
GBP	578 363	651 875	2%	303 410	354 377	1%
PLN	7 994 452	1 913 922	8%	6 525 294	1 479 558	4%
RON	91 418	19 624	0%	18 496	4 075	0%
SEK	271 003	27 530	0%	3 171 572	332 014	1%
DKK	196 822	26 437	0%	0	0	0%
Total		27 407 931	100%		33 389 241	100%

3.1.2. Short term deposits with a maturity of 3 months or less - Profile of counterparties

The following table shows the breakdown of short term deposits including accrued interest with maturity less than 3 months per counterparty short term rating (eligible short term rating P-1):

Currency	31.12.2017			31.12.2016		
	Balance in currency	Converted to EUR	in %	Balance in currency	Converted to EUR	in %
EUR	7 094 874	7 094 874	25%	2 000 197	2 000 197	13%
DKK	23 781 753	3 194 368	11%	0	0	0%
PLN	15 211 840	3 641 810	13%	14 050 160	3 185 761	21%
CZK	104 905 500	4 108 303	14%	0	0	0%
RON	20 688 696	4 441 064	16%	15 822 877	3 485 983	23%
GBP	800 092	901 786	3%	1 144 253	1 336 464	9%
SEK	49 216 590	4 999 755	18%	49 080 710	5 137 996	34%
Total		28 381 960	100%		15 146 401	100%

3.2. Liquidity risk

The liquidity risk is closely related to the Facility's solvency and to the confidence that creditors have in the Facility to meet its commitments. The treasury is managed in such a way as to ensure an adequate level of liquidity to meet possible guarantee calls.

The table below provides an analysis of assets and liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. It is presented under the most prudent consideration of maturity dates. Therefore, in the case of liabilities, the earliest possible repayment date is shown, while for assets it is the latest possible repayment date.

Maturity (at 31 December 2017)	Less than 3 months	3 months to 1 year	1 to 5 years	more than 5 years	Total
ASSETS					
Cash and cash equivalents					
Current accounts	27 407 931	0	0	0	27 407 931
Short term deposits	28 381 960	0	0	0	28 381 960
Other assets	705	0	0	0	705
Total Assets	55 790 596	0	0	0	55 790 596
LIABILITIES					
Other liabilities	3 525 599	0	0	0	3 525 599
Payable to the commission	0	56 905	0	0	56 905
Total Liabilities	3 525 599	56 905	0	0	3 582 504

Maturity (at 31 December 2016)	Less than 3 months	3 months to 1 year	1 to 5 years	more than 5 years	Total
ASSETS					
Cash and cash equivalents					
Current accounts	33 389 241	0	0	0	33 389 241
Short term deposits	15 146 401	0	0	0	15 146 401
Other assets	1 102 054	0	0	0	1 102 054
Total Assets	49 637 696	0	0	0	49 637 696
LIABILITIES					
Other liabilities	4 027 117	0	0	0	4 027 117
Payable to the commission	0	0	0	24 829	24 829
Total Liabilities	4 027 117	0	0	24 829	4 051 946

3.3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

3.3.1 Market risk: Interest rate risk

The interest rate risk relates to the risk that the fair value of future cash flow of financial instruments held by the Facility is influenced because of changes in the market interest rate.

In accordance with the agreement between the Commission and the EIF on the management of the Facility Treasury Funds, investment decisions are based on the interest rates available in the market at the time of the investment. Interest rate expectations are not taken into account. No significant risk is currently taken on interest rate due to the short term maturity of term deposits.

As at period end 2017, the average interest rate for the deposits is in EUR -0.26%, in GBP 0.38%, in RON 1.83%, in PLN 1.38%, in SEK -0.70%, in CZK -16.20% and in DKK -0.60% (2016: EUR N/A, DKK N/A, in GBP 0.28%, RON 0.3%, PLN 1.33%, SEK -0.76%, CZK N/A).

3.3.2 Market risk: Currency risk

The foreign currency risk relates to the risk that the future cash flow of the financial instruments held by the Facility will fluctuate because of changes in foreign exchange rates.

The Facility's objective is to reduce exchange risk by fixing the EUR equivalent of a given guarantee operation in a tradable out-currency and by purchasing the tradable out-currency in the amount of the guarantee cap.

At 31 December 2017	EUR	GBP	PLN	RON	CZK	SEK	DKK	Subtotal except EUR	Total
ASSETS									
Cash and cash equivalents	31 797 648	1 553 661	5 555 732	4 460 688	4 174 072	5 027 285	3 220 805	23 992 243	55 789 891
Other assets	72	0	56	0	0	150	427	633	705
Total	31 797 720	1 553 661	5 555 788	4 460 688	4 174 072	5 027 435	3 221 232	23 992 876	55 790 596
CAPITAL and LIABILITIES									
EU Contribution	63 317 422	0	0	0	0	0	0	0	63 317 422
Other liabilities	2 553 402	0	0	60 952	166 155	745 090	0	972 197	3 525 599
Payable to the commission	56 905	0	0	0	0	0	0	0	56 905
Total	68 927 729	0	0	60 952	166 155	745 090	0	972 197	69 899 926

At 31 December 2016	EUR	GBP	PLN	RON	CZK	SEK	DKK	Subtotal except EUR	Total
ASSETS									
Cash and cash equivalents	29 030 928	1 690 841	4 665 319	3 490 058	4188486	5470010	0	19 504 714	48 535 642
Other assets	72	0	0	1 101 982	0	0	0	1 101 982	1 102 054
Total	29 031 000	1 690 841	4 665 319	4 592 040	4 188 486	5 470 010	0	20 606 696	49 637 696
CAPITAL and LIABILITIES									
EU Contribution	53 008 351	0	0	0	0	0	0	0	53 008 351
Other liabilities	4 027 117	0	0	0	0	0	0	0	4 027 117
Payable to the commission	24 829	0	0	0	0	0	0	0	24 829
Total	57 060 297	0	0	0	0	0	0	0	57 060 297

3.4. Volume of the Facility

As the guarantee volume is considerably higher than the guarantee cap, there is a significant gearing effect. In 2017 the amount of signed guarantees (drawn and undrawn) was approximately 10 times the guarantee cap (2016: 9 times). The cap amount of the actual included amounts in the portfolio represents 32% of the total guarantee cap (2016: 23%).

Under the Facility, the EIF is empowered to issue guarantees in its own name but on behalf of and at the risk of the Commission. The amounts of guarantees drawn and undrawn are shown below:

31.12.2017	Amount of guarantees drawn	Amount of guarantees undrawn	Total guarantee signed on behalf of the Facility	Total guarantee cap	Gearing effect
Facility	263 342 870	560 987 097	824 329 967	86 503 815	10

31.12.2016	Amount of guarantees drawn	Amount of guarantees undrawn	Total guarantee signed on behalf of the Facility	Total guarantee cap	Gearing effect
Facility	112 584 564	386 813 962	499 398 526	54 428 098	9

The European Fund for Strategic Investments (EFSI) is a joint initiative of the EC and the EIB Group under the Investment Plan for Europe. The purpose of EFSI is to help support financing and implementing productive investments in the European Union and to ensure increased access to financing.

The table below summarises the amounts allocated to this initiative:

	2017	2016
	EUR	EUR
EU Guarantee allocated to EaSI as at 1 January	0	0
EU Guarantee allocated to EaSI as at 31 December	12 473 598	0
Total SMEW Guaranteed sums called with respect to EaSI	0	0
Amount of SMEW Replenished Amount during the year for EaSI	0	0
Any reduction in the SMEW EIB Covered Amount during the year, as a result of new contributions committed under EaSI	0	0

4. Detailed disclosures relating to asset headings

4.1. Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

	2017 EUR			2016 EUR		
	EaSI Capacity Building	EaSI Guarantee	Total	EaSI Capacity Building	EaSI Guarantee	Total
Cash at Bank	19 615 494	7 792 437	27 407 931	10 780 407	22 608 834	33 389 241
Short term deposits	3 097 344	25 286 668	28 384 012	0	15 144 303	15 144 303
Accrued interest on short term deposits	(1 201)	(851)	(2 052)	0	2 098	2 098
	22 711 637	33 078 254	55 789 891	10 780 407	37 755 235	48 535 642

At year end, the short term deposits have an average maturity of 71 days (2016: 77 days).

4.2. Other assets

For the year 2017, other assets are mainly due to negative interest on current account to be reimbursed to the facility in 2018.

For the year 2016, other assets are mainly composed of a matured term deposit due from counterparty. The term deposit matured on 20 December 2016 but as a result of a processing error by the counterparty, the amount due was not received by the facility until 6 January 2017.

5. Detailed disclosures relating to liabilities headings

5.1. EU contribution

The budgetary commitments of EaSI corresponds to the budgetary resources committed by the Commission for the financing of EaSI and amounts to:

	2017 EUR	2016 EUR
Aggregate budgetary commitments	104 948 056	81 524 584
Uncalled budgetary commitments	(38 630 634)	(28 516 233)
	66 317 422	53 008 351

5.2. Other liabilities

Other liabilities include accruals and deferred income and are analysed as follows:

	2017 EUR	2016 EUR
Admin fees payable to EIF	1 233 766	1 614 859
Treasury fees payable to EIF	25 093	16 258
Incentive fees payable to EIF	746 434	2 396 000
Due to Financial Intermediaries	1 520 157	0
Other	149	0
	3 525 599	4 027 117

Management fees payable to the EIF are calculated according to the applicable provisions set out in the Delegation Agreement and according to the note 6.3 and accrued at end of the year.

5.3. Provision for risks and liabilities

The provision of the Facility corresponds to the cap amount of the actual included amounts in the portfolio and subsequently reduced by the payment demands made by the financial intermediaries up to December 31, 2017.

The movements in the provision in respect of expected losses that may arise from the guarantee portfolio are divided into current (less than one year) and non-current (more than one year) provisions as set out below:

	Balance as at 31.12.2016	Additions/(release)	Reclassification	Guarantee calls/recoveries	Time effect	FX impact	Balance as at 31.12.2017
Current provision for risks and liabilities	5 451 061	7 163 990	2 232 301	(4 840 980)	(3 787)	(8 808)	9 993 777
Non-current provision for risks and liabilities	6 206 204	8 574 312	(2 232 301)	0	(5 705)	(15)	12 542 495
Total provision for risks and liabilities	11 657 265	15 738 302	0	(4 840 980)	(9 492)	(8 823)	22 536 272

The total increase in provision recognized in the economic outturn for 2017 is EUR 15 728 810 (2016: 11 682 705). The provisions are annually reviewed and adjusted to reflect any variation of the pre-agreed obligations or any change in the net payment demands made by the financial intermediaries.

6. Detailed disclosures relating to the Economic outturn account

6.1. Interest income

Interest income consists of:

	2017 EUR	2016 EUR
Interest charges on current accounts	0	(2 495)
Negative interest on term deposits	(70 181)	(31 409)
Interest on term deposits	86 610	54 680
Interest on current accounts	2 653	0
	19 082	20 776

6.2. Foreign exchange gain/loss

Foreign exchange gain amounting to EUR 177 913 mainly correspond to gains from transaction or cash positions in foreign currencies (2016 loss: EUR 553 327).

6.3. General administrative expenses

The general administrative expenses are composed of EIF administrative fee, a fee in consideration of the financial management by the EIF of the EU contribution paid and additional incentive fees which serve to ensure the achievement of policy objectives.

EIF administrative and incentive fee

According to the Delegation Agreement, the EIF is entitled to receive administrative and incentive fee, which shall be capped at 9% of the EU Contribution Committed to the EaSI Guarantee Instrument during the period from 2015 to 2024 and at 8% of the Additional Contribution Committed if any.

For the EaSI Guarantee financial Instrument, 5% of the amount of Operations signed is payable to the EIF annually in arrear as administrative fee (for year N-1) upon submission of a statement of fees. A EUR 800 000 start-up fee was drawn by the EIF upon publication of the call for expression of interest in January 2016. Additionally, incentive fees will be paid based on the Annex 5 of the EaSI Delegation Agreement.

EIF treasury management fee

For each period, EIF is entitled to receive a treasury management fee, which shall not exceed 0.5% of the EU contribution committed, and shall be based on the following schedule:

Average value of assets under management	Annual remuneration for management (per tranche)
Up to 100,000,000	0.10%
From 100,000,001 to 200,000,000	0.07%
From 200,000,001	0.04%

The EIF's annual remuneration shall be invoiced in respect of each accounting period on the basis of the audited financial statements sent to EC. The remuneration shall be calculated by the EIF on the basis of a), in the case of securities and the Unitary Fund, the average market value at the end of each month, and b) in the case of cash and money market deposits, the average nominal value at the end of each month.

Exceptional and Unforeseen Expenses

Expenses such as certain winding down costs, recovery and litigation costs in relation to disputes relating to the implementation of the EaSI Financial Instrument shall be reimbursed to the EIF.

The maximum amount for Exceptional and Unforeseen Expenses shall not exceed 0.5% of the EU Contribution Committed during the Implementation Period.

As at 31 December 2017, general administrative expenses comprise the following:

	2017 EUR	2016 EUR
EIF administrative fee	1 230 439	1 536 559
EIF incentive fee	746 434	2 396 000
EIF treasury fee	24 972	16 081
	2 001 845	3 948 640

7. Other information

7.1. Information relating to personnel employed and management

The Facility employs no staff.

7.2. Related party

The amounts included in EaSI's financial statements and related to the EIF are the followings:

	2017 EUR	2016 EUR
Current Liabilities		
Other liabilities	2 005 293	4 027 117
Economic outturn account		
General administrative expenses	2 001 845	3 948 640

EIF Facility under Horizon 2020 - Equity Financial Instrument - InnovFin SME Venture Capital (InnovFin Equity Facility for Early Stage including Business Angels)

Audited Financial Statements

December 31, 2017

KPMG

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To the Chief Executive of the
European Investment Fund
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the accompanying financial statements of InnovFin SME Venture Capital (InnovFin Equity Facility for Early Stage including Business Angels) ("the Facility") managed by the European Investment Fund on behalf of the European Commission, which comprise the balance sheet as at 31 December 2017, and the economic outturn account, statement of changes in capital and cash flow table for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of InnovFin SME Venture Capital (InnovFin Equity Facility for Early Stage including Business Angels) for the year ended 31 December 2017 are prepared, in all material respects, in accordance with the accounting rules set out in Note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Law and standards are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Facility in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to enable the European Investment Fund to meet the requirements of the European Commission. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the European Investment Fund, the European Commission and the European Court of Auditors, and should not be used by or distributed to any other party.

KPMG

Responsibilities of the European Investment Fund's Management and Those Charged with Governance for the financial statements

The European Investment Fund's Management ("the Management") is responsible for the preparation of the financial statements in accordance with the accounting rules set out in Note 2 to the financial statements, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Facility's financial reporting process.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are prepared, in all material respects, in accordance with the accounting rules set out in Note 2 to the financial statements, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, 22 March 2018

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Thierry Ravasio

InnovFin SME Venture Capital (InnovFin Equity Facility for Early Stage including Business Angels)
Balance Sheet as at December 31, 2017

Economic outturn account	Notes	2017 EUR	2016 EUR
Financial operations revenues			
Net interest income	6.1	240 187	153 302
Other operating income		0	3
Realised gain on Available-For Sale portfolio		278 400	253 050
Total financial operations revenues		**518 587**	**406 355**
Financial operations expenses			
General administrative expenses	6.2	10 202 568	4 991 056
Realised loss on Available-For Sale portfolio		325 464	0
Net result from financial instruments at fair value through profit or loss		3 097 245	0
Treasury management fees	6.3	170 307	81 620
Other operating charges		53	0
Total financial operations expenses		**13 795 637**	**5 072 676**
Economic result of the year		**(13 277 050)**	**(4 666 321)**

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

InnovFin SME Venture Capital (InnovFin Equity Facility for Early Stage including Business Angels)
Balance Sheet as at December 31, 2017

ASSETS	Notes	2017 EUR	2016 EUR
Current Assets			
Cash and cash equivalents	4.1	83 437 602	116 205 285
Available for Sale portfolio	4.2	57 196 343	44 135 099
Total Current Assets		140 633 945	160 340 384
Non-Current Assets			
Available for Sale portfolio	4.2	169 336 633	68 680 029
Total Non-Current Assets		169 336 633	68 680 029
TOTAL ASSETS		309 970 578	229 020 413
LIABILITIES			
Capital			
EU contribution	5.1	322 050 000	234 050 000
Fair value reserve	4.2	(1 741 652)	485 764
Accumulated deficit			
Loss brought forward		(9 927 721)	(4 516 369)
Economic result of the year		(13 277 050)	(4 666 321)
Total Capital		297 103 577	225 353 074
Current liabilities			
Other liabilities	5.2	9 488 439	3 667 339
Payable to the Commission		281 317	
Total Current liabilities		9 769 756	3 667 339
Non Current liabilities			
Derivative liabilities	5.3	3 097 245	0
Total Non Current liabilities		3 097 245	0
Total Liabilities		12 867 001	3 667 339
Total Capital and Liabilities		309 970 578	229 020 413

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

InnovFin SME Venture Capital (InnovFin Equity Facility for Early Stage including Business Angels)
Cash flow table for the year ended December 31, 2017

Cash flow statements	2017 EUR	2016 EUR
Cash flow from operating activities		
Administrative fee paid	(2 168 000)	(2 501 400)
Incentive fee paid	(2 760 912)	(999 940)
Treasury management fee paid	(15 050)	0
Other operating charges	(53)	0
Purchase of investments - shares and other variable income securities	(13 598 260)	(8 426 881)
Proceeds from investments - shares and other variable income securities	0	79 946
Other assets paid	0	918
Net cash flows from operating activities	(18 542 275)	(11 847 357)
Cash flow from investing activities		
Investments	(101 792 239)	(75 521 125)
Interest received	30 544	210 663
Net cash flows from investing activities	(101 761 695)	(75 310 462)
Cash flow from financing activities		
EU contribution paid	87 536 287	124 000 000
Net cash flows from financing activities	87 536 287	124 000 000
Net increase/decrease in cash and cash equivalents	(32 767 683)	36 842 181
Cash and cah equivalents at the beginning of the financial year	116 205 285	79 363 104
Cash and cash equivalents at the end of the financial year	83 437 602	116 205 285

Interest received from cash and cash equivalents include also effect of exchange rate fluctuations. Proceeds from shares and other variable income securities also include dividends income received.

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

InnovFin SME Venture Capital (InnovFin Equity Facility for Early Stage including Business Angels)
Statement of Changes in Capital as at December 31, 2017

Statement of changes in Capital in EUR	EU contribution	Additional resources	Accumulated deficit	Economic result of the year	Fair value reserve	Capital total
Balance as of 31.12.2016	234 050 000	0	(4 516 369)	(4 666 321)	485 764	225 353 074
Allocation of the Economic result of the year 2016	0	0	(4 666 321)	4 666 321	0	0
EU contribution	87 536 287	0	0	0	0	87 536 287
Net change in fair value reserve	0	0	0	0	(2 227 416)	(2 227 416)
Revenues payable to the Commission	0	463 713	(745 031)	0	0	(281 318)
Allocation of the Economic result of the year 2017	0	0	0	(13 277 050)	0	(13 277 050)
Balance as of 31.12.2017	321 586 287	463 713	(9 927 721)	(13 277 050)	(1 741 652)	297 103 577

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

1. General section

On 11 December 2013, Regulation (EU) n° 1291/2013 of the European Parliament and the Council establishing Horizon 2020 – the Framework Program for Research and Innovation (2014-2020- and repealing Decision n° 1982/2006/EC was adopted.

Following this decision, the European Investment Bank (hereafter "EIB"), the European Investment Fund (hereafter "EIF") and the European Union (hereafter "EU"') represented by the European Commission (hereafter "EC") entered into a Delegation Agreement in respect of the Financial Instruments under Horizon 2020. The "Access to Risk Finance Programme" of Horizon 2020 and Specific Programme provides for the establishment of a financial instrument for debt and a financial instrument for equity (hereinafter "Horizon 2020 Financial Instruments"). The Horizon 2020 Financial Instruments aim to ease the access to risk financing for Final Recipients in order to support eligible Research and Innovation. This covers loans, guarantees, equity and other forms of risk finance. The Horizon 2020 Financial Instruments aim also to promote early-stage investment and the development of existing and new venture capital funds; improve knowledge transfer and the market for intellectual property; attracts funds for the venture capital market; and, overall; help to catalyse the transition from the conception, development and demonstration of new products and services to their commercialisation.

The InnovFin Equity facility for early-stage (hereafter the "Facility"), aims at promoting early-stage investment and the development of existing and new venture capital funds providing equity finance for innovative entreprises, in particular in the form of venture or mezzanine capital in their early stage.

Following the amendment of the Horizon 2020 Delegation Agreement signed on 22 July 2016, the Facility is now being transitioned to a new layered risk sharing structure named Sub-window 2 of the SMEW Equity Product set out in Annex 1 of Schedule VII of the EFSI Agreement (the "SMEW Equity Product") which was entered between the EU and EIB on 22 July 2015, as amended from time to time.

The Sub-window 2 of the SMEW Equity Product shall be financially supported by i) the EU contribution for Horizon 2020 Equity Financial Instrument provided on a first loss basis ("Junior Tranche") and, ii) EFSI and EIF provided on a second loss basis.

The EIF's Management has authorized the financial statements for issue on March 22, 2018.

The financial year of the facility runs from January 1st to December 31st each year.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1. Basis of preparation

The accounts are kept in accordance with Council Regulation (EC, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 (OJ L 298 of 26 October 2012) on the Financial Regulation applicable to the general budget of the Union and Commission Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of the Financial Regulation.

In accordance with article 144 of the Financial Regulation the financial statements have been prepared on the basis of accrual-based accounting rules that are derived from International Public Sector Standards (IPSAS) or by default, International Financial Reporting Standard (IFRS). These accounting rules, adopted by the Accounting Officer of the Commission have to be applied by all the institutions and EU bodies in order to establish a uniform set of rules for accounting, valuation and presentation of the accounts with a view to harmonise the process for drawing up the financial statements.

The Facility has consistently applied the policies set out below to the year 2017.

2.2. Significant accounting judgments and estimates

The preparation of financial statements in conformity with the accounting rules adopted by the Accounting Officer of the European Commission requires the use of certain critical accounting estimates. It also requires the European Investment Fund's Management ("the Management") to exercise its judgement in the process of applying the Facility's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed hereafter.

The most significant use of judgements and estimates are as follows:

- Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correction and volatility for longer dated derivatives.

- Impairment losses on financial instruments

The Facility reviews its financial instruments at each reporting date to assess whether an allowance for impairment should be recorded in the economic outturn account. In particular, judgment by the Management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required.

2.3. Foreign currencies

The Facility uses the Euro (EUR) for presenting its financial statements, which is also the functional currency.

Foreign currency transactions are translated at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in currencies other than Euro are translated into Euro at the exchange rate prevailing at the balance sheet date. The gain or loss arising from such translation is recorded in the economic outturn account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences on non-monetary assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in the economic outturn account or within the reserves.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in the economic outturn account.

The elements of the economic outturn account are translated into Euro on the basis of the exchange rates prevailing at the end of each month.

Regarding shares and other variable-income securities, exchange differences are either recognised in the economic outturn or with Fair Value Reserve.

2.4. Cash and cash equivalents

The Facility defines cash and cash equivalents as current accounts, and short-term deposits with maturities of three months or less.

2.5. Available for Sale financial assets

2.5.1 Debt securities and other fixed income securities

Debt securities and other fixed-income securities are made up of euro-denominated securities. These securities are classified as Available-For Sale ("AFS") according to the accounting rules adopted by the Accounting Officer of the European Commission and consequently, are carried out at their fair value through the Fair value reserve. Unrealised gains or losses are reported in reserves until such security is sold, collected or otherwise disposed of, or until such security is determined to be impaired. Impairment losses identified are recognised in the economic outturn account for the year.

On disposal of an available for sale security, the accumulated unrealised gain or loss included in the Fair value reserve is transferred to the economic outturn account for the year. Interest income on available-for-sale securities is included in "Net interest income" in the economic outturn account.

The determination of fair values of available for sale investments is generally based on quoted market rates in active markets.

These securities are initially measured at their acquisition cost, being their fair value at this moment. The difference between the purchase price and the redemption value, i.e. the premium/discount spread, is amortised over the remaining life of each of the securities.

Securities are considered impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the security (a "loss event") and that loss event has an impact on the estimated future cash flows of the security that can be reliably estimated.

Evidence of impairment is mainly about significant financial difficulties of the issuer, a breach of contract, a restructuring of the debt of the issuer, a high probability of bankruptcy, etc. It is important to stress that the disappearance of an active market because the entity's financial instruments are no longer publicly traded is not evidence of impairment. A downgrade of an entity's credit rating is not, in itself, evidence of impairment, although it may be evidence of impairment when considered with other available information. A decline in the fair value of a financial asset below its cost or amortised cost is not necessarily evidence of impairment.

If in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the economic outturn account, the impairment loss shall be reversed, with the amount of the reversal recognised in the economic outturn account.

2.5.2 EIB Unitary Fund investments

The EIB Unitary Fund represents pooled money market investments with a variable NAV structure and currently only has a Euro segment.

The EIB Unitary Fund investments are classified as Available for Sale ("AFS") and carried at fair value through net assets, where fair value changes are recorded in the Fair value reserve.

The fair value of the EIB Unitary Fund investments is based on the latest available Net Asset Value (NAV), as reported by the calculation agent.

2.5.3 Shares and other variable income securities

Investments included in "Shares and other variable-income securities" are composed of the Facility's junior tranche exposure into the European Fund for Strategic Investments ("EFSI") through the sub-window 2 of the Equity Product.

- Fair Value Considerations

These investments are classified as Available-For-Sale and measured at fair value through equity. Given the nature of the Facility's junior tranche exposure, valuation technique (level 3) according to the fair value hierarchy is applied. The fair value is composed of the net paid in representing the drawdowns paid net of any repayment.

Under the valuation technique, the fair value of Private Equity Funds ("PEF") is achieved by applying the aggregated Net Asset Value (NAV) method. This valuation method implicitly assumes that if the NAV's of underlying funds can be considered as equivalent to the fair value as determined under IAS 39, then the aggregation of the NAVs of all funds will itself be equivalent to the fair value as determined under IAS 39. If IAS 39 rules have not been followed, other guidelines might be acceptable (for example the International Private Equity and Venture Capital valuation guidelines, IPEVC Guidelines, as published by the European Venture Capital Association "EVCA") and more detailed monitoring and review will be required.

In accordance with this method, the PEF are internally classified into three categories:

- Category A – funds that have adopted the fair value requirements of IAS 39 or IPEVC Guidelines.
- Category B – funds that have adopted other valuation guidelines (such as the former 2001 EVCA) or standards that can be considered as in line with IAS 39.
- Category C – funds that have not adopted the fair value requirements of IAS 39 or any other valuation guidelines in line with IAS 39.

Although it is assumed for category A and B that the NAV is a reliable estimation of the fair value and specific review is performed, it must be stated that underlying investments have been estimated in the absence of readily ascertainable market values. Because of the inherent uncertainty of valuation and current market conditions, actual results in the future could differ from the fund manager's estimate of values and the difference may be material to the financial statements.

- Impairment considerations

Shares and other variable-income securities are assessed for objective evidence of impairment. Impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred. On each official reporting date, EIF analyses unrealised losses so as to determine whether they should be recognised as impairment losses in the economic outturn account or as changes in the fair value reserve.

In addition EIF defines quantitative thresholds for assessing what is significant and what is prolonged which allows the classification of the funds as follows:

- funds with no indication of impairment;
- funds with an indication of potential impairment which are reviewed for impairment by the Investment and Risk committee;
- funds showing objective evidence of impairment.

Investments belonging to category C are valued at cost less impairment. When an investment falls under this category, the amount of impairment is calculated based on a matrix of fixed impairment percentages in tranches of 25 % depending on the operational and performance grading of the respective funds.

The fair value is determined by applying either the Facility's percentage ownership in the underlying vehicle to the net asset value reflected in the most recent report or, where available, the precise share value at the same date, submitted by the respective fund manager.

2.6. Other assets

Other assets include expenses related to subsequent financial years but which are paid and accounted for during the current year, as well as income relating to the current year, which will be received in subsequent years.

The interest accruals on term deposits have been included in the carrying amount of the financial assets.

2.7. EU contribution

The contributions received from the European Commission (hereafter "EC") are recognised in the balance sheet on the date when payments are received or made.

Revenues related to operations funded by the Facility and to be returned to the Commission are recorded in the balance sheet and netted with the accumulated surplus/deficit.

2.8. Other liabilities

Other liabilities represent charges related to the current financial year but which have not yet been paid and income received in the current financial year which is, however, related to a subsequent financial year.

2.9. Derivative liabilities

The Facility holds derivative liabilities for its first loss piece exposure in respect of the Sub-window 2 of the SMEW Equity Product. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in the economic outturn account as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in the economic outturn account.

2.10. Interest income and interest charges

Interest income and interest charges are recorded on an accrual basis.

2.11. Taxation

The Protocol on the Privileges and Immunities of the European Communities, appended to the Treaty of 8 April 1965 establishing a Single Council and a Single Commission of the European Communities, stipulates that the assets, revenues and other property of the Institutions of the Union are exempt from all direct taxes.

3. Financial risk management

The Risk Management function of EIF ensures that the portfolio is managed in line with the agreed asset management guidelines ("AMG"), especially in respect of the eligible investments in the Facility's portfolio, the average maturity, the interest rate risk and the credit risk exposure of the Facility's portfolio. In this respect quarterly reporting is also delivered to the EC concerning the risk and the performance of the Facility's portfolio. The reporting makes reference to breaches, if any, of the limits set out in the Facility Agreement and includes a comparison of the valuations of the portfolio to a performance index taken as benchmark.

3.1. Credit risk

Credit risk is the risk that another party will cause a financial loss to the Facility by failing to discharge an obligation. The EIF uses appropriate instruments, policies, and processes to manage the credit risk of the Facility.

In accordance with the AMG, all interbank investments should have a minimum Moody's credit rating of P-1 or equivalent (Fitch: F1 or F1+).

3.1.1 Current accounts - Profile of counterparties

The following table shows the breakdown of current account balances per short-term counterparty rating:

Rating	31.12.2017			31.12.2016		
	Balance in currency	Converted to EUR	in %	Balance in currency	Converted to EUR	in %
P-1	13 457 366	13 457 366	100%	116 205 285	116 205 285	100%
Total		13 457 366	100%		116 205 285	100%

3.1.2. Short term deposits with a maturity of 3 months or less - Profile of counterparties

The following table shows the breakdown of short term deposits including accrued interest with maturity less than 3 months per counterparty short term rating (eligible short term rating P-1):

Rating	31.12.2017			31.12.2016		
	Balance in currency	Converted to EUR	in %	Balance in currency	Converted to EUR	in %
P-1	69 980 236	69 980 236	100%	0	0	0%
Total		**69 980 236**	**100%**		**0**	**0%**

3.1.3. Available for Sale portfolio - Profile of counterparties

The Available for Sale portfolio is composed of Debt securities and other fixed income securities, of units in the EIB Unitary Fund and of the Facility's exposure to the EFSI sub window 2 of the Equity Product.

The following table outlines the credit facility of the Facility's Available for Sale portfolio, based on external ratings, when available:

Rating	31.12.2017		31.12.2016	
	FV in EUR	in %	FV in EUR	in %
Aaa	26 353 271	12%	15 096 133	13%
Aa1	17 752 538	8%	10 085 540	9%
Aa2	26 147 334	12%	10 745 442	10%
Aa3	24 132 183	11%	9 126 223	8%
A1	28 001 766	12%	499 630	0%
A2	21 732 240	10%	7 714 553	7%
A3	26 141 811	12%	7 145 704	6%
Baa3	2 997 327	1%	0	0%
Not rated	53 274 506	24%	52 401 903	47%
Total	**226 532 976**	**100%**	**112 815 128**	**100%**

The following table outlines the credit facility of the Facility's debt securities and other fixed income securities (including accrued interest) and units in the EIB Unitary Fund, based on the profile of issuers:

Profile of issuers	31.12.2017		31.12.2016	
	FV in EUR	in %	FV in EUR	in %
Member States	14 312 906	7%	3 538 199	3%
Public Institutions	39 200 653	19%	23 881 947	23%
Covered bonds	17 746 718	9%	13 040 486	12%
Corporates	38 037 182	18%	10 269 343	10%
Banks	59 953 403	29%	9 683 250	9%
Supranational	37 122 652	18%	43 974 815	43%
Total	206 373 514	100%	104 388 040	100%

The above table does not include the Facility's exposure to the EFSI sub window 2 of the Equity Product.

3.2. Liquidity risk

The liquidity risk is closely related to the Facility's solvency and to the confidence that creditors have in the Facility to meet its commitments. The treasury is managed in such a way as to ensure an adequate level of liquidity to meet possible capital calls.

The table below provides an analysis of assets and liabilities into relevant maturity groupings on the remaining period from the balance sheet date to the contractual maturity date. It is presented under the most prudent consideration maturity dates. Therefore, in the case of liabilities the earliest possible repayment date is shown, while for assets it is the latest possible repayment date.

Those assets and liabilities that do not have a contractual maturity date are grouped together in the "Undefined maturity" category.

Maturity (at 31.12.2017)	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Undefined maturity	Total
ASSETS						
Cash and cash equivalents						
Current accounts	13 457 366	0	0	0	0	13 457 366
Short term deposits	69 980 237	0	0	0	0	69 980 237
	83 437 602	0	0	0	0	83 437 602
Available for Sale portfolio	4 674 163	19 407 135	144 204 198	4 972 974	53 274 506	226 532 976
Total Assets	88 111 765	19 407 135	144 204 198	4 972 974	53 274 506	309 970 578
LIABILITIES						
Other liabilities	9 488 439	0	0	0	0	9 488 439
Payable to the Commission	0	281 317	0	0	0	281 317
Derivative liabilities	0	0	0	0	3 097 245	3 097 245
Total Liabilities	9 488 439	281 317	0	0	3 097 245	12 867 001

Maturity (at 31.12.2016)	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Undefined maturity	Total
ASSETS						
Cash and cash equivalents						
Current accounts	116 205 285	0	0	0	0	116 205 285
	116 205 285	0	0	0	0	116 205 285
Available for Sale portfolio	0	160 283	51 257 247	8 995 695	52 401 903	112 815 128
Total Assets	116 205 285	160 283	51 257 247	8 995 695	52 401 903	229 020 413
LIABILITIES						
Other liabilities	3 667 339	0	0	0	0	3 667 339
Payable to the Commission	0	0	0	0	0	0
Derivative liabilities	0	0	0	0	0	0
Total Liabilities	3 667 339	0	0	0	0	3 667 339

3.3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

3.3.1 Market risk: Interest rate risk

The interest rate risk relates to the risk that the fair value of future cash flow of financial instruments held by the Facility is influenced because of changes in the market interest rate.

In accordance with the agreement between the Commission and the EIF on the management of the Facility Treasury Funds, investment decisions are based on the interest rates available in the market at the time of the investment. Interest rate expectations are not taken into account. No significant risk is currently taken on interest rate due to the short term maturity of term deposits.

The following table shows the sensitivity of the two IFE sub-portfolios (classification for Risk Management purpose): IFE-FRN (AFS bond portfolio variable interest), IFE-L (AFS bond portfolio fixed interest) to interest rate (IR) variations:

31.12.2017					
IFE Sub-Portfolios	Market Value (clean prices) in EUR	Modified Duration (years)	IR exposure (+/-1bp) in EUR	IR exposure (+100bp) in EUR	IR exposure (-100bp) in EUR
IFE Short-Term	103 115 044	0.018	+/- 187	(18 612)	18 804
IFE-FRN	52 302 201	0.181	+/- 951	(94 775)	95 522
IFE-Long Term	120 564 975	3.104	+/- 37 543	(3 667 824)	3 844 269
Cash account	13 457 366				
Total	289 439 587	1.340	+/- 38 681	(3 781 211)	3 958 595

31.12.2016					
IFE Sub-Portfolios	Market Value (clean prices) in EUR	Modified Duration (years)	IR exposure (+/-1bp) in EUR	IR exposure (+100bp) in EUR	IR exposure (-100bp) in EUR
IFE Short-Term	43 974 815	0.008	-+/- 36	(3 611)	3 648
IFE-FRN	1 604 336	0.046	-+/- 7	(735)	741
IFE-Long Term	58 648 606	3.952	+/- 23 241	(2 262 874)	2 388 084
Cash account	116 205 285				
Total	220 433 042	2.229	+/- 23 285	(2 267 220)	2 392 473

Clean market value of the InnovFin Equity Sub-Portfolios is determined as follows:

- **Short term deposits:** the sum of the nominal value and total interest at maturity for each position is discounted from the maturity date to the spot date, whereas the spot date equals the valuation date plus two business days. Finally, accrued interest at spot date is substracted from the calculated market value of the position.
- **EIB Unitary Fund investments:** The Facility is exposed to market risk through the investments in the EIB Unitary Fund. The value of the underlying investments of the EIB Unitary fund investments change under the influence of the prevailing interest rates but also under other influences, including the perceived creditworthiness of the issuer or obligor.

The clean market values of the IFE-FRN and IFE -Long term sub-portfolios as reported above represents the sum of clean market values calculated for inflation linked, fixed and floating rate bonds. Those clean market values are determined as follows:

- **Fixed Rate Bonds:** the nominal value of each position is multiplied by its market quote as observed at valuation date.
- **Floating Rate Bonds (FRNs):** the nominal value of each position is multiplied by its market quote as observed at valuation date.

In regards to the interest rate sensitivity, the presentation in the financial statements and also the quarterly risk reporting prepared by EIB's Risk Management department follow the portfolio structure. There are three portfolios exist for the mandates: IFE-FRN (floating rate bonds), IFE-L (fixed rate bonds) and IFE-S (short-term deposits and other short-term investments). The portfolio classification can be different than the accounting classification as certain short-term securities purchased in the S portfolio can be classified as AFS financial asset if their original maturity is more than 3 months. As a result in the above table, the book value presented includes AFS financial assets including those purchased to the IFE-S portfolio while the interest rate sensitivity presents only the sensitivity of the IFE-L portfolio.

<u>EFSI Sub-window 2 of the Equity Product</u>

The Facility is not exposed to market risk through the investment in the EFSI Sub-window 2 of the Equity Product.

3.3.2 Market risk: Currency risk

The foreign currency risk relates to the risk that the future cash flow of the financial instruments held by the Facility will fluctuate because of changes in foreign exchange rates.

As at 31 December 2017, the Facility had no currency exposure.

3.4. Fair value of financial assets and financial liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the Facility measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions take place with sufficient frequency and volume to provide pricing information on an on-going basis.

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques.
For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Despite the concept of fair value, private equity is an appraised asset class, not valued by the consensus of many market players in an active and efficient market but by a few experts, normally the fund managers who value each investment based on their views of the investment’s earnings potential and/or comparisons with other investments and in accordance with customary industry valuation guidelines.

The Facility measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in marking the measurements. These levels defer from category classification mentioned under the note 2.5:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: input other than quoted prices included within level 1 that are observable for the asset and liability, either directly (i.e as prices) or indirectly (i.e derived from prices);

- Level 3: inputs for the asset and liability that are not based on observable market data (unobservable inputs).

The table below classifies financial instruments carried at fair value:

At 31.12.2017 **in EUR**	Level 1	Level 2	Level 3	Total
Available for Sale portfolio of which:				
Debt securities and other fixed income securities	173 258 471	0	0	173 258 471
EIB Unitary Fund		33 115 043	0	33 115 043
EFSI Sub-Window 2 Equity Product	0	0	20 159 461	20 159 461
Total	173 258 471	33 115 043	20 159 461	226 532 975
Financial liabilities at fair value through profit or loss				
Derivative liabilities	0	0	3 097 245	3 097 245
Total	0	0	3 097 245	3 097 245

At 31.12.2016 **in EUR**	Level 1	Level 2	Level 3	Total
Available for Sale portfolio of which:				
Debt securities and other fixed income securities	60 413 225	0	0	60 413 225
EIB Unitary Fund		43 974 815	0	43 974 815
EFSI Sub-Window 2 Equity Product	0	0	8 427 088	8 427 088
Total	60 413 225	43 974 815	8 427 088	112 815 128
Financial liabilities at fair value through profit or loss				
Derivative liabilities	0	0	0	0
Total	0	0	0	0

There was no transfer of financial assets between Level 1, Level 2 and Level 3 in 2017 and 2016.

4. Detailed disclosures relating to asset headings

4.1. Cash and cash equivalents

Cash and cash equivalents consist of:

	2017 EUR	2016 EUR
Cash at bank	13 457 366	116 205 285
Short term deposits	70 000 000	0
Accrued interest on short term deposits	(19 764)	0
	83 437 602	116 205 285

As at 31 December 2017 year end, the average maturity of short term deposits was 18 days (2016: nil).

4.2. Available for Sale portfolio

4.2.1. Shares and other variable income securities

Shares and other variable income securities included in the Available for Sale portfolio are analysed as follows:

	2017 EUR	2016 EUR
Investment at cost at 1 January	8 427 088	0
Additions	13 990 445	8 427 088
Disposals	0	0
Investment at cost at 31 December	22 417 533	8 427 088
Value Adjustment at 1 January	0	0
Adjustments to Fair value reserve	(2 258 072)	0
Impairment losses	0	0
Value Adjustment at 31 December	(2 258 072)	0
	20 159 461	8 427 088

The fair value changes recorded in the fair value reserve at the end of 2017 and attributable to shares and other variable income securities, in accordance with the valuation method described in note 2.5, amount to EUR (2 258 072) (2016: nil).

The table below discloses the signatures of the Facility in the Private Equity Funds composing the junior tranche exposure into the EFSI through the sub-window 2 of the Equity Product.

	CCY	Total Signed (in CCY)	Drawn amount (in CCY)	Undrawn Amount (in CCY)
ACT V Venture Capital Fund	EUR	3 600 000	550 268	3 049 732
Advent France Biotechnology Seed Fund I	EUR	9 000 000	450 000	8 550 000
BioGeneration Capital Fund III	EUR	6 750 000	950 181	5 799 819
Bullnet Capital III	EUR	9 000 000	1 356 894	7 643 106
CapHorn 2, FPCI	EUR	6 750 000	1 822 500	4 927 500
Daphni Purple	EUR	13 500 000	4 185 000	9 315 000
Elaia Delta	EUR	13 500 000	1 485 000	12 015 000
Frontline Ventures Fund II Limited Partnership	EUR	4 500 000	742 397	3 757 603
GO Capital Amorçage II	EUR	1 800 000	180 000	1 620 000
Innovation Industries Fund Cooperatief U.A.	EUR	5 625 000	1063042	4 561 958
Innovation Nest II SCSp	EUR	5 481 000	1 164 310	4 316 690
K Fund FCR	EUR	6 750 000	447 850	6 302 150
MarketOne Capital	EUR	6 750 000	0	6 750 000
Panakes Fund I	EUR	6 075 000	1 239 300	4 835 700
SET Fund II	EUR	3 150 000	1 875 506	1 274 494
Sofinnova Industrial Biotechnology Fund	EUR	13 500 000	675 000	12 825 000
United Ventures Two	EUR	9 000 000	332 971	8 667 029
Vertis Venture 3 Technology Transfer	EUR	6 750 000	85 771	6 664 229
Ysios BioFund II Innvierte	EUR	9 000 000	3 811 543	5 188 457
Total		**140 481 000**	**22 417 533**	**118 063 467**

4.2.2. Other financial assets

Other financial assets included in the Available for Sale portfolio are analysed as follows:

	2017 EUR	2016 EUR
Debt securities and other fixed income securities	172 867 177	60 252 942
EIB Unitary Fund investments	33 115 043	43 974 815
Accrued interests	391 294	160 283
	206 373 514	**104 388 040**
Movement during the period:		
Fair value at beginning of the period	104 388 040	28 247 396
Additions Debt securities and other fixed income securities	156 170 054	54 067 259
Additions EIB Unitary Fund investments	122 347 099	69 078 402
Disposals/matured Debt securities and other fixed income securities	(43 335 133)	(22 368 640)
Disposals/matured EIB Unitary Fund investments	(133 215 542)	(24 992 174)
Effective interest rate adjustment	(11 660)	(68 570)
Change in fair value reserve	30 656	424 367
Fair value at 31 December	**206 373 514**	**104 388 040**

The total fair value recognized in equity at the end of 2017and attributable to debt securities and other fixed income securities and the Unitary Fund is EUR 30 656 (2016: EUR 424 367).

No impairment was recorded on the portfolio in 2017 (2016: nil).

5. Detailed disclosures relating to liabilities headings

5.1. EU contribution

The budgetary commitments of the the Facility corresponds to the budgetary resources committed by the Commission for the financing of the the Facility and amounts to:

	2017 EUR	2016 EUR
Aggregate budgetary commitments	422 385 700	256 050 000
Uncalled budgetary commitments	(100 335 700)	(22 000 000)
Balance at the end of the year	**322 050 000**	**234 050 000**

5.2. Other liabilities

Other liabilities include accruals and deferred income and are analysed as follows:

	2017 EUR	2016 EUR
Incentive fees payable to EIF	4 107 312	1 321 056
Management fees payable to EIF	4 657 400	2 170 000
Treasury management fees	251 928	96 670
Payable to Financial Intermediaries	471 799	79 613
	9 488 439	3 667 339

Management fees payable to the EIF are calculated according to the applicable provisions set out in the Delegation Agreement and according to the note 6.2 and accrued at end of the year.

Payable to Financial Intermediaries represent distributions received from shares and other variable income securities which are subject to be recalled by the IFE Financial Intermediary.

5.3. Derivative liabilities

As at 31 December 2017, Derivative liabilities amounting to EUR 3 097 245 (2016: 0) are made of the Facility's first loss piece exposure in respect of the Sub-Window 2 of the SMEW Equity Product.

6. Detailed disclosures relating to the Economic outturn account

6.1. Net interest income

Net interest income consists of:

	2017 EUR	2016 EUR
Negative interest on short term deposits	(26 077)	(16 759)
Net interest income on debt securities and other fixed income	266 264)	170 061
	240 187	153 302

6.2. General administrative expenses

The general administrative expenses are composed of EIF administrative fee, a fee in consideration of the financial management by the EIF of the EU contribution paid and additional incentive fees which serve to ensure the achievement of policy objectives.

6.2.1. EIF administrative and incentive fee

According to the Delegation Agreement, the EIF is entitled to receive administrative and incentive fee.

With regards to Administrative fee, the EIF is entitled to reserve and draw annually up to 5.6% of the cumulated EU Contribution committed to IFE. The total of draws shall not exceed 2.8% of the cumulated EU Contribution committed. The EIF is entitled as part of the Administrative fee to a start-up fee for an amount of EUR 4 000 000.

EIF incentive fee are due to the EIF based on the deployment of the Facility and depending of reaching certain objectives by the EIF. EIF incentive fee may not exceed 3.2% of the Initial EU Contribution to IFE.

EIF may also reserve up to 3% of the cumulated EU Contribution committed to IFE, where the total of draws shall not exceed 1.5% of the cumulated Horizon 2020 Total Contribution to IFE in order to pay the EIB treasury management fees and be reimbursed for exceptional unforeseen expenditures.

As at 31 December 2017, general administrative expenses comprise the following:

	2017 EUR	2016 EUR
EIF administrative fee	4 655 400	3 670 000
EIF incentive fee	5 547 168	1 321 056
	10 202 568	4 991 056

6.3. Treasury management fee

The management of assets entrusted to EIB by EC under the Facility is subject to, and in accordance with, the Treasury Guidelines for Asset Management of the Facility referred to in Annex 8c of the Horizon 2020 Delegation Agreement dated 12 June 2014 as amended on 16 June 2017.

EIB is entitled to a remuneration in respect of the management of the Facility's assets, for each period, on the basis of the following schedule:

Average value of assets under management	Annual remuneration for management (per tranche)
Up to 200,000,000	0.10%
From 200,000,001 to 400,000,000	0.07%
From 400,000,001 to 600,000,000	0.04%
From 600,000,001	0.02%

The EIB's annual remuneration shall be invoiced in respect of each accounting period on the basis of the audited financial statements sent to EC. The remuneration shall be calculated by the EIF on the basis of a), in the case of securities and the Unitary Fund, the average market value at the end of each month, and b) in the case of cash and money market deposits, the average nominal value at the end of each month.

As at 31 December 2017, treasury management fees amount to EUR 170 307 (2016: EUR 81 620).

7. Other information

7.1. Undrawn commitment on shares and other variable income securities

Undrawn commitment on shares and other variable income securities represents investments in PEF signed and not yet disbursed amounting to EUR 118 063 469 (2016: EUR 50 297 912). In addition, the Facility has undrawn conditional commitment amounting to EUR 82 269 000 (2016: EUR 15 300 000).

7.2. Information relating to personnel employed and management

The Facility employs no staff.

7.3. Related party

The amounts included in the Facility's financial statements and related to the EIF and the EIB are the followings:

	2017 EUR	2016 EUR
Current Liabilities		
Other liabilities	9 488 437	3 667 339
Non Current Liabilities		
Derivative liabilities	1 604 936	0
Economic outturn account		
General administrative expenses	10 202 568	4 991 056
Treasury management fees	170 307	81 620

EIF Facility under Horizon 2020 – Debt Financial Instrument - InnovFin SME Guarantee (InnovFin SMEG)

Audited Financial Statements

December 31, 2017

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To the Chief Executive of the
European Investment Fund
37B, avenue J.F. Kennedy
L-2968 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the accompanying financial statements of InnovFin SME Guarantee (InnovFin SMEG) ("the Facility") managed by the European Investment Fund on behalf of the European Commission, which comprise the balance sheet as at 31 December 2017, and the economic outturn account, statement of changes in capital and cash flow table for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of InnovFin SME Guarantee (InnovFin SMEG) for the year ended 31 December 2017 are prepared, in all material respects, in accordance with the accounting rules set out in Note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Law and standards are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Facility in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to enable the European Investment Fund to meet the requirements of the European Commission. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the European Investment Fund, the European Commission and the European Court of Auditors, and should not be used by or distributed to any other party.

Responsibilities of the European Investment Fund's Management and Those Charged with Governance for the financial statements

The European Investment Fund's Management ("the Management") is responsible for the preparation of the financial statements in accordance with the accounting rules set out in Note 2 to the financial statements, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Facility's financial reporting process.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are prepared, in all material respects, in accordance with the accounting rules set out in Note 2 to the financial statements, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, 15 March 2018

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Thierry Ravasio

Economic outturn account	Notes	2017 EUR	2016 restated* EUR
Financial operations revenues			
Net interest income	6.1	1 122 016	985 706
Realised gain on Available for Sale portfolio	4.2	599 181	652 351
Financial guarantees income		54 735	18 875
Total financial operations revenues		1 775 932	1 656 932
Financial operations expenses			
General administrative expenses	6.2	12 665 548	30 266 416
Treasury management fees	6.3	371 492	298 722
Provision for risks and liabilities	5.2	129 632 979	55 959 749
Other operating charges		0	147
Foreign exchange loss	6.4	803 057	2 171 306
Total financial operations expenses		143 473 076	88 696 340
Economic result of the year		(141 697 144)	(87 039 408)

* refer to note 2.1

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

InnovFin SME Guarantee (InnovFin SMEG)
Balance Sheet as at December 31, 2017

ASSETS	Notes	2017 EUR	2016 restated* EUR
Current Assets			
Cash and cash equivalents	4.1	69 811 077	50 522 969
Available for sale portfolio	4.2	142 958 855	66 443 183
Other assets		23 880	0
Total Current Assets		**212 793 812**	**116 966 152**
Non Current Assets			
Available for sale portfolio	4.2	480 833 420	350 004 289
Total Non Current Assets		**480 833 420**	**350 004 289**
Total Assets		**693 627 232**	**466 970 441**

LIABILITIES	Notes	2017 EUR	2016 restated* EUR
Capital			
EU contribution	5.1	759 384 968	497 489 248
Reserve on Available for sale Portfolio	4.2	2 112 611	2 963 477
Accumulated deficit		(135 718 035)	(45 542 316)
Economic result of the year		(141 697 144)	(87 039 408)
Total Capital		**484 082 400**	**367 871 001**
Current liabilities			
Provision for risks and liabilities	5.2	98 321 694	34 069 755
Other liabilities	5.3	2 947 353	21 230 032
Total Current liabilities		**101 269 047**	**55 299 787**
Non Current liabilities			
Provision for risks and liabilities	5.2	99 858 567	43 799 653
Other liabilities	5.3	8 417 218	0
Total Non Current liabilities		**108 275 785**	**43 799 653**
Total Liabilities		**209 544 832**	**99 099 440**
Total Capital and Liabilities		**693 627 232**	**466 970 441**

* refer to note 2.1

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

InnovFin SME Guarantee (InnovFin SMEG)
Cash flow table for the year ended December 31, 2017

Cash flow statements	2017 EUR	2016 EUR
Cash flows from operating activities		
Administrative fee paid	(9 678 835)	(6 774 909)
Incentive fee paid	(8 506 117)	(9 132 562)
Risk fees paid	(4 475 578)	(1 880 673)
Treasury management fee paid	(241 969)	0
Other operating charges	0	(203)
Financial guarantees income received	31 614	18 875
Payment of guarantee calls	(9 296 001)	(2 116 027)
Net cash flows from operating activities	(32 166 886)	(19 885 499)
Cash flows from investing activities		
Investments	(210 169 849)	(215 364 966)
Interest received	2 865 434	1 526
Net cash flows from investing activities	(207 304 415)	(215 363 440)
Cash flows from financing activities		
EU contribution received	258 759 409	191 351 069
Net cash flows from financing activities	258 759 409	191 351 069
Net increase/decrease in cash and cash equivalents	19 288 108	(43 897 870)
Cash and cash equivalents at the beginning of the financial year	50 522 969	94 420 839
Cash and cash equivalents at the end of the financial year	69 811 077	50 522 969

Interest received includes also effect of exchange rate fluctuations.

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

InnovFin SME Guarantee (InnovFin SMEG)
Statement of Changes in Capital as at December 31, 2017

	EU contribution	Additional Resources	Accumulated deficit	Economic result of the year	Fair value reserve	Total capital
Balance as at 31.12.2016 restated*	**495 597 789**	**1 891 459**	**(45 542 316)**	**(87 039 408)**	**2 963 477**	**367 871 001**
Allocation of the Economic result of the year 2016	0	0	(87 039 408)	87 039 408	0	0
EU contribution	258 759 409	0	0	0	0	258 759 409
Net change in fair value reserve	0	0	0	0	(850 866)	(850 866)
Revenues payable to the Commission	0	3 136 311	(3 136 311)	0	0	0
Allocation of the Economic result of the year 2017	0	0	0	(141 697 144)	0	(141 697 144)
Balance as at 31.12.2017	**754 357 198**	**5 027 770**	**(135 718 035)**	**(141 697 144)**	**2 112 611**	**484 082 400**

	EU contribution	Additional Resources	Accumulated deficit	Economic result of the year	Fair value reserve	Total capital
Balance as at 31.12.2015	**304 246 720**	**0**	**(4 592 591)**	**(39 058 266)**	**798 713**	**261 394 576**
Allocation of the Economic result of the year	0	0	(39 058 266)	39 058 266	0	0
EU contribution	191 351 069	0	0	0	0	191 351 069
Net change in fair value reserve	0	0	0	0	2 164 764	2 164 764
Revenues payable to the Commission restated *	0	1 891 459	(1 891 459)	0	0	0
Allocation of the Economic result of the year restated*	0	0	0	(87 039 408)	0	(87 039 408)
Balance as at 31.12.2016 restated*	**495 597 789**	**1 891 459**	**(45 542 316)**	**(87 039 408)**	**2 963 477**	**367 871 001**

* refer to note 2.1

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

1. General section

On 11 December 2013, Regulation (EU) n° 1291/2013 of the European Parliament and the Council establishing Horizon 2020 – the Framework Program for Research and Innovation (2014-2020- and repealing Decision n° 1982/2006/EC was adopted.

Following this decision, the European Investment Bank (hereafter "EIB"), the European Investment Fund (hereafter "EIF") and the European Union (hereafter "EU"') represented by the European Commission (hereafter "EC") entered into a Delegation Agreement in respect of the Financial Instruments under Horizon 2020. The "Access to Risk Finance Programme" of Horizon 2020 and Specific Programme provides for the establishment of a financial instrument for debt and a financial instrument for equity (hereinafter "Horizon 2020 Financial Instruments"). The Horizon 2020 Financial Instruments aim to ease the access to risk financing for Final Recipients in order to support eligible Research and Innovation. This covers loans, guarantees, equity and other forms of risk finance. The Horizon 2020 Financial Instruments aim also to promote early-stage investment and the development of existing and new venture capital funds; improve knowledge transfer and the market for intellectual property; attracts funds for the venture capital market; and, overall; help to catalyse the transition from the conception, development and demonstration of new products and services to their commercialisation. The Horizon 2020 debt financial instrument also include the implementation mechanism of the EU Contribution under the SME Initiative.

In the context of Horizon 2020 Financial Instruments, a Risk-Sharing facility (hereafter the "Facility") has been structured in the form of a guarantee, using the EU's contribution for first-Defaulted Amount taking and the risk-taking capacity of the EIF for second-Defaulted Amount taking. The objective of the Facility is to incentivise Intermediaries to extend loans or financial leases to small and medium sized enterprises and Small Mid-caps with significant activities in Research, Development and Innovation.

On 25 June 2015 the Regulation (EU) 2015/1017 of the European Parliament and of the Council (the "EFSI Regulation") established the European Fund for Strategic Investments ("EFSI"). Consequently, the EIB and the EU entered into an Agreement on the Management of the EFSI and on the granting of the EU Guarantee (the "EFSI Agreement") on 22 July 2015. This Agreement contained provisions on two SME Window ("SMEW") Products including the Horizon 2020 Enhancement.

The initial Agreement was amended on 21 July 2016 by the Parties to include two further SMEW Products. A Second Amendment and Restatement Agreement was signed on 21 November 2017 to convert the three current guarantee products under the SMEW from a temporary enhancement (frontloading) to a permanent enhancement (top-up) structure and to add a further SMEW Product.

On 16 June 2017, an amendment to the Delegation Agreement was signed to implement the EFSI Top Up, a permanent mechanism combining H2020 SMEG resources with the risk-bearing capacity of EFSI.

The EIF's Management has authorized the financial statements for issue on 15 March 2018.

The financial year of the facility runs from January 1st to December 31st each year.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1. Basis of preparation

The accounts are kept in accordance with Council Regulation (EC, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 (OJ L 298 of 26 October 2012) on the Financial Regulation applicable to the general budget of the Union and Commission Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of the Financial Regulation.

In accordance with article 144 of the Financial Regulation the financial statements have been prepared on the basis of accrual-based accounting rules that are derived from International Public Sector Standards (IPSAS) or by default, International Financial Reporting Standard (IFRS). These accounting rules, adopted by the Accounting Officer of the Commission have to be applied by all the institutions and EU bodies in order to establish a uniform set of rules for accounting, valuation and presentation of the accounts with a view to harmonise the process for drawing up the financial statements.

The Facility has consistently applied the policies set out below to the year 2017 except for the following changes.

In 2017, the Facility retrospectively changed its accounting policy due to a voluntary change with regards to the recognition of revenues to be returned to the Commission, as described in note 2.7. In the financial statements as at 31 December 2016, the revenues to be returned to the Commission, amounting to EUR 1 891 459 were recognised as Revenue payable to the Commission in the economic outturn account.

Following the change in the accounting policy, the prior year figures of the revenues related to operations funded by the Facility and to be returned to the Commission are restated and increased the economic result of 2016 and the accumulated deficit as at 31 December 2016.

2.2. Significant accounting judgments and estimates

The preparation of financial statements in conformity with the accounting rules adopted by the Accounting Officer of the European Commission requires the use of certain critical accounting estimates. It also requires the European Investment Fund's Management ("the Management") to exercise its judgement in the process of applying the Facility's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed hereafter.

The most significant use of judgements and estimates are as follows:

- Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correction and volatility for longer dated derivatives.

- Impairment losses on financial instruments

The Facility reviews its financial instruments at each reporting date to assess whether an allowance for impairment should be recorded in the economic outturn account. In particular, judgment by the Management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required.

- Provisions for risks and liabilities

According to the accounting rules established by the Accounting Officer of the European Commission and in particular the accounting rule on "Provisions, contingent assets and liabilities", a provision should be established on the face of the balance sheet when the following three conditions are met:

- A present obligation exists as a result of a past event;
- The likelihood of an outflow of resources is higher than 50%; and
- A reliable estimate is possible.

The Facility is based on a portfolio first-loss piece approach and the facility therefore reviews its exposure to the first loss piece of the financial guarantees issued by European Investment Fund at each reporting date to assess whether a provision for risks and liabilities should be recorded in the economic outturn account. In particular, judgment by the Management is required in the estimation and timing of future cash flows when determining the level of provision is required.

2.3. Foreign currencies

The Facility uses the Euro (EUR) for presenting its financial statements, which is also the functional currency.

Foreign currency transactions are translated at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in currencies other than Euro are translated into Euro at the exchange rate prevailing at the balance sheet date. The gain or loss arising from such translation is recorded in the economic outturn account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences on non-monetary assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in the economic outturn account or within the reserves.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in the economic outturn account.

The elements of the economic outturn account are translated into Euro on the basis of the exchange rates prevailing at the end of each month.

2.4. Cash and cash equivalents

The Facility defines cash and cash equivalents as current accounts, and short-term deposits with maturities of three months or less.

2.5. Available for Sale financial assets

2.5.1. Debt securities and other fixed-income securities

Debt securities and other fixed-income securities are made up of euro-denominated securities. These securities are classified as Available-For Sale ("AFS") according to the accounting rules adopted by the according to the accounting rules adopted by the Accounting Officer of the European Commission and consequently, are carried out at their fair value through reserve on Available-For-Sale portfolio. Unrealised gains or losses are reported in reserves until such security is sold, collected or otherwise disposed of, or until such security is determined to be impaired. Impairment losses identified are recognised in the economic outturn account for the year.

On disposal of an available for sale security, the accumulated unrealised gain or loss included in reserve on Available-For-Sale portfolio is transferred to the economic outturn account for the year. Interest income on available-for-sale securities is included in "interest income" in the economic outturn account.

The determination of fair values of available for sale investments is generally based on quoted market rates in active markets.

These securities are initially measured at their acquisition cost, being their fair value at this moment. The difference between the purchase price and the redemption value, i.e. the premium/discount spread, is amortised over the remaining life of each of the securities.

Securities are considered impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the security (a "loss event") and that loss event has an impact on the estimated future cash flows of the security that can be reliably estimated.

Evidence of impairment is mainly about significant financial difficulties of the issuer, a breach of contract, a restructuring of the debt of the issuer, a high probability of bankruptcy, etc. It is important to stress that the disappearance of an active market because the entity's financial instruments are no longer publicly traded is not evidence of impairment. A downgrade of an entity's credit rating is not, in itself, evidence of impairment, although it may be evidence of impairment when considered with other available information. A decline in the fair value of a financial asset below its cost or amortised cost is not necessarily evidence of impairment.

If in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the economic outturn account, the impairment loss shall be reversed, with the amount of the reversal recognised in the economic outturn account.

2.5.2. EIB Unitary Fund investments

The EIB Unitary Fund represents pooled money market investments with a variable NAV structure and currently only has a Euro segment.

The EIB Unitary Fund investments are classified as Available for Sale ("AFS") and carried at fair value through net assets, where fair value changes are recorded in the Fair value reserve.

The fair value of the EIB Unitary Fund investments is based on the latest available Net Asset Value (NAV), as reported by the calculation agent.

2.6. Other assets

Other assets include expenses related to subsequent financial years but which are paid and accounted for during the current year, as well as income relating to the current year, which will be received in subsequent years.

The interest accruals on term deposits have been included in the carrying amount of the financial assets.

2.7. EU contribution

The contributions received from the European Commission are recognised in the balance sheet on the date when payments are received or made.

Revenues related to operations funded by the Facility and to be returned to the Commission are recorded in the balance sheet and netted with the accumulated surplus/deficit.

2.8. Provisions for risks and liabilities

According to the EC Accounting Rules (AR) and in particular the AR on "Provisions, contingent assets and liabilities", a provision should be established on the face of the balance sheet when the following three conditions are met: a present obligation exists as a result of a past event, the likelihood of an outflow of resources is higher than 50% and a reliable estimate is possible.

The Facility is based on a portfolio first-loss piece approach.

Under the Facility, the EIF is empowered to issue guarantees in its own name but on behalf and at the risk of the Commission.

The financial risk of the Facility is limited to the junior portion of the Maximum Risk Cover Size, which is equal to the EU contribution minus amounts reserved for management costs and fees payable to EIF. The expected loss estimated for each guarantee operation is recognised as the provision and is subsequently reduced by the payment demands made by financial intermediaries, net of any loss recoveries. It corresponds to the provision of the Facility.

In order to reflect the time values of money, the provisions are distributed over the life of the guarantee and are discounted using a discount rate that reflects current market assessments of the time value of money.

2.9. Other liabilities

Other liabilities represent charges related to the current financial year but which have not yet been paid and income received in the current financial year which is, however, related to a subsequent financial year.

2.10. Interest income and interest charges

Interest income and interest charges are recorded on an accrual basis.

2.11. Taxation

The Protocol on the Privileges and Immunities of the European Communities, appended to the Treaty of 8 April 1965 establishing a Single Council and a Single Commission of the European Communities, stipulates that the assets, revenues and other property of the Institutions of the Union are exempt from all direct taxes.

3. Financial risk management

The Risk Management function of EIF ensures that the portfolio is managed in line with the agreed asset management guidelines ("AMG"), especially in respect of the eligible investments in the Facility's portfolio, the average maturity, the interest rate risk and the credit risk exposure of the Facility's portfolio. In this respect quarterly reporting is also delivered to the EC concerning the risk and the performance of the Facility's portfolio. The reporting makes reference to breaches, if any, of the limits set out in the Facility Agreement and includes a comparison of the valuations of the portfolio to a performance index taken as benchmark.

3.1. Credit risk

Credit risk is the risk that another party will cause a financial loss to the Facility by failing to discharge an obligation. The EIF uses appropriate instruments, policies, and processes to manage the credit risk of the Facility.

In accordance with the AMG, all interbank investments should have a minimum Moody's credit rating of P-1 or equivalent (Fitch: F1 or F1+).

3.1.1 Current accounts - Profile of counterparties

The following table shows the breakdown of current account balances per short-term counterparty rating:

Rating	Currency	31.12.2017			31.12.2016		
		Balance in currency	Converted to EUR	in %	Balance in currency	Converted to EUR	in %
F1+	EUR	1 129 234	1 129 234	5%	4 346 885	4 346 885	14%
	GBP	963	1 085	0%	1 000	1 168	0%
	CZK	145 635 451	5 703 366	23%	149 193 215	5 521 380	18%
	SEK	174 822 808	17 759 687	72%	206 264 672	21 592 743	68%
	PLN	1 000	239	0%	1 001	227	0%
	USD	1 001	834	0%	0	0	0%
	NOK	1 000	102	0%	0	0	0%
Total			24 594 547	100%		31 462 403	100%

3.1.2. Short term deposits with a maturity of 3 months or less - Profile of counterparties

The following table shows the breakdown of short term deposits/commercial papers (excluding short-term deposits under settlement) with maturity less than 3 months per counterparty short term rating (eligible short term rating P-1). The amounts presented include accrued interest:

Rating	31.12.2017			31.12.2016		
	Balance in currency	Converted to EUR	in %	Balance in currency	Converted to EUR	in %
EUR	40 497 172	40 497 172	65%	0	0	0%
GBP	7 802 088	8 793 760	14%	9 460 952	11 050 191	58%
USD	4 698 822	3 917 971	7%	4 643 793	4 405 458	23%
NOK	50 550 294	5 137 068	8%	0	0	0%
PLN	16 167 325	3 870 559	6%	15 898 767	3 604 917	19%
Total		62 216 530	100%		19 060 566	100%

As at December 31, 2017, cash and cash equivalents are comprised of current accounts and short term deposits which include short term deposits under settlement of EUR 17 000 000 (2016:nil).

3.1.3 Available for Sale portfolio - Profile of counterparties

The Available for Sale portfolio is composed of Debt securities and other fixed-income securities and of units in the EIB Unitary Fund.

The EIB Unitary Fund, as a pooled investment of EIB, is not a separate legal entity and is not rated. As at 31 December 2017, the Facility is indirectly exposed to credit risk through the investments in the EIB Unitary Fund. This money market investment is governed by its Deed Poll and Information Memorandum which define certain limits and restrictions in order to limit its exposure to credit risk. The respect of these limits is monitored by EIB Risk Management on a daily basis.

The following tables outline the credit quality of the Facility's Available for Sale portfolio as of 31 December 2016 and 31 December 2017, based on external ratings, when available and on the profile of issuers.

Rating	31.12.2017		31.12.2016	
	FV in EUR	in %	FV in EUR	in %
Aaa	144 610 002	23%	134 459 656	32%
Aa1	35 992 995	6%	34 170 594	8%
Aa2	70 794 358	11%	47 326 230	11%
Aa3	87 867 460	14%	53 422 215	13%
A1	53 817 936	9%	25 835 723	6%
A2	59 358 937	9%	27 209 419	7%
A3	64 456 560	10%	28 973 643	7%
Baa3	3 896 524	1%	0	0%
Not rated	102 997 503	17%	65 049 992	16%
Total	623 792 275	100%	416 447 472	100%

Profile of issuers	31.12.2017		31.12.2016	
	FV in EUR	in %	FV in EUR	in %
Public Institution	143 080 750	23%	115 254 141	28%
Member State	55 331 627	9%	42 665 454	10%
Supranational	115 989 233	18%	77 108 961	19%
Covered Bonds	79 520 085	13%	85 008 138	20%
Corporates	98 943 687	16%	50 878 201	12%
Banks	130 926 893	21%	45 532 577	11%
Total	623 792 275	100%	416 447 472	100%

3.2. Liquidity risk

The liquidity risk is closely related to the Facility's solvency and to the confidence that creditors have in the Facility to meet its commitments. The treasury is managed in such a way as to ensure an adequate level of liquidity to meet possible guarantee calls.

The table below provides an analysis of assets and liabilities into relevant maturity groupings on the remaining period from the balance sheet date to the contractual maturity date. It is presented under the most prudent consideration maturity dates. Therefore, in the case of liabilities the earliest possible repayment date is shown, while for assets it is the latest possible repayment date.

Those assets and liabilities that do not have a contractual maturity date are grouped together in the "Undefined maturity" category.

Maturity (at 31.12.2017)		Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Undefined maturity	Total
ASSETS							
Cash and cash equivalents							
	Current accounts	24 594 547	0	0	0	0	24 594 547
	Short term deposits (including amounts under settlement)	45 216 530	0	0	0	0	45 216 530
		69 811 077	0	0	0	0	69 811 077
Available for Sale portfolio		0	39 961 352	444 999 248	35 834 172	102 997 503	623 792 275
Other assets		23 880	0	0	0	0	23 880
Total Assets		**69 834 957**	**39 961 352**	**444 999 248**	**35 834 172**	**102 997 503**	**693 627 232**
LIABILITIES							
Other liabilities		0	2 947 353	8 417 218	0	0	11 364 571
Total Liabilities		**0**	**2 947 353**	**8 417 218**	**0**	**0**	**11 364 571**

Maturity (at 31.12.2016)		Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Undefined maturity	Total
ASSETS							
Cash and cash equivalents							
	Current accounts	31 462 403	0	0	0	0	31 462 403
	Short term deposits (including amounts under settlement)	19 060 566	0	0	0	0	19 060 566
		50 522 969	0	0	0	0	50 522 969
Available for Sale portfolio		0	1 393 191	294 968 168	55 036 121	65 049 992	416 447 472
Other assets		0	0	0	0	0	0
Total Assets		**50 522 969**	**1 393 191**	**294 968 168**	**55 036 121**	**65 049 992**	**466 970 441**
LIABILITIES							
Other liabilities		21 230 032	0	0	0	0	21 230 032
Total Liabilities		**21 230 032**	**0**	**0**	**0**	**0**	**21 230 032**

3.3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

3.3.1 Market risk: Interest rate risk

The interest rate risk relates to the risk that the fair value of future cash flow of financial instruments held by the Facility is influenced because of changes in the market interest rate.

The following table shows the sensitivity of the two InnovFin SMEG sub-portfolios (classification for Risk Management purpose): InnovFin SMEG-FRN (AFS bond portfolio variable interest), InnovFin SMEG-Long Term (AFS bond portfolio fixed interest) to interest rate (IR) variations:

31.12.2017					
InnovFin SMEG Sub-Portfolios	Market Value (clean prices) in EUR	Modified Duration (years)	IR exposure (+/-1bp) in EUR	IR exposure (+100bp) in EUR	IR exposure (-100bp) in EUR
InnovFin Short-Term	165 209 233	0.039	+/- 650	(64 622)	65 364
InnovFin SMEG -FRN	111 086 101	0.187	+/- 2 090	(207 896)	210 133
InnovFin SMEG -Long term	408 109 289	3.172	+/- 129 955	(12 698 662)	13 304 195
Cash account	24 594 547				
Total	708 999 170	1.866	132 695	(12 971 180)	13 579 692

31.12.2016					
InnovFin SMEG Sub-Portfolios	Market Value (clean prices) in EUR	Modified Duration (years)	IR exposure (+/-1bp) in EUR	IR exposure (+100bp) in EUR	IR exposure (-100bp) in EUR
InnovFin Short-Term	84 104 673	0.037	+/- 309	(30 684)	31 027
InnovFin SMEG-FRN	12 096 960	0.199	+/- 242	(24 130)	24 365
InnovFin SMEG-Long Term	337 907 329	3.888	+/- 131 943	(12 850 716)	13 553 366
Cash account	31 462 403				
Total	465 571 365	2.862	(132 494)	(12 905 530)	13 608 758

Clean market value of the InnovFin SMEG short-term Sub-Portfolios is determined as follows:

- **Short term deposits:** the sum of the nominal value and total interest at maturity for each position is discounted from the maturity date to the spot date, whereas the spot date equals the valuation date plus two business days. Finally, accrued interest at spot date is substracted from the calculated market value of the position.

- **EIB Unitary Fund investments:** the Facility is exposed to market risk through the investments in the EIB Unitary Fund. The value of the underlying investments of the EIB Unitary fund investments change under the influence of the prevailing interest rates but also under other influences, including the perceived creditworthiness of the issuer or obligor.

The clean market values of the InnovFin SMEG -FRN and InnovFin SMEG -Long term sub-portfolios as reported above represents the sum of clean market values calculated for inflation linked, fixed and floating rate bonds. Those clean market values are determined as follows:

- **Fixed Rate Bonds:** the nominal value of each position is multiplied by its market quote as observed at valuation date.
- **Floating Rate Bonds (FRNs):** the nominal value of each position is multiplied by its market quote as observed at valuation date.

In regards to the interest rate sensitivity, the presentation in the financial statements and also the quarterly risk reporting prepared by EIB's Risk Management department follow the portfolio structure. There are three portfolios exist for the mandates: InnovFin-FRN (floating rate bonds), InnovFin-L (fixed rate bonds) and InnovFin-S (short-term deposits and other short-term investments). The portfolio classification can be different than the accounting classification as certain short-term securities purchased in the S portfolio can be classified as AFS financial asset if their original maturity is more than 3 months. As a result in the above table, the book value presented includes AFS financial assets including those purchased to the InnovFin-S portfolio while the interest rate sensitivity presents only the sensitivity of the InnovFin-L portfolio.

3.3.2 Market risk: Foreign currency risk

The foreign currency risk relates to the risk that the future cash flow of the financial instruments held by the Facility will fluctuate because of changes in foreign exchange rates.

The Facility’s objective is to reduce exchange risk by fixing the EUR equivalent of a given guarantee operation in a tradable out-currency and by purchasing the tradable out-currency in the amount of the expected loss.

At 31.12.2017	EUR	USD	GBP	SEK	PLN	CZK	NOK	Subtotal except EUR	Total
ASSETS									
Current accounts	1 129 234	834	1 085	17 759 687	239	5 703 366	102	23 465 313	24 594 547
Short term deposits (including amounts under settlement)	23 497 172	3 917 971	8 793 760	0	3 870 559	0	5 137 068	21 719 358	45 216 530
	24 626 406	3 918 805	8 794 845	17 759 687	3 870 798	5 703 366	5 137 170	45 184 671	69 811 077
Available for Sale portfolio	623 792 275	0	0	0	0	0	0	0	623 792 275
Total	648 418 681	3 918 805	8 794 845	17 759 687	3 870 798	5 703 366	5 137 170	45 184 671	693 603 352
CAPITAL and LIABILITIES									
EU contribution	759 384 968	0	0	0	0	0	0	0	759 384 968
Other liabilities	11 364 571	0	0	0	0	0	0	0	11 364 571
Total	770 749 539	0	0	0	0	0	0	0	770 749 539

At 31.12.2016	EUR	USD	GBP	SEK	PLN	CZK	NOK	Subtotal except EUR	Total
ASSETS									
Current accounts	4 346 885	0	1 168	21 592 743	227	5 521 380	0	27 115 518	31 462 403
Short term deposits (including amounts under settlement)	0	4 405 458	11 050 191	0	3 604 917	0	0	19 060 566	19 060 566
	4 346 885	4 405 458	11 051 359	21 592 743	3 605 144	5 521 380	0	46 176 084	50 522 969
Available for Sale portfolio	416 447 472	0	0	0	0	0	0	0	416 447 472
Total	420 794 357	4 405 458	11 051 359	21 592 743	3 605 144	5 521 380	0	46 176 084	466 970 441
CAPITAL and LIABILITIES									
EU contribution	497 489 248	0	0	0	0	0	0	0	497 489 248
Other liabilities	21 230 032	0	0	0	0	0	0	0	21 230 032
Total	518 719 280	0	0	0	0	0	0	0	518 719 280

A sensitivity analysis is performed for all currencies representing more than 5 % of the total exposure to assess the impact of currency movements. As per the table above, the Facility has cash balances in foreign currencies, invested into term deposits with a maturity of less than 3 months to match the expected guarantee calls which it anticipates to pay out in the same currency. As the net cash flow is in the same currency, the Facility is not exposed to currency rate fluctuations.

3.4. Fair value of financial assets

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the Facility measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions take place with sufficient frequency and volume to provide pricing information on an on-going basis.

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The fair value hierarchy reflects the significance of the inputs used in making the measurements. These levels differ from the category classification:
• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
• Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below classifies financial instruments carried at fair value:

At 31.12.2017 **in EUR**	Level 1	Level 2	Level 3	Total
Available for Sale portfolio of which:				
Debt securities and other fixed income securities	520 794 772	0	0	520 794 772
EIB Unitary Fund	0	102 997 503	0	102 997 503
Total	520 794 772	102 997 503	0	623 792 275

At 31.12.2016 **in EUR**	Level 1	Level 2	Level 3	Total
Available for Sale portfolio of which:				
Debt securities and other fixed income securities	351 397 480	0	0	351 397 480
EIB Unitary Fund	0	65 049 992	0	65 049 992
Total	351 397 480	65 049 992	0	416 447 472

There was no transfer of financial assets between Level 1, Level 2 and Level 3 in 2017 and 2016.

3.5. Volume of the Facility

Under the Facility, the EIF is empowered to issue guarantees in its own name but on behalf of and at the risk of the Commission.

The total amounts of guarantees drawn and undrawn as at 31 December 2017 and 31 December 2016 are shown below. The figures do not include the transactions, if any, which were signed before the end of the year, but for which the guarantee availability period starts the following year. In 2017, these transactions amounted to EUR 609 341 739 (2016: EUR 52 500 000).

As at 2016, it was decided to review the presentation of the total amount of guarantees signed. The table below provides a breakdown of the FLP of the Facility as well as the allocation of the Facility's resources into SIUGI programs.

31.12.2017	Amount of guarantees drawn (EUR)	Amount of guarantees undrawn (EUR)	Total guarantees signed on behalf of the Facility (EUR)
FLP (Facility)	1 176 455 638	-	1 176 455 638
Middle Mezzanine (SIUGI*)	10,496,085	7,924,113	18,420,198
Total as at 31.12.2017	**1 186 951 723**	**7,924,113**	**1 194 875 836**

31.12.2016	Amount of guarantees drawn (EUR)	Amount of guarantees undrawn (EUR)	Total guarantees signed on behalf of the Facility (EUR)
FLP (Facility)	807 104 503	-	807 104 503
Middle Mezzanine (SIUGI*)	6 626 397	7 538 177	14 164 574
Total as at 31.12.2016	**813 727 900**	**7 538 177**	**821 269 077**

*SIUGI is the abbreviation for the SME Initiative Uncapped Guarantee Instrument

The European Fund for Strategic Investments (EFSI) is a joint initiative of the EC and the EIB Group under the Investment Plan for Europe. The purpose of EFSI is to help support financing and implementing productive investments in the European Union and to ensure increased access to financing. The table below summarises the amounts allocated to this initiative:

	2017	2016
EU Guarantee allocated to InnovFin SMEG as at 1 January	364 754 765	98 355 183
EU Guarantee allocated to InnovFin SMEG as at 31 December	493 301 639	364 754 765
Total SMEW Guaranteed Sums called with respect to InnovFin SMEG	0	0
Amount of SMEW Replenished Amount during the year for InnovFin SMEG	0	0
Any reduction in the SMEW EIB Covered Amount during the year, as a result of new contributions committed under InnovFin SMEG	0	0

4. Detailed disclosures relating to asset headings

4.1. Cash and cash equivalents

Cash and cash equivalents consist of:

	2017 EUR	2016 EUR
Cash at bank	24 594 547	31 462 403
Short term deposits	62 211 730	19 054 681
Short term deposits under settlement	(17 000 000)	0
Accrued interest on short term deposits	4 800	5 885
	69 811 077	50 522 969

4.2. Available for Sale portfolio

The facility's Available for Sale portfolio is analysed as follows:

	2017 EUR	2016 EUR
Debt securities and other fixed income securities	519 195 390	350 004 289
EIB Unitary Fund investments	102 997 503	65 049 992
Accrued interests	1 599 382	1 393 191
	623 792 275	416 447 472

Movement during the year :

	31.12.2017 EUR	31.12.2016 EUR
Fair value at 1 January	416 447 472	199 634 814
Additions Debt securities and other fixed income securities	272 420 362	235 408 176
Additions EIB Unitary Fund investments	227 909 966	219 064 032
Disposals/ matured Debt securities and other fixed income securities	(101 082 987)	(85 956 313)
Disposals/ matured EIB Unitary Fund investments	(189 872 069)	(153 985 001)
Effective interest rate adjustment	(1 179 603)	117 000
Change in Fair value reserve	(850 866)	2 164 764
Fair value at 31 December	623 792 275	416 447 472

The total fair value reserve recognized in equity as at the end of 2017 attributable to the available for sale portfolio amounts to EUR 2 232 036 for the debt securities and other fixed income securities portfolio (2016: EUR 2 992 516) and to EUR (119 425) for EIB Unitary Fund (2016: EUR (29 039)).

Net realized gains on Available for sale portfolio amount to EUR 599 181 (2016: EUR 652 351).

No impairment was recorded on the portfolio in the periods ended 31 December 2017 and 31 December 2016.

5. Detailed disclosures relating to liabilities headings

5.1. EU contribution

The budgetary commitments of the Facility corresponds to the budgetary resources committed by the Commission for the financing of the Facility and amounts to:

	2017 EUR	2016 EUR
Aggregate budgetary commitments	754 357 198	551 857 199
Additional resources	5 027 770	1 891 459
Uncalled budgetary commitments	0	(56 259 410)
	759 384 968	497 489 248

With regards to the total EU contribution paid, EUR 19 277 097 (2016: 19 277 097) were allocated to the SME Initiative transactions for which the Facility is exposed through a mezzanine tranche.

5.2. Provision for risks and liabilities

The financial risk of the Facility is limited to the junior portion of the Maximum Risk Cover Size, which is equal to the EU contribution minus amounts reserved for management costs and fees payable to EIF. The expected loss estimated for each guarantee operation based on the actual volume of SME loans included in the underlying portfolios is recognised as the provision of the Facility is subsequently reduced by the payment demands made by the financial intermediaries, net of any loss recoveries, up to 31 December 2017.

The movements in the provision in respect of expected losses that may arise from the guarantee portfolio are divided into current (less than one year) and non-current (more than one year) provisions as set out below:

	Balance as at 31.12.2016	Additions	Reclassification	Guarantee calls / recoveries	Time effect	FX impact	Balance as at 31.12.2017
Current provision for risks and liabilities	34 069 755	55 963 796	17 523 070	(9 296 001)	(64 026)	125 100	98 321 694
Non-current provision for risks and liabilities	43 799 653	73 758 051	(17 523 070)	0	(24 842)	(151 225)	99 858 567
Total provision for risks and liabilities	77 869 408	129 721 847	0	(9 296 001)	(88 868)	(26 125)	198 180 261

The total increase in provision recognized in the economic outturn for 2017 is EUR 129 632 979 (2016: 55 959 749). The provisions are annually reviewed and adjusted to reflect any variation of the pre-agreed obligations or any change in the net payment demands made by the financial intermediaries.

5.3. Other liabilities

Other liabilities include accruals and deferred income and are analysed as follows:

	2017 EUR	2016 EUR
Administrative fees payable to EIF	8 505 035	13 824 652
Treasury fees payable to EIB	670 214	540 691
Incentive fees payable to EIF	2 189 322	6 864 689
	11 364 571	21 230 032

Management fees payable to the EIF are calculated according to the applicable provisions set out in the Delegation Agreement and according to the note 6.2 and accrued at end of the year.

Other non-current liabilities included EUR 8 417 218 (2016: EUR 0) relating to fees shortfall which will be settled more than 12 months after the balance sheet date.

6. Detailed disclosures relating to the Economic outturn account

6.1. Net interest income

Interest income/(charges) consists of:

	2017 EUR	2016 EUR
Interest income on cash and cash equivalents	143 582	85 477
Interest charges on cash and cash equivalents	(595)	(1 582)
Interest charges on Available-For Sale portfolio	(2 310 218)	(1 740 176)
Interest income on Available-For Sale portfolio	3 289 247	2 641 987
	1 122 016	985 706

6.2. General administrative expenses

The General administrative expenses are composed of EIF administrative fee, EIF policy-incentive fees together forming EIF performance fees, EIF risk fee.

EIF Administrative Fee

On an annual basis, EIF is entitled to reserve and draw annually up to 5.6% of the cumulated EU Contribution paid. The total of draws shall not exceed 2.8% of the EU Contribution paid according to Annex B – Article 13 of the Horizon 2020 Delegation Agreement signed on 12 June 2014 as amended on 16 June 2017.

As an advance payment, a start-up fee may be drawn by EIF upon the signature of the Delegation Agreement for an amount of EUR 4 000 000 according to Annex B – Article 13 of the Horizon 2020 Delegation Agreement signed on 12 June 2014 as amended on 16 June 2017.

EIF Policy-related incentive fees

EIF may reserve up to the highest of i) 3.2% of the cumulated EU Contribution paid and ii) the aggregate amount of the policy-related incentive fees due to EIF, but in any case not exceeding 3.2% of the Initial EU Contribution as soon as the policy-related performance indicators and sub-indicators detailed in Annex B1 of the Delegation Agreement are reached and following a written request addressed to the EC.

EIF Risk fees

The EIF Risk Fees is being calculated as 100 basis points per annum of the (counter-) guaranteed part of the outstanding Facility's Transactions included in the Facility Portfolio as of the beginning of each calendar quarter and consisting of or covering (as applicable) non-defaulted Facility Final Recipient Transactions.

As at 31 December, general administrative expenses comprise the following:

	2017 EUR	2016 EUR
EIF administrative fee	4 359 220	13 824 652
EIF incentive fee	3 830 750	14 561 091
EIF Risk fees	4 475 578	1 880 673
	12 665 548	30 266 416

6.3. Treasury management fees

The management of assets entrusted to EIB by EC under the Facility is subject to, and in accordance with, the Treasury Guidelines for Asset Management of the Facility referred to in Annex 8B of the Horizon 2020 Delegation Agreement dated 12 June 2014 as amended on 16 June 2017.

EIB is entitled to a remuneration, in respect of the management of the Facility assets, for each period, on the basis of the following schedule:

Average value of assets under management	Annual remuneration for management (per tranche)
Up to 200 000 000	0.10%
From 200 000 001 to 400 000 000	0.07%
From 400 000 001 to 600 000 000	0.04%
From 600 000 001	0.02%

The Bank's annual remuneration shall be invoiced in respect of each accounting period on the basis of the audited financial statements sent to EC. The remuneration shall be calculated by the EIB on the basis of a), in the case of securities and the Unitary Fund, the average market value at the end of each month, and b) in the case of cash and money market deposits, the average nominal value at the end of each month.

As at 31 December 2017, treasury management fees amount to EUR 371 492 (2016: EUR 298 722).

6.4. Foreign exchange loss

Foreign exchange loss amounting to EUR 803 057 mainly correspond to losses from transactions or cash positions in foreign currencies (2016: loss of EUR 2 171 306).

7. Other information

7.1. Information relating to personnel employed and management

The Facility employs no staff.

7.2. Related party

The amounts included in the Facility's financial statements and related to the EIF and the EIB are the followings:

	2017 EUR	2016 EUR
Current Liabilities		
Other liabilities	2 947 353	21 230 032
Non Current Liabilities		
Other liabilities	8 417 218	0
Economic outturn account		
General administrative expenses	12 665 548	30 266 416
Treasury management fees	371 492	298 722