#BelieveInSmall

Annual Report 2021

Contents

Werner Hoyer

Chairman of the Board

"In 2021, we have put in place the building blocks for a more focused, digital and green institution. These changes will keep us central to Europe's response to the challenges of this world."

2021 has been an exceptional year for the EIB Group, marked as much by our COVID-19 response as our digital and green focus. The EIF has played a critical role in extending financial support to a record number of small businesses that make up the backbone of the European economy, far exceeding expectations.

With the European Guarantee Fund, the EIB Group is on course to reaching its original target of close to €200bn of investment supported. This has been an ambitious project, designed and deployed in record time, powered by the sheer determination of our staff. Coming over and above normal business, this is an outcome of which we are particularly proud. The EIF in particular has deployed a large part of EGF resources in supporting the markets down to their smallest actors, thereby achieving a real impact in contributing to the growth of European businesses.

This past year has also constituted a landmark in relation to the EIF's shareholding, with a historic capital increase of €1.25bn to fuel these efforts, but more importantly perhaps, reconfirming the commitment of EIF shareholders to our shared vision of a strong financial ecosystem that can effectively channel support to small businesses all over Europe.

At the same time, 2021 saw on both sides of the Group, EIB and EIF, a greater focus on climate and environmental sustainability and the introduction of new green policies that will urge our counterparties and partners to align their businesses with the goals of the Paris Agreement.

We were also able to demonstrate at the United Nations climate summit in Glasgow how seriously we are taking this challenge and with carefully selected investments, we are bringing substance to Europe's green transition. Without doubt, we have travelled a long way towards meeting the goals of our Climate Bank Roadmap, but we all know there is still much to be done.

Alain Godard

Chief Executive

"We have worked tirelessly to accompany entrepreneurs who see opportunities to innovate, create, transform and transition, but also those businesses who need help and financial support to get back on the path to growth."

I am a firm believer that the greatest added value of a public institution is at times of crisis. And when EU Member States and the EIB Group teamed up in 2020 to put together the European Guarantee Fund, we knew this was going to be an extraordinary year.

We have seen a rapid roll-out of the EGF, alongside strong delivery of all our other instruments, enabling us to reach volumes (€30.5bn) never achieved in the history of the EIF and indeed more than doubling last year's performance figures.

At the same time, we have re-centred our activity around relevant thematics and policy objectives, ensuring that the way we operate is in line with the EIB's Climate Bank Roadmap, EU policy goals and UN Sustainable Development Goals. We have established systems that will help us better target our investments and at the same time better identify and quantify our impact, while keeping in close alignment with the EIB.

More than anything else, this year has been marked by outstanding staff commitment. The pandemic may have substantially changed the way we work, how we interact amongst ourselves and with our stakeholders, but we have seen how agile, resilient and resourceful this team can be, delivering unprecedented volumes in record time.

In the coming year, the EIF will continue the shift toward a stronger thematic approach in our business model, to drive our transformative growth. With 2021 very much focused on volumes, 2022 will be the year to consolidate our activities and really work on our thematic objectives for lasting positive change, steadfast in our commitment to helping European businesses to recover and thrive in these testing times.

The year in numbers

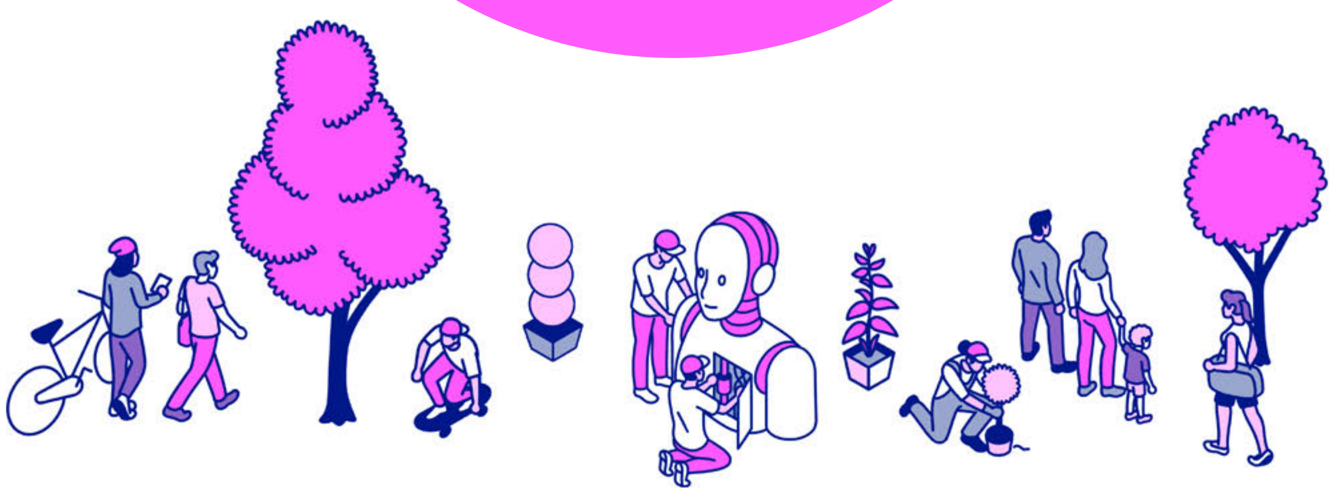
€30.5bn
deployed by the EIF in 2021

476
transactions

400
financial intermediaries

391,000*
SMEs supported

€110.6bn
leveraged to SMEs in the real economy in 2021



* This figure does not correspond to the €30.5bn committed this year. It refers to SMEs that have received support through existing transactions as reported between October 2020 and September 2021.

Our Public Policy Goals

In our efforts to support EU priorities, we have re-centred our activity around newly defined Public Policy Goals. These goals consist of four key pillars and two transversal categories.

Competitiveness & growth	Innovation	Social impact, skills & human capital	Sustainability & green transformation
Business growth and expansion	Life sciences and health	Inclusion, diversity and well-being	Sustainable infrastructure, industries, products and services
Internationalisation and value chains	Disruptive technologies	Impact and social innovation	Renewable energy and energy efficiency
Territorial development	Digital transformation	Skills and education	Sustainable transport
Financial ecosystem building	New products, services, business models development and commercialisation	Culture and creativity	Sustainable food and environmental services

Climate action and environmental sustainability

Economic and social cohesion

What we do

The EIF designs financial instruments that absorb some of the risk that banks, guarantee institutions, microfinance lenders and funds take when they finance small businesses. This encourages banks to lend, funds to invest and private investment to crowd in, creating a sustainable financing ecosystem for Europe's small and medium-sized enterprises (SMEs).

Our objectives

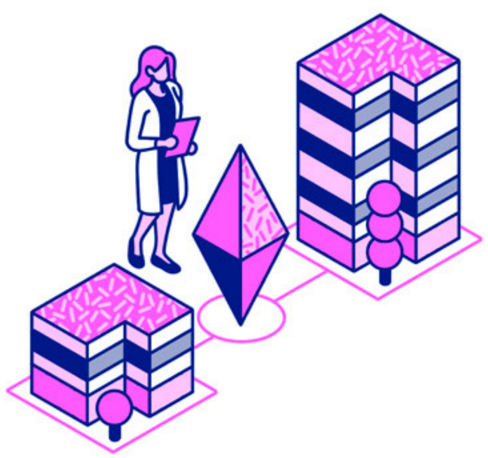
We believe in small – Europe's small businesses. This means working with our partners to deploy capital in areas that need it, from innovative businesses to traditional farmers. It means identifying underserved areas, whether that be geographical or structural, like early-stage or growth-stage businesses. It means knowing our markets so well that one comparatively small commitment in a carefully selected bank or fund can generate millions of extra euros for small businesses.

Our stakeholders

The EIF works with many stakeholders – Member States, the European Commission (EC), a large network of banks, including national promotional institutions (NPIs), leasing and micro-finance providers, lending platforms, funds, private investors and our parent organisation, the European Investment Bank (EIB). Resources invested by the EIF come from our shareholders: the EIB and the European Union (EU), represented by the European Commission, national and regional institutions, other public bodies, private capital and the EIF's own funds.

"The EIF is a dynamic place and we want to keep it that way! At the same time we're developing new tools to better articulate and channel our work in response to the major thematic challenges facing Europe, like the green and digital transitions and social inclusion."

Ewen McMillan
EIF



What have we been doing this year?

European Guarantee Fund
As part of the EIB Group's response to the pandemic, we have been fully engaged in the roll-out of the European Guarantee Fund (EGF), deploying record amounts of financing over the course of the year. The EGF has galvanised the EIF like nothing ever before. We have put all our efforts behind its deployment, making the impossible possible within the 12 months of 2021, with the goal of making available as much financing as possible for European businesses dealing with the economic fallout of the pandemic. A total of 295 transactions were signed, representing commitments of €26.2bn, including both EGF resources and EIB senior risk cover. At the end of the day, what matters is that these transactions will make available no less than €115bn for European businesses as they plot their path on the road to recovery.

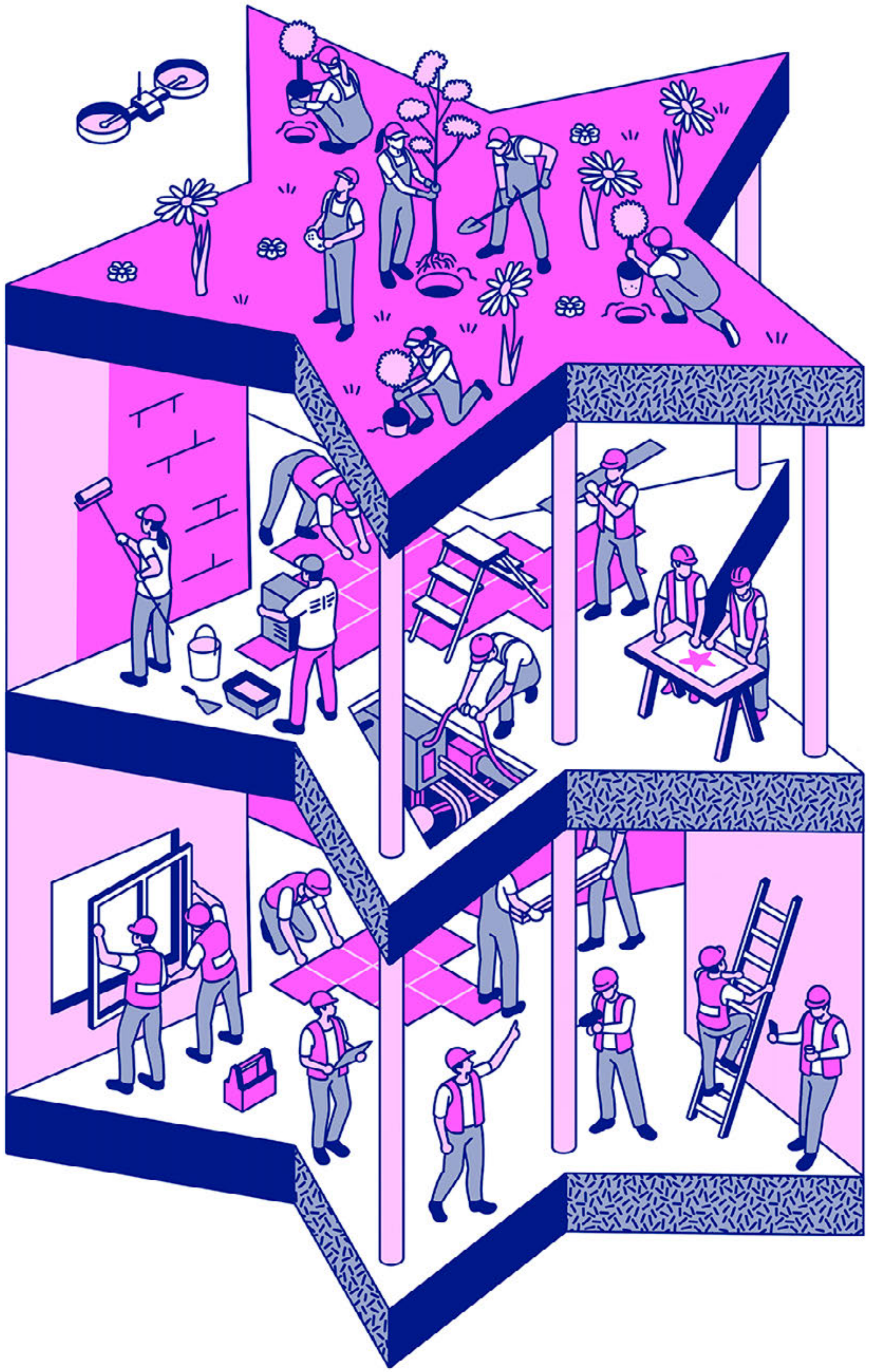
This effort has come over and above normal EIF activity, propelling our total commitments for 2021 to just over €30.5bn - a number more than double last year's performance, which was a record in itself.

Capital Increase
One important development that made it possible for us to generate this year's volume of activity was the capital increase. In February, EIF shareholders approved a 64% increase in authorised capital at the General Meeting, from €4.5bn to €7.37bn, translating into a substantial €1.25bn cash injection for the organisation. The broad support for the capital increase demonstrates the commitment of EIF shareholders to the work and impact of the EIF and reinforces the tripartite shareholder structure.

Introducing Public Policy Goals
At the same time, the EIF has continued along the path of establishing a thematic approach to addressing financing gaps for SMEs. New Public Policy Goals (PPGs) have been adopted and are now being systematically tracked. This thematic structure is entirely in tune with shifting priorities, and in particular, the EIB Group's Climate Bank Roadmap, EU priorities for the twin digital and green transitions, social resilience before and the corresponding focus of the InvestEU programme, but also demand from regional mandators and private investors. The focus on policy impact is progressively being embedded in EIF activity and is being cascaded throughout the entire organisation from the mandate acquisition strategy through to deployment, reporting and monitoring. This shift in our orientation towards a more thematic and impact-driven institution will allow us to better serve our partners at the EC and national and regional level, translating policy objectives into tangible support for the real economy *(see diagram page 7)*.

Pursuing policy priorities
Beyond our EGF efforts, we continued to make targeted interventions across Europe and in specific sectors and industries, as part of our work with the EC on the tail-end of the European Fund for Strategic Investments (EFSI) and other financial instruments, but also through tailored national and regional instruments. By focusing on specific areas like innovation, the green and digital transitions, social impact and inclusion, human capital, growth and competitiveness, we have sought to give small businesses all over Europe better access to the financial resources they need to make the next step, be it start-up or scale-up, transition or total transformation. And in doing so, we have tried to contribute to the competitiveness of the European economy on the global scene at both the macro level and the micro level, whilst promoting policies close to our heart like diversity and inclusiveness.

InvestEU preparations
A year of preparatory work and negotiations with the EC has come to an end, and the new InvestEU programme is expected to be launched in early 2022. The new programme introduces important changes to the way EU financial instruments are designed and implemented bringing them all together under one roof with a strong thematic focus targeting a green, inclusive and digital transition as Europe recovers from the crisis. The EIF will be a key implementing partner of the Commission for InvestEU, operating under all its four policy windows: Sustainable Infrastructure window (SIW); Research, Innovation and Digitisation window (RIDW); SME window (SMEW) and Social Investment and Skills window (SISW).



Recovery

While the economic fall-out of the pandemic turned out to be less severe than initially anticipated, the consequences for the European economy were nevertheless dramatic, on the back of the worst economic contraction since World War II. Temporary national schemes were successful in preventing massive worker layoffs and widespread insolvency waves, but the risk of insolvencies remains very real, as some countries and sectors experienced a sharp increase in the number of corporate bankruptcies, with SMEs particularly exposed.

This has necessitated continued support for SME financing to ensure a sustainable economic recovery. The financing situation of EU SMEs remains precarious, with one in three European SMEs reporting access to finance to be a very important problem. On top of that, there is the backdrop of intense global competition to consider as well.

With this is mind, the EIF has tackled the pandemic head-on, most notably as part of the EIB Group's EGF initiative, absorbing risk in the form of guarantees and equity investments across the continent in order to make financing more readily available for European businesses.

The new normal

With the pandemic constituting an ongoing challenge throughout the year, EIF staff successfully adapted to the new normal, turning over a record-breaking year in terms of volumes while working mostly from a distance.

From the outset, management introduced a series of measures to facilitate the smooth functioning of the EIF, and support staff in achieving this year's ambitious goals.

Ensuring flexibility has been key. This has notably included the review of teleworking guidelines to allow staff to continue to benefit from flexible working arrangements throughout this difficult year, as well as enhancing our training portfolio in order to better assist staff and managers when working remotely.

Staff numbers have also been boosted, on-boarding an unprecedented number of newcomers: A total of 92 new arrivals and 26 internal mobility changes brought total staff numbers close to 600 by year-end.

In parallel, the EIF was awarded the demanding EDGE[1] Certification at Assess level, recognising our collective commitment to realise gender equality from top to bottom. Promoting diversity, gender equality and inclusion in the broader sense has been high on our agenda when it comes to managing human resources, and we intend to focus even more heavily on ensuring as diverse a workforce as possible going forward.

Finally, there has been a renewed focus on health and wellbeing, through the EIB Group-wide psycho-social risk assessment.

"The EDGE experts guided us throughout the different stages and it was interesting to discover how EIF policies and practices compare to what is being done on gender by the 'best in class'. Whilst, on the one hand, it was reassuring to learn that we have strong HR processes, there are areas for improvement, which we will focus on before the next EDGE assessment in 2023."

Jane Heyes-Sutra
EIF

1. EDGE (Economic Dividends for Gender Equality) is the only global assessment methodology and business certification standard for gender equality.

European Guarantee Fund

In response to the economic downturn triggered by the pandemic, during the second half of 2020, the EIB Group launched the EGF. This complements other public actions undertaken at EU and national levels in support of the European economy and most importantly, SMEs struggling with liquidity and access to finance. It also bridged the gap in European-level financial support between the financial instruments of the previous budgetary period and InvestEU that is due to become operational in 2022.

The objective of the EGF was to ensure that companies in participating Member States have sufficient liquidity available to weather the crisis, and are able to continue their growth and development in the medium to long-term. Drawing on commitments from 22 EU Member States, this is the first instance of mutualisation of risk at this scale at European level for support programmes to the real economy.

The EGF has been the main driver of the EIF's activity in 2021. The first transactions were signed in February, as soon as the instrument became operational, and accelerated from March onwards, with a total of €26.2bn committed by year-end. It has delivered huge volumes of relief financing within a single year in the form of both equity and guarantee instruments, including a dedicated SME securitisation programme. This incredibly rapid deployment represents 132% of our target and will make available more than €115bn for European businesses in these difficult times.

There is no doubt that the EGF has proven to be a powerful instrument offering more targeted, better-suited solutions by providing SMEs the liquidity needed to cope with the economic shock caused by the pandemic and continue to pursue their innovation and growth plans.

A total of 592 applications were received for equity transactions, guarantees and securitisation, confirming the strong demand in the market for this instrument, with the highest interest coming from Italy, Spain, France, Portugal and Greece. An indicative selection of the 295 transactions is listed below.

The main thrust of our EGF activity unsurprisingly came through guarantee transactions:

In Italy, the strong market demand for loan guarantees prompted a substantial increase in the existing capped counter-guarantee volumes provided by the EIF to Cassa Depositi e Prestiti (CDP). This resulted in a maximum portfolio volume standing at €10bn, enabling around €15bn of financing to SMEs. This historic deal is aiming to support around 76,000 SMEs. The facility is implemented by Fondo di Garanzia (FdG), the well-established National Guarantee Fund for SMEs, acting as sub-intermediary, that will make the support available to the whole national banking system.

In Greece, the EIB and the EIF partnered with the National Bank of Greece (NBG) to unlock more than €1bn for Greek businesses impacted by COVID-19. This is a joint EIB Group engagement to support SMEs, mid-caps and, for the first time, large corporates. The EIB and the EIF will be guaranteeing business financing provided by NBG to enable companies of all sizes to access resources at advantageous terms to better withstand crisis challenges and invest for the future.

The last guarantee transaction signed in 2021 was under the EGF, with Glennmont Asset Management, for a guarantee amount of €105m. Glennmont focuses exclusively on investments in clean energy infrastructure, such as wind farms, solar parks and biomass power stations, mainly in Spain, Portugal, Italy, France and Germany. Thanks to the EGF, SMEs and small mid-caps can finance their renewable energy investments that are outside the risk appetite of commercial banks.

In Spain, the EIF also joined forces with Kobus Partners to facilitate access to finance to SMEs and small mid-caps active in the renewable energies sector in Europe with a special focus on Iberia. The guarantee of up to €140m will be exclusively dedicated to finance a portfolio of investments in renewable energies such as photovoltaic and other clean technologies that are outside the risk appetite of commercial banks.

In Lithuania, the EIF concluded guarantee agreements with five Lithuanian financial intermediaries in late 2021, making available up to €414m in new financing for businesses dealing with the economic fallout of the COVID-19 pandemic. Thanks to capped and uncapped guarantees with Faktoro, Finora Kreditas, PayRay Bank, Orion Leasing and SEB Bankas, Lithuanian SMEs will be able to access financing with new, more advantageous conditions. Alongside earlier EGF transactions with INVEGA, SME Bank and Mano Bankas, the guarantees will make available a total of more than €670m worth of financing for Lithuanian SMEs.

Further north, a multi-country agreement signed with Nordea provided the bank with €910m in guarantee capacity, enabling €1.3bn worth of new financing for small businesses in Denmark, Sweden and Finland on more favourable terms. These efforts were further boosted by a separate EIB Group EFSI-backed securitisation agreement with Nordea later in the year, which will guarantee a portfolio of €1.8bn worth of loans to SMEs in Finland and Sweden.

In Croatia, EGF guarantees to the Croatian Bank for Reconstruction and Development (HBOR) are expected to unlock €50m for faster recovery of Croatian SMEs and small mid-caps on more favourable terms, including reduced interest rates or lower collateral requirements. The loans will be available to SMEs and small mid-caps operating in some of the hardest hit sectors of the Croatian economy, including tourism and manufacturing.

Elsewhere, a guarantee agreement with Unicredit Group will provide up to €1bn in financing to small businesses across Bulgaria, Slovakia, Slovenia and Croatia to accelerate the economic recovery. These loans and other financial products will also be characterised by better terms,such as reduced interest rates, longer grace periods, lower collateral requirements or extended maturities.

The EGF has also reached remote areas: two guarantee agreements with Norrlandsfonden unlocked fresh funding for SMEs in northern Sweden looking to grow their way out of the crisis, making available up to €35m in new lending at more favourable lending conditions for small companies in the five northern regions of Sweden.

In the Benelux region, the EIF and the Flemish promotional organisation PMV signed a guarantee backed by the EGF that will lower the interest rates on PMV's 'corona loans' awarded in 2021 to Belgian SMEs. This concerns a portfolio of €110m in loans, expected to benefit close to 800 Belgian SMEs and entrepreneurs in total. And in Luxembourg, an EGF uncapped guarantee agreement with BGL BNP Paribas will generate a loan portfolio of up to €35m for around 100 SMEs in the Grand Duchy.

But the EGF also meant lots of equity transactions ensuring that innovative start-ups get the support they need despite the crisis and are able to pursue their growth trajectory.

In 2019, the EIF committed €15m into FeelsGood Social Impact Fund I, a Croatian impact fund. The team has been actively fundraising for almost three years and has faced an adverse fundraising environment with a very challenging year in 2020 (outbreak of the COVID-19 global pandemic and two earthquakes). An additional commitment of €6m from the EGF into the fund has offered fresh support to this pioneering project for the regional ecosystem, allowing the fund to successfully close at €30m in June and already add four investments to their portfolio by the end of the year.

We invested €36.5m of EGF resources into Wellington Partners Life Sciences VI, in addition to LfA GFF and RCR resources, bringing the total amount to €60m. The fund focuses on early- to growth-stage investments in life sciences companies primarily in Germany, the wider DACH region and also the rest of Europe. It specifically targets disruptive, innovative technologies addressing unmet medical needs and attractive markets. Our investment in the fund aims to bridge the funding gap between the market and scientific innovation in the life sciences sector of German academia, which continues to provide a strong source of untapped technologies.

Melior Equity Partners II, a lower mid-market fund focusing on investments in Ireland, received an EGF commitment of €30m in addition to the original €30m already allocated. The fund will be investing in lower mid-market companies, including in corporate carve-outs or in family-run businesses, which need help in succession planning and efficiency and business model improvements.

Links: digital future

"With further development of virtual reality and augmented reality, the ability of customers to experience products without touching them will cause a dramatic shift in the market place"

Vlatko Skarica, Managing Director

Location: Zagreb, Croatia
Financial Intermediary: Unicredit Group
EIF financing: InnovFin SMEG COVID-19 measures; EFSI
Financing purpose: digitalisation
Number of employees: 146

An additional €30m was invested into Ysios BioFund III, a VC fund based in Spain targeting early-stage life sciences companies in the EU. This investment was supported in part by the EGF and in part through the Sustainable Development Umbrella Fund (SDUF) – Health compartment.

€50m was invested into ACP Credit, the first and sole selective loan fund in the Central and Eastern Europe (CEE) region, where demand for these type of solutions is acute and unmet. The fund will provide senior loans to lower mid-market companies and/or asset-light industries that find it difficult to access growth financing in a market heavily reliant on traditional bank lending. The EIF was instrumental in helping ACP reach a first closing and start investing.

And we invested €15m in Karma Ventures II, one of the leading VC teams in the Baltics, based in Estonia and focusing on tech-heavy and deep-tech companies with a hands-on, 'company builder' approach to investments. The EIF's backing provided strong support in difficult fundraising times and a difficult market particularly weighed down by the crisis.

"In financial terms, COVID-19 was a liquidity crisis and GPs were instrumental in monitoring or solving it by closing the financial gap their investee companies were suffering. On top of that, they gave them access to HR, fiscal or legal advice. Put together this was like a lifeline for many. Increasing our commitments to these GPs meant that they could reach out even further."

Rémi Berteloot
EIF

Did you know?

"Disruption of business activity due to COVID-19-related restrictions" is one of the most important challenges faced by private equity mid-market backed companies. "Supply chain" has also become one of the most important challenges in 2021."

Other COVID-19 measures

Alongside the EGF, the EIF has introduced, in collaboration with its partners, various amendments to existing instruments in order to make financing more readily available for SMEs across Europe to deal with the challenges they have been facing in the economic climate created by the COVID-19 pandemic. In total, 729 transactions benefited from COVID-19 measures introduced in the context of 11 mandates.

This has included adaptations made to EC mandates in 2020 like the European Fund for Strategic Investments (EFSI), InnovFin SME Guarantee (SMEG) and InnovFin Equity, COSME Loan Guarantee Facility (LGF), Employment and Social Innovation programme (EaSI) and the Cultural and Creative Sectors Guarantee Facility (CCS GF), in order to offer better support to the markets.

Various regional and national mandates have also been modified or designed to offer COVID-19 relief, such as the SME Initiative in Italy, a European Agricultural Fund for Rural Development (EAFRD) mandate in Portugal, the Irish Future Growth Loan Scheme and Joint European Resources for Micro to Medium Enterprises (JEREMIE) reflows in Bulgaria.

To help small businesses tackle the short-term financial shocks linked to the COVID-19 crisis, the EIF and the Bulgarian government devised a tailor-made guarantee instrument using reflows from JEREMIE operations. The Documentary Finance Facility provided a liquidity lifeline of short-term lending from six banks including documentary credit (letters of credit, letters of guarantee and factoring) to help hard-hit small enterprises navigate through supply chain disruptions.

More than 2,500 Bulgarian firms were able to obtain €330m of quick liquidity in just nine months in 2021.

The Irish Future Growth Loan Scheme is progressing successfully and its deployment is continuing at a rapid pace. In June 2021, the Strategic Banking Corporation of Ireland (SBCI) requested an increase of the guarantee cover to €640m, allowing for the deployment of a total portfolio of €800m worth of new loans. By end-September 2021, absorption levels had already reached 90%, translating into more than 3,000 Irish businesses supported.

On the equity side, a number of measures were implemented such as the € 100m Recovery Equity Facility for Innovative Technology companies (RE-FIT) designed to alleviate the impact of COVID-19 on the venture capital market, mitigating the cash-burn effects on companies. RE-FIT is financed under InnovFin Equity and is dedicated to topping-up commitments in our existing funds.

Beyond InnovFin Equity and the EGF measures, another notable initiative is the Corona Matching Facility (CMF), launched in 2020 in collaboration with KfW and KfW Capital, as part of the German Federal Government's €2bn assistance package for start-ups and small enterprises. Throughout 2021, the EIF has been leveraging its existing partnerships in the market to ensure rapid deployment, committing a total of €368m to 17 General Partners for co-investments alongside 25 VC funds. The instrument's rapid deployment is also reflected in the speed with which the funds have channelled these resources into 78 German businesses, with a total of 80% of commitments (or €296m) already absorbed by the market by the end of the year.

Did you know?

Recent EIF market insight provides evidence that the Lower mid-market and hybrid debt/equity finance market recovered in 2021 from its COVID-19 crisis slump and investments have increased in 2021. However, the impact of COVID-19 on the current portfolio performance is still perceived on the negative side by a large share of fund managers in the segment, while expectations for the final fund performance are better. Despite a still attractive macroeconomic environment, the share of fund managers stating fundraising as a key challenge has increased compared to EIF results from surveys conducted before the crisis. First time teams, in particular, are still having difficulties in fundraising, leading to capital being more concentrated.

Gigglebug: Nordic playfulness

"I think the market is increasingly focused on developmental needs and the unique tastes that are typical to each age group and audience segment. But, within the audiovisual sector, animation is a technique that allows stories to travel effectively across borders. Visual comedy has no borders."

Anttu Harlin, co-founder and CEO

Location: *Helsinki, Finland*
Financial Intermediary: *Nordea*
EIF financing: *EGF*
Financing purpose: *growth; product development*
Number of employees: *60*

Competitiveness & Growth

As the economy rebounds from last year's contraction, our intention is to make every effort to boost the competitiveness of European businesses locally, and the European economy globally. Throughout 2021, we have channelled growth financing to European entrepreneurs and SMEs, fuelling the recovery and helping them keep up with the pace.

Ensuring that European businesses are not obliged to look outside Europe for financial support when it comes to scaling and internationalising is a major challenge and one that the EIF is tackling with zest. We are committed to building and improving the financing ecosystem for European scale-ups and have been making tangible progress in that direction across Europe and via bespoke instruments to support specific regions.

This has been pursued using a wide array of different instruments in our arsenal, ranging from EU guarantee instruments, strong backing from the EIB using Risk Capital Resources (RCR) in equity transactions, close cooperation with NPIs on both the debt and equity fronts, and of course through the use of the Asset Management Umbrella Fund (AMUF) resources to attract private investors into the SME financing space, which is starting to yield good results.

At the same time, strengthening the securitisation market remains a priority for the EIF and an important way to help mitigate the negative economic effects of the pandemic and facilitate the flow of funds to the real economy.

Financing growth

Addressing the so-called second valley of death - when a company reaches the scale-up stage in its lifecycle - is something that we have been focusing on alongside our partners at the EC.

Last year we launched the European Scale-up Action for Risk Capital (ESCALAR) initiative that aimed specifically at providing financing for companies in the growth stage of their trajectory, to allow them to scale successfully. The aim was to provide additional funding to VC and lower mid-market intermediaries investing in scale-ups, to support the continued growth of their portfolio companies.

Throughout 2021 we deployed €150m in four growth-stage VC funds covering various European regions, leveraging up to €750m in scale-up financing.

In Spain, we invested €30m of ESCALAR resources into Suma Capital Growth II Plus FCRE, a generalist private equity fund focusing on supporting businesses in the scale-up phase of their development. The transaction has helped build a total fund size of €88m that will in turn support Spanish founders and entrepreneurs in their growth and professionalisation plans.

And in Poland, we invested EUR 30m in bValue Growth Fund, a private equity fund focusing on late-stage venture and growth investments in scale-up companies active in the technology, software, business services and digital transformation sectors. This investment will support an emerging manager dedicated to improving access to finance for companies looking to scale-up their business model via the digitalisation of processes, in a region where the private equity market remains underserved.

Several other mandates and transactions have had a specific focus on businesses in the growth stage of their life-cycle. For example, we committed €40m of EGF resources in DeA Sviluppo Sostenibile, an Italian fund providing equity financing mainly to Italian companies active across a wide range of high-growth sectors, supporting them in their internationalisation and M&A processes.
The fund has placed ESG topics at the core of its operational strategy and internal processes and the EIF cornerstone investment helped catalyse other LPs so that DeA Sviluppo Sostenibile could realise its ambition to create a long-lasting positive social impact through sustainable growth, digitalisation and internalisation.

In November, we committed €50m to the Austrian Growth Capital Fund, drawing €35m from EGF resources and €15m from the Central Europe Fund of Funds (CEFoF). The Austrian Growth Capital Fund is a private equity fund investing in the lower mid-market in the DACH and CEE regions, with a main focus on Austria. Its objective is to invest in majority or significant minority equity stakes in 10-12 asset-light companies across healthcare and medical technology, IT and software, industrial technology, energy and resource efficiency, digitalisation and automation and B2B services.

Did you know?

The European IPO and M&A markets remain underdeveloped with too few potential buyers in Europe overall, or too few covering local markets or sectors, while too few large-ticket buyers make it increasingly difficult to achieve the required investment returns when exiting in Europe. This shows an important need for public policy to provide increased support for European buyers targeting these gaps and for the public markets.

German Future Fund (GFF)

In March 2021, we joined forces with the German government to secure growth- and later-stage financing for German start-ups, in an effort to tackle the over-reliance on funding from outside Europe when it comes to scaling-up and internationalising.

The GFF-EIF Growth Facility is a new equity mandate deployed by the EIF and forms part of the €10bn GFF launched and backed by the German government. It has a volume of up to €3.5bn, funded from the GFF administered by KfW and KfW Capital, with systematic co-investments from the European Recovery Programme (ERP) Special Fund and the EIF.

The programme is designed as part of the broader ambition to sustain the development of a pan-European ecosystem that is able to back European businesses as they seek to internationalise and take to the global arena.

By the end of the year, the GFF-EIF Growth Facility had already provided €212m to seven portfolio funds for investment in German growth companies. Including other mandates advised or managed by the EIF, total commitments to these funds stand at €405m.

As the successor programme of the ERP-EIF Growth Facility, the GFF-EIF Growth Facility will be able to invest in new growth funds with relevance for Germany for a period of 10 years.

Dutch Alternative Credit Instrument

Meanwhile in the Netherlands we launched the Dutch Alternative Credit Instrument (DACI), a joint initiative with Invest-NL to support private credit in the country. It is a fund of funds investing in both selective and diversified debt funds, thereby providing access to alternative sources of financing for Dutch SMEs. The initial commitment is €200m, comprising contributions by Invest-NL and the Ministry of Economic Affairs and Climate Policy of €50m each, matched by EIF resources. DACI aims to provide growth financing and working capital to SMEs in the Netherlands. By working with non-bank financiers, DACI seeks to bring further diversity and to strengthen the resilience of the SME financing landscape in the Netherlands. Especially for smaller loans, non-bank financiers often have an important role in the market.

AMUF: connecting with institutional investors[2]

AMUF has proven very successful in meeting growing institutional demand for access to the European private equity market, enabling institutional investors to gain exposure to strong European private equity and VC managers, ultimately boosting investment in innovative start-up and scale-up companies across Europe.

In 2021, the first three AMUF compartments (Growth; Tech VC; and Life Science VC) completed their deployment following successful fundraising. With €613m raised, they are now fully committed to 49 private equity/venture capital funds. These have in turn invested in over 850 underlying portfolio companies, of which 77% in the EU and European Economic Area (EEA), generating an impressive performance with, notably, an IRR well above 30% for the Tech VC compartment.

2. The Asset Management Umbrella Fund (AMUF) offers institutional investors the opportunity to invest in the most promising venture capital, private equity and secondary funds in the EIF's portfolio. By channelling private investment into our best-performing funds, we are ensuring the sustainable, long-term supply of capital to European SMEs.

The AMUF investment strategy of selecting fund managers that will generate strong returns and attract institutional investors is starting to bear fruit. Several unicorns and IPOs already feature across the portfolio, including Wolt, the Finnish food delivery scale-up, acquired by DoorDash for €7bn. These portfolio company successes are enabling funds in which the EIF participated to see huge uplifts on their initial investments.

In parallel, a first detailed AMUF Environmental, Social, and Governance (ESG) report, based on questions answered by the fund managers, has been provided to AMUF investors. This report highlights our ESG commitment and is expected to play a key role in developing impact measurement going forward.

Finally, secondaries are an integral component of an effective private equity strategy. Since 2015, the EIF has been an active player in the secondary market, on both sell- and buy-side transactions. Secondary transactions have also been pursued through AMUF, which saw its European secondaries compartment reach a first closing totalling €42m in October 2021 and complete its first investment in December.

"The AMUF/SDUF funds are a challenge for us in the sense that it's still a relatively new, nascent type of business. But I think there's a very interesting future in such blending of public and private resources. It gives access to the European PE/VC scene to institutional investors who are very happy with the exposure, and of course it means fresh injections of support for European businesses."

Rémi Charrier
EIF

Behring: pure for sure

"A bottle of water could travel 800km to reach you, and even if you opt to recycle it, it will have to travel 800 more. Our products bacteriologically purify the water that reaches your water dispenser, with no need for plastic."

Xavier Pellet, CEO

Location: *Grenoble, France*
Financial Intermediary: *October*
EIF financing: *EGF*
Financing purpose: *growth, product development*
Number of employees: *33*

RCR

The RCR mandate, a core pillar in the EIB Group's equity strategy, has continued to play an instrumental role in expanding the EIF's activities and in helping to bridge market gaps in SME finance.

In 2021, we supported 45 funds in all four corners of the continent with €739m from the RCR mandate. This includes transactions in Belgium, with Vortex Capital Partners Fund III, a fund that targets the technology and technology-enabled sectors, and the Czech Republic, with Genesis Private Equity Fund IV, a generalist lower mid-market fund.

Going forward, RCR will be key to achieving our PPGs. The mandate will have a stronger policy angle with increased focus on sustainability and green transformation. Our intention is to direct a significant portion of new RCR investments over the next few years towards clean-tech and climate action-related equity funds. For this purpose, €1bn has been set aside to support the EIB's Climate Bank Roadmap.

In December we signed a €20m transaction with Verdane Idun I, the first impact fund raised by this established manager. The fund is focusing on growth and impact investments in tech-enabled scale-ups based in Northern Europe. Investee companies must be aligned with the United Nations Sustainable Development Goals (UN SDGs) and address thematics such as energy transition, sustainable consumption and resilient communities.

Guarantee instruments

Since the beginning of the crisis, guarantees have emerged as one of the preferred credit-support instruments within government-SME support programmes. The total number of supported SMEs also reached the highest-ever registered level. Unsurprisingly, as for most products offered by the EIF, the demand for debt has continued to increase sharply throughout 2021.

It would have been difficult to predict how successful COSME LGF would be when we first launched it. Seven years down the line, it has gone far beyond expectations as the programme has now guaranteed over 1,000,000 loans to SMEs.

By year-end, over €67bn worth of financing had been generated through 128 financial intermediaries in support of higher risk SMEs in 35 countries.

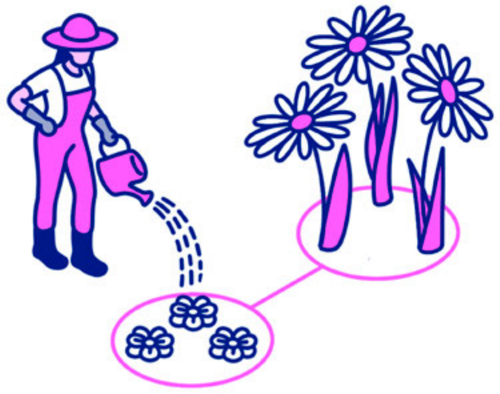
The Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) will be one of the largest programmes under the new Next Generation EU instrument amounting to €50.6bn. It aims to provide additional resources to support Member States and regions most impacted by the COVID-19 crisis.

In Région Occitanie, with more than €900m of support already provided to 6,000 SMEs, the region decided to add €25m from the REACT-EU facility to the Fonds Occitanie de Soutien Territorial aux Entreprises Régionales (FOSTER) fund of funds as extra support. At least 50% of this amount will be deployed through subordinated loans.

Elsewhere in France, an increase of €60m of new loans to farmers and small agricultural SMEs was added to the Région Nouvelle Aquitaine and Occitanie agricultural mandate, showcasing good absorption and strong market appetite for the resources.

And in the Grand Est region, the EIF will be managing a new €60m Prêt Participatif instrument launched in 2021 to support the key priority of the regional flagship COVID-19 recovery programme while also strongly contributing to SMEs' competitiveness and growth in the region.

Further south, the Cyprus Entrepreneurship Fund (CYPEF) programme, which was set up in Cyprus to implement a national scheme for facilitating access to finance and improving funding conditions for entrepreneurs and SMEs, has been a success. Absorption is currently at 98.5% of the assigned funds, mobilising more than €136m in disbursements to 456 Cypriot businesses. In the context of the crisis and related public finance intervention, the Cypriot government approved €200m of additional resources as a top-up to CYPEF, entrusting the EIF to continue its successful implementation and to contribute to the competitiveness and growth objectives of local SMEs. The mandate size will reach €270m with the additional funds, envisaging a total portfolio of €540m worth of financing for Cypriot businesses.



Strengthening the securitisation market

The EIF has continued to bolster its securitisation activity, expanding in particular to new geographies. Through the EGF's securitisation mandate, we were able to help originate new, riskier lending by financial intermediaries to SMEs through four initial agreements concluded in December, namely with BBVA (Spain), Banco BPM (Italy), Santander Leasing (Poland) and Eurobank (Greece). Aiming to free up lending capacity and ensure that resources are shifted towards SME loans, these first four pioneer transactions represent €370m worth of commitments from the EGF's total €1.4m securitisation envelope and constitute useful precedents to guide us towards full deployment by mid-2022.

This year we also concluded a transaction with Aquisgrán, a securitisation fund promoted by SGR-CESGAR and also supported by the Instituto de Crédito Oficial (ICO), to improve access to credit for Spanish self-employed professionals and SMEs, diversifying their sources of financing beyond traditional banking channels. Aquisgrán opens a new approach to SME financing in Europe that could be scaled to allow investors to achieve direct exposure to SMEs. SMEs will have access to loans of around €100,000 on average, guaranteed by SGR and benefiting as well from a counter-guarantee from CERSA. The loans will be funded by the issuance of €150m in bonds, progressively subscribed by ICO and fully guaranteed by the EIF. This platform will also specifically provide support to SMEs contributing to sustainability and green transformation, reaffirming the EIF's fundamental climate-focused objectives going forward.

CGTrader: global 3D model marketplace

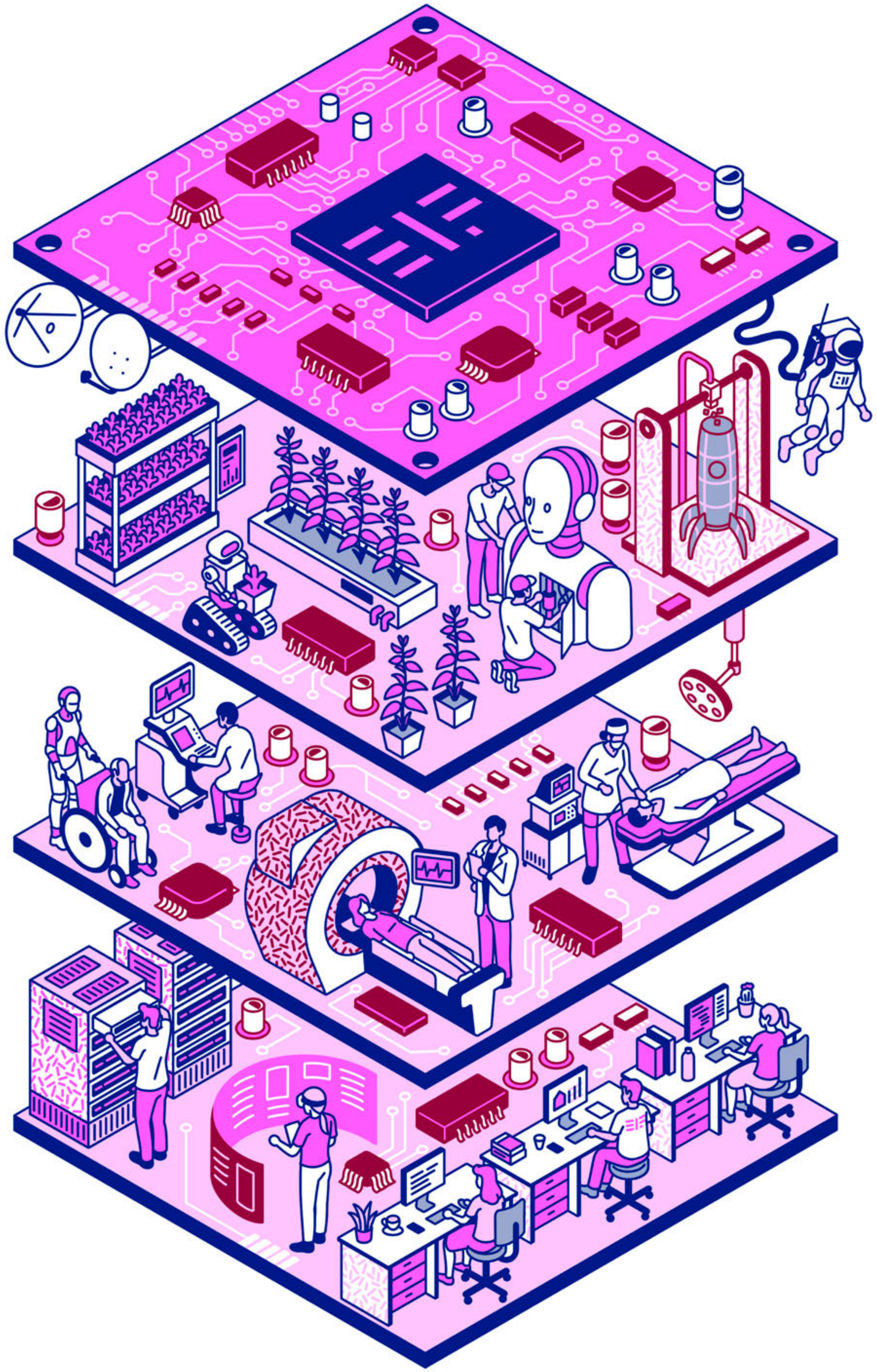
"We needed a big boost to develop our platform further and most importantly to attract top level talent."
Dalia Lasaite, co-founder and CEO

Location: *Vilnius, Lithuania*
Financial Intermediary: *Karma Ventures*
EIF financing: *Baltic Innovation Fund*
Financing purpose: *scale-up; hiring staff*
Number of employees: *79*

Continued cooperation with NPIs

The EIF has a long history of institutional and operational cooperation with National Promotional Institutions, with whom we share similar public policy objectives.

One of the most recent developments in our relationship with NPIs concerns a new model of cooperation called "partial delegation". In 2021 Cassa Depositi e Prestiti (CDP) became the first partner for the new model. Back in 2016, the EIF had established a tech transfer partnership with CDP on a full delegation model basis with the launch of the ITAtech platform. This new first partial delegation agreement with CDP is a continuation of that partnership but on different terms: CDP will act as LP in its own right alongside the EIF and in that way be more directly involved in supporting tech transfer in Italy.



Innovation & Digitalisation

The world is changing at an unprecedented pace, driven by the relentless pace of technological advancement. Innovation and disruption are defining our lives today as much as they will tomorrow.

The EIF has continued to channel resources in the direction of early-stage investments in innovative businesses. This has focused on new frontiers like artificial intelligence/blockchain (AI/BT) and the space industry as much as it has on the more traditional but highly innovative field of life sciences.

At the same time, we have boosted our support to private debt funds and also made sure to provide financing for traditional businesses to help them navigate the transition to a digital future.

This year has also seen several new EIF-backed unicorns emerge from the European venture capital scene.

Fernride: driverless technology

"With volumes shipped around the world increasing by the hour and people expecting ever-shorter delivery times, autonomous driving technologies are the ideal solution for today's goods transport."

Hendrik Kramer, CEO

Location: *Munich, Germany*

Financial Intermediary: *Fly Ventures*

EIF financing: *RCR/own resources; ERP*

Financing purpose: *commercialisation*

Number of employees: *30*

Digitalisation and the digital transition

The lockdowns and market disruptions associated with the pandemic have obliged businesses to map out and execute digital strategies with a renewed sense of urgency. They've had to be agile and adapt and transition to a future which is connected, and where digital is rooted in every layer of our lives, our interactions, our operations and our businesses. Our intention is to support this transition.

In June we signed a guarantee agreement backed by the EGF with Riva Y Garcia Gestión to support the liquidity needs of SMEs active in the Spanish digital sector and mitigate the economic constraints posed by the pandemic. With this transaction, the EIF will provide an uncapped guarantee of up to €24.5m to Riva Y Garcia Gestión to cover a portfolio of loans of up to €35m. The provision of debt financing on favourable terms will help boost the development of Spanish SMEs and will consolidate the venture debt opportunity existing today in the Spanish digital SME market.

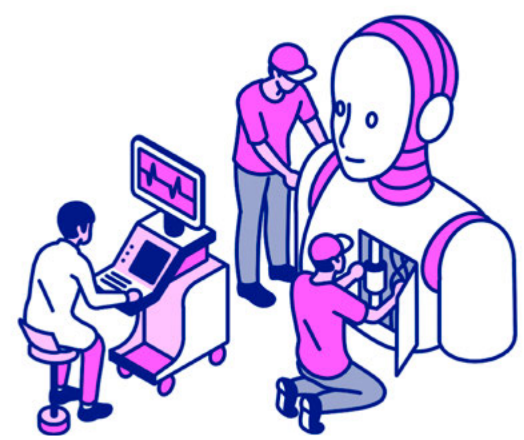
We have also been part of the bigger picture, contributing to efforts at European level. In September 2021, the EIF and the European Institute of Innovation and Technology (EIT) signed a Memorandum of Understanding (MoU) to collaborate more closely and boost European innovation for the green and digital transitions, leveraging on synergies arising from the respective institutional competences and business networks.

The MoU creates a framework for the EIF and the EIT to collaborate and share information on financing and innovation opportunities, in areas such as equity investments in European SMEs and start-ups, as well as key European sectors including climate, energy and environmental technologies, strategic digital and deep technologies, education and skills. This new collaboration adds another building block to our engagement towards a climate-neutral Europe and the digital and skills transformations of European businesses.

Did you know?

98 new unicorns have been minted in 2021, joining the 223 $1bn+ (€0.88bn)[3] European start-ups there were at the end of last year. It's the biggest unicorn increase since 2014, when the number rose from 34 to 59. Companies are also getting to the $1bn (€0.88bn) mark quicker than ever before.

3. Based on 31.12.2021 conversion rate



Unicorns

Supporting innovative entrepreneurs at an early stage in their business lifecycle is risky business. It's the essence of venture capital. Many investees won't make it; some will; and some will lead the pack and grow into market leaders. The EIF has supported around half of Europe's unicorns and this year saw several additions to that list:

SWORD Health, a company backed by the VC fund Faber Tech II, was the second unicorn emerging from the innovation-, research- and technology-focused VC fund of funds Portugal Tech. SWORD Health is a virtual physical therapy solution that pairs patients with musculoskeletal conditions with doctors or physiotherapists. Patients can follow therapeutic sessions from the comfort of their home any time of the day. In November, the company was valued at $2bn (€1.76bn), 18 times what it was in January, proving the success of Portugal Tech in stimulating the ecosystem and in funding high growth businesses.

Infarm is the world's leading urban vertical farming company. The company has built a network of urban farms to grow fresh food closer to consumers. Berlin-based Infarm employs over 1,000 people and operates in 11 countries across three continents. Their cutting-edge modular vertical farming technology generates massive savings in terms of water and land. In December 2021, the company's valuation surpassed $1bn (€0.88bn). The company has been supported by four different funds in which the EIF has invested.

Did you know?

Artificial intelligence start-ups raised $17.9bn (€15.8bn) in funding in Q3'21, a new global funding record. Mega-rounds ($100m+ (€88.2m) deals) accounted for over $10bn (€8.8bn) of the quarter's funding. Exits have also trended upward, with 100+ AI acquisitions for the second quarter in a row.

New frontiers: AI/BT and space

The strategy of targeting very specific innovative and developing industries is now in full swing, with the EC's InnovFin pilot programmes targeting the fields of (1) AI and BT, and (2) the space industry both meeting with strong demand from the markets.

We have fully deployed both pilot programmes, resulting in more than €500m being made available on the market for start-ups active in these fields. In parallel, throughout the year, we have been participating in several industry events, underlining the strong commitment of the EU to support such strategic technologies.

One of our successes in this field is the incredible story of UiPath, a software company from Romania supported since its inception by several VC funds backed by the EIF. UiPath achieved the largest IPO for a Europe-born technology company, with a $36bn (€31.78bn) market cap after the first day of trading on the NYSE.

Other EIF-backed VC funds are investors in the Parisian fantasy football platform Sorare, which is based on blockchain technology, and raised the largest European Series B funding round of $680m (€600.4m) in September with a valuation of $4.3bn (€3.79bn).

This year also saw the first deployment of the AI Co-Investment Facility, a €150m joint EIB/EIF equity instrument targeting companies in the field of artificial intelligence. It was launched in December 2020, to provide four years of support to the European Digital Strategy. The core idea is to target the financing gap that companies face when they move into the growth phase of their life cycle. In 2021, we made a first co-investment alongside HV Holtzbrinck Ventures Manager into Verbit, a technology company developing best-in-class machine-learning speech recognition technology. The additional equity financing allowed the company to finance its R&D activities.

SWORD Health: virtual physical therapy

InFarm: Vertical farming and intelligent solutions for food production

Spaceflow: digitalising buildings

"Spaceflow is about digitalising buildings. The goal is to make buildings more appealing for tenants and to make their life more comfortable."
Lukas Balik, CEO

Location: *Prague, the Czech Republic*
Financial Intermediary: *Day One Capital CEE, Credo Ventures, UP21*
EIF financing: *InnovFin Equity, EFSI*
Financing purpose: *product development, new hires, sales*
Number of employees: *40*

Fintechs and alternative finance

The fintech sector has grown significantly over the last few years, and the pandemic has only accelerated this trend. Fintech solutions offer small businesses an alternative to classic bank loans, including bespoke financing. They are deployed speedily and are typically more flexible.

The EIF has helped the development of this sector with a number of investments in the course of 2021, such as its €30m investment in Magellano (Italy) managed by ART SGR, the asset manager company of Opyn, an Italian fintech group for SME lending. This deal, made possible with resources from the EFSI Private Credit Tailored for SMEs programme, will facilitate access to finance for SMEs impacted by the COVID-19 crisis and confirms the importance of fintech as a channel through which the real economy is funded.

The EIF has also supported senior private credit funds offering alternative finance to SMEs at a record pace in 2021, reaching more than twice the annual number of transactions seen in 2019 and 2020. We backed 17 new funds, predominantly with EGF - Senior Private Credit resources, in both developed (France, Germany) and less-developed private credit markets such as Poland, Ireland, Sweden, Norway and Estonia.

With EIF support, alternative asset managers are making an important step forward in developing the very low end of the European private credit market. By the end of the year, we had signed €110m worth of deals with four funds supporting SME lending through fintechs, further developing alternative finance in Italy, the Netherlands, Spain, Germany and France.

In particular, the EIF has committed €20m in MiiMOSA Transition #1, the first senior private credit fund lending to SMEs in the agri-food sector and actively contributing to the UN SDGs for small businesses operating in the French agro economy. It has already been financing projects such as the installation of methanation units on farms to convert waste to energy, or the transition to organic and sustainable farming on an olive oil farm.

And in the Netherlands, through the DACI mandate *(see Competitiveness & Growth section)* we have so far invested in two funds supporting SME lending through fintechs - October and Voordegroei. October offers investors access to a highly diversified and granular portfolio of loans ranging from €30,000 to €5m across five different countries. Voordegroei, established in 2014, aims to support Dutch SME financing not adequately addressed by banks due to their small size and/or lack of collateral. Its target borrowers are small Dutch companies mainly active in the industrial, manufacturing and ICT sectors.

Recently, in the private credit market too, investors have been capturing opportunities represented by companies that are innovating to build a more sustainable future. ESG is beginning to play an integral role in strategy formulation and fundraising within the space, with a number of funds this year disclosing information about their investments' ESG risks, as well as their impact on society and the planet, a trend that we expect to continue and grow in the future.

Did you know?

2021 is shaping up to be a record year for investments into fintechs, with financing volumes exceeding €9bn by the end of Q3/2021, already more than twice the amount of the full year 2019.

Innovation & Digitalisation

Central & Eastern European Technology Transfer Platform (CEETT)

We expanded our reach in the CEE region with a new initiative launched in 2021, the Central & Eastern European Technology Transfer Platform: CEETT is a cross-border initiative with SID Banka and HBOR to support technology transfer investments in Slovenia and Croatia. The new regional platform will provide €40m for investments in research-derived projects and spin-offs. This is the first multinational investment platform for technology transfer ever launched in the EU. The EIF estimates that the universities and research institutes in Slovenia and Croatia targeted by the platform will generate more than 350 patent applications and 100 spin-off companies in the next five years.

Life sciences

One sector that has been thrust into the spotlight over the course of the past 19 months is undoubtedly life sciences. The pandemic has propelled it to the forefront of the political agenda. Innovation has always been at the core of life sciences, in the continuous pursuit of improving human and animal life. Addressing the growing number of unmet medical demands, better coping with upcoming challenges for patients and healthcare systems alike, and promoting EU competitiveness in general, will require substantial commitments of resources.

Venture capital can play a key role in bridging financing gaps and bringing life science innovation to the market. The EIF has been a supporter of life sciences (LS) since the late 90s, investing in LS funds on average €250m per year. In 2021, we committed a record amount of about €1bn to LS funds, representing a threefold increase in our investment activity in this sector compared to 2020.

The availability of the EGF mandate has allowed the EIF to increase its support to this sector, which despite strong financial results and an outstanding societal impact, has been historically neglected by private investors due to seemingly long holding periods and high risk of the underlying investments. The EGF has facilitated notably larger commitments into LS funds, thereby helping them reach their target size and hence be optimally financially equipped to deploy their investment strategy.

We have backed blue-chip LS managers, which are the backbone of European life sciences, to help them reach sizeable fund sizes (> €500m) and maximise their support to EU LS champions, but also emerging LS or first-time teams, to increase the pool of specialised investors in the LS space across the EU. In 2021, we committed over €700m in first-time LS funds. These include:

€25m of InnovFin and EGF resources in I&I Biotech Fund I, a Tech Transfer fund based in the Czech Republic focusing on spin-off companies from Central European biomedical research organisations, particularly the Institute of Organic Chemistry and Biochemistry - IOCB - of the Czech Academy of Science. IOCB is one of the few LS research organisations in Central Europe that succeeded in having several compounds discovered in their labs developed into pharma blockbusters, with global sales exceeding €870m. IOCB is notably known for having co-discovered in partnership with the REGA Institute of the KU-Leuven several antiviral drugs that have been licensed to and developed by large global pharmaceutical companies.

€40m of InnovFin, Alpine Growth Investment Platform (AlpGIP) and EGF money in Claris Biotech 1, an Italian early-stage LS VC fund focusing on biotech early and late preclinical projects primarily in the fields of oncology and immunology. With this transaction, the EIF has supported the establishment of an emerging first-time investor in the Italian LS VC market, which, despite strong innovation potential, remains largely underserved.

€80m commitment from EGF and SDUF resources in 2021 and €20m commitment from RCR resources in 2020 into Jeito, a €534m female-led fund primarily based in Paris whose key strategy is to address the entire funding spectrum of therapeutic companies, from pre-clinical stage up to and after IPO. The fund's unique strategy and large size give it the ability to design the companies' drug discovery and clinical trials programmes from the outset, provide them with continuous funding up to and possibly beyond IPO and accelerate their growth by investing significant amounts when needed. The EIF's support will contribute to addressing the fragmented and time-consuming fundraising process faced by biotech entrepreneurs, who usually have to raise multiple rounds and must carefully consider stage-relevant syndicates.

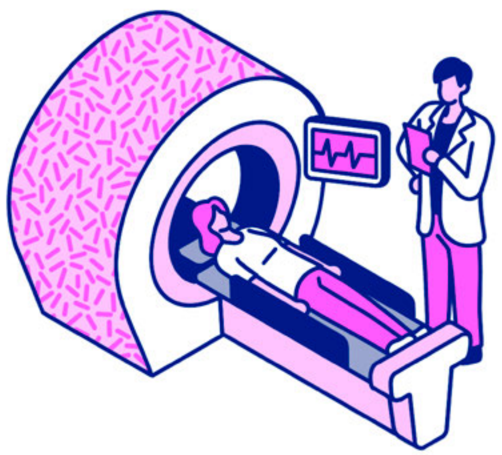
Did you know?

Over the past decade, Europe has built a prosperous, fast-growing and resilient start-up ecosystem that attracted €40bn+ in 2020 — sixfold the investment of 2010 — and spawned global scale-ups including 70+ unicorns, creating more than 2 million jobs.

Sustainable Development Umbrella Fund

In early 2020, the Sustainable Development Umbrella Fund (SDUF) was launched to deliver investment focused on selected thematic sectors important for sustainable investing.

The SDUF-Health compartment, following its first closing in December 2020, has on-boarded several corporate investors that include Institut Mérieux and Google and has invested into eight life science funds so far, with a healthy pipeline in place for the future.



Social impact, Skills & Human Capital

Social impact, Skills & Human Capital

Europe's greatest asset is its human capital. Investing in our people is absolutely paramount if we are to rise to the challenges we face collectively. This is why the EIF has been developing, in conjunction with our partners at the EC, instruments that target human capital.

This year we channelled resources in the direction of education, skilling and re-skilling as our workforce adapts to the changing world around us. We also continued to support the cultural and creative sectors that play such an important role in shaping the world we live in, and, of course, microfinance and social entrepreneurship, where business and the individual become one.

At the same time, the pandemic has raised the awareness of investors and asset owners keen on positive change. Even before the crisis, a growing number of private and institutional investors had made impact part of their core strategy and committed to generate positive and measurable social and environmental outcomes alongside financial return.

With the social impact VC market flourishing in Europe, we have witnessed a fourfold increase in investment proposals since 2015. Our social impact investments have continued to grow alongside the entire industry as more and more investors are sensitised and want to make money care more.

Making money care more

At the EIF, we have long been convinced of the benefits of social impact. One of our ambitions is to bring impact investing to the forefront of the venture capital and private equity industry.

In this vein, this year we committed up to €15m into Simpact 2.0, the first VC fund specifically targeting social enterprises with an environmental and social focus in Poland. It will target early-stage, tech-driven social enterprises tackling issues such as education, social integration, ageing, unemployment and healthcare. Simpact 2.0 will mostly invest in Poland, but also other CEE countries and the Baltics. Our commitment sends a positive message on the health of impact funds in Central and Eastern Europe and our continued support to a flourishing ecosystem across the whole continent.

We also backed initiatives that target major societal challenges and continued to deploy new investment forms such as social impact bonds. In France for instance, we invested €3.3m of EFSI resources in the Alternative à l'incarcération par le Logement et le Suivi intensif (AiLSi) programme sponsored by Médecins du Monde that offers homeless people with psychiatric disorders an alternative to jail in an effort to break the revolving cycle of "street-prison-hospital". The programme will provide participants with accommodation, social and medical care, as well as legal support, all working towards rehabilitation.

AiLSi exemplifies the role of social outcome contracts, where investors frontload financing for a social intervention through innovative and preventive projects, while public budgets contribute only if the social impact targets defined in the contract are met. With this investment, the EIF has achieved the target of deploying at least €25m to Social Impact Bonds under EFSI, contributing to piloting this new form of investments across Europe.

This year we also committed €20m to Revent Ventures Fund that has a total size of €52.4m. Revent is a first-time impact fund providing additional resources to the very dynamic German impact ecosystem. The diverse management team has developed a differentiated impact investment strategy, tackling both social and climate-related challenges. The strategy focuses on backing software-enabled businesses set to generate attractive financial returns alongside measurable social or environmental impact, in a variety of sectors such as health and wellbeing, economic empowerment, sustainable behaviour and food.

In November and for the third year running we supported the Included VC initiative, an eight-month fellowship where aspiring venture capitalists from diverse and underrepresented communities get exclusive access to education and mentorship from the best VC talent.

Skills & Education Guarantee Pilot

2021 has been the year of consolidation of results for programmes falling under EFSI and the previous Multi-annual Financial Framework.

The EIF has been implementing the Skills & Education Guarantee (S&E) Pilot dedicated to stimulating investments in education, training and skills on behalf of the EC since 2020. The initiative was designed as part of the effort to get more people into jobs through training and re-skilling, responding to the European economy's changing needs. Overall, 19 agreements with financial intermediaries have been signed so far, making this support available in 14 EU countries. During the first 12 months of implementation, close to 500 final beneficiaries have been supported while, overall, we are aiming to provide more than €382m of financing for the benefit of more than 19,000 students and 3,000 companies.

The first partnership established under the S&E programme was with Fundação José Neves (FJN) in Portugal, offering shared income agreements. Since the start of the implementation, FJN has already supported around 150 beneficiaries to the tune of around €1m.

A second guarantee agreement in Portugal was signed with Caixa Geral de Depósitos (CGD), promoting investments of up to €25m in the education sector in Portugal. CGD will develop two loan products aimed at increasing its lending capacity to both Portuguese companies that invest in the upskilling of their employees and to organisations that offer education and training services.

In Latvia, we partnered with ALTUM to support students through a guarantee scheme with commercial banks in the country. In total, up to 13,500 students and learners in Latvia are expected to benefit from cheaper lending conditions to cover their study and housing costs. This is a continuation of a guarantee scheme that ALTUM launched with commercial banks in the country to support financing for students attending university. The programme was positively received by the market and the entire budget fully committed. With the support of the S&E Pilot, ALTUM will not only be able to support a larger number of students and learners, but also extend the programme to non-academic trainings for learners and tuition fees and living expenses for students studying abroad.

And in Romania, a guarantee agreement will allow FINS, a non-banking financial institution, to provide new loans in support of up to €5.5m education- and skills-related investments, for 300-350 students who wish to pursue higher education within the EU.

In parallel, in April, we signed a guarantee agreement with EIT Digital, Europe's leading digital innovation and entrepreneurial education organisation, with a €2.5m guarantee which will allow more European students and learners to benefit from EIT Digital's training programmes. This financing will allow the organisation to offer deferred payment schemes to course participants. It is expected that around 500 people can benefit from the scheme.

Support to skills and education is a key policy objective under InvestEU (Social Investment & Skills window) and the very positive outcomes achieved by the EIF through this pilot provide a solid basis for scaling up support to this area under InvestEU.

Did you know?

The EC has set a target that, by 2030, at least 80% of all adults should have basic digital skills, and there should be 20 million employed ICT specialists in the EU, equally split between men and women.

Mi Cuento

"Story-telling festivals are where you realise that stories are so much better when you personalise them... The kids join you on the journey... I've always wanted all kids to feature in these stories, and that's kind of how we started doing what we do."

Muriel Bourgeois, co-founder

Location: *Barcelona, Spain*
Financial Intermediary: *Impact Partners*
EIF financing: *EFSI Sub-window 1; SIA*
Financing purpose: *product development*
Number of employees: *30*

Employment & Social Innovation (EaSI)

EaSI has continued to be a vital resource for micro- and social enterprises during the year. Good progress was made in the implementation of the EaSI Funded Instrument in 2021: close to €84m have been committed through 12 transactions in eight countries (Romania, Montenegro, Italy, Denmark, the Netherlands, Sweden, Estonia, France). These transactions are expected to mobilise about €150m in support of approximately 10,000 final recipients. Throughout the year, there were three particularly notable transactions:

A €2m loan was allocated to Finora Capital to increase micro-lending in Estonia and Lithuania. Finora expects to serve more than 100 micro-enterprises in the two states with new, long-term lending under favourable conditions.

A €10m subordinated loan to Merkur Andelskasse, a Danish cooperative bank, allowed it to support hundreds of Danish social enterprises aiming to improve access to finance for vulnerable persons, micro-enterprises and social enterprises. In addition, an increased EGF guarantee to Merkur made an extra €20m available for Danish SMEs with more favourable lending conditions.

In December, a €10m loan under EaSI Funded Instrument was provided to SOCODEN, a French cooperative lender serving a special type of social enterprises, so-called SCOPs, that are owned and self-managed by their workers.

This year also marked the full utilisation of the EaSI Guarantees and EaSI Capacity Building instruments. By year end, EaSI guarantees were deployed across 30 countries, mobilising €2.8bn in financing for the benefit of more than 135,000 vulnerable borrower groups.

In particular a guarantee was signed with Ponture, a Swedish loan market place and lender for a portfolio of up to SEK 145m of small loans to Swedish micro-companies. With this EU support, Ponture can help around 1,000 small companies, focusing on businesses founded by women, young starters and people with migratory backgrounds. Moreover, migrants will benefit from various business development services (mentoring, training, coaching) offered by Ponture with support in the form of grants provided by the EU under the Business Development Support (BDS) Pilot for all EaSI loans granted to migrants.

The EaSI Capacity Building investments have totalled over €40m deployed in 11 countries supporting micro-lenders, ethical bank lenders and social lending platforms investing mainly in new IT infrastructure & digitalisation tools.

Cultural & Creative Sectors

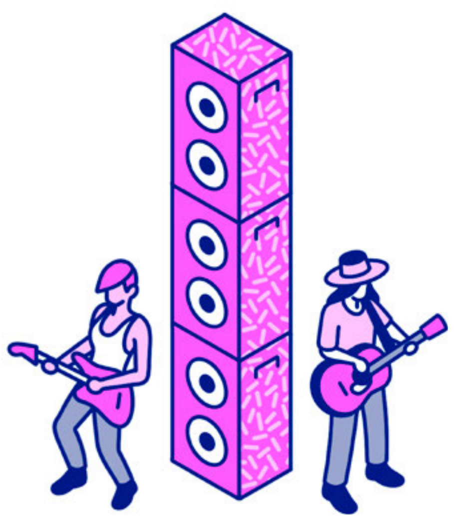
The cultural and creative sectors (CCS) represent a significant contribution to the EU economy in terms of employment, competitiveness, social cohesion and diversity. However, a large number of companies in the sectors typically have difficulty accessing finance because they are often perceived as high-risk and with limited available collateral. The CCS Guarantee Facility (CCS GF), backed by the EC, is designed to change that and bridge this financing gap.

Boosted through the COVID-19 support measures, the CCS GF has been instrumental in helping many businesses active in the sector since the crisis began and throughout 2021. To date, the programme has supported close to 5,900 beneficiaries with €1.3bn. Once fully deployed, the programme is expected to make available a total of €2.5bn of financing for the cultural and creative sectors.

In May, we signed a guarantee agreement with Triodos Bank which will provide up to €200m in loans to around 250 entrepreneurs in the cultural and creative sectors in the Netherlands, Belgium, Spain and Germany. This financing is intended to support SMEs with a specific focus on films and media productions, art schools, music festivals, theatres and music production.

"For today's new generation of entrepreneurs who are millennials and gen Z, running a business ethically, that creates sustainable long-term value and a positive impact on society is an absolute. These entrepreneurs are putting their money in what matters and driving a fundamental shift in the thinking around value creation."

Melisa Kosak
EIF



Shiftworks: events organisation

"The pride of citizens in relation to the content they create is at the core of the whole story, and it has important knock-on effects: People started caring about the content that we have right here in Tallinn. Festivals can be a very effective way to promote a city."

Helen Sildna, founder and CEO

Location: *Tallinn, Estonia*
Financial Intermediary: *Finora Capital*
EIF financing: *Cultural & Creative Sectors Guarantee Facility; EFSI*
Financing purpose: *cashflow*
Number of employees: *5*

Ethical banking

Over the year, we also strengthened our cooperation with the ethical banks network FEBEA. The federation brings together 33 financial institutions from 15 European countries, with the aim of developing and promoting ethical finance principles. Guarantee transactions we signed under EGF with Banca Etica in Italy, La Nef in France, and Merkur in Denmark build on the excellent cooperation that the EIF has developed over the years with many ethical lenders of the FEBEA network.

Gender diversity and inclusion

Historically, through various mandates, we have tried to foster inclusive entrepreneurship and address diverse founders (e.g. EaSI, EFSI). These efforts are intensifying, while, at the same time, across the VC/PE industry we are seeing an increased focus on balanced management teams and female entrepreneurship becoming an investment strategy. More founding teams are putting forward strategies aiming to enhance gender diversity.

As part of the EIB Group Gender Strategy, the EIF and the EIB have together been shaping their second gender action plan. The plan focuses on women's economic empowerment in the EU with the EIF deploying its support through investments in purpose-driven financial intermediaries.

In 2021, we supported a number of female-led funds including:

A €20m participation in Crowberry Fund II, a female-led fund backed by InnovFin Equity. The fund will support early-stage ICT companies in Iceland and the Nordics;

A €40m commitment of EGF resources in Bootstrap III, a venture debt fund providing senior secured debt facilities and led by two female managing partners with combined experience in technology and life sciences;

And a €80m commitment from EGF and SDUF resources in 2021 and €20m commitment from RCR resources in 2020 into Jeito, a fully female-led fund that offers investors a reduction of their carried interest if they also contribute to its not-for-profit organisation supporting early-stage innovation led by female entrepreneurs. Jeito is also part of the Venture Centre of Excellence (VCoE). *(see Innovation & Digitalisation section).*

Alongside fostering gender-smart investments, we are also strengthening the non-financial dimension of our efforts, such as offering capacity building and networking opportunities that will enable greater gender diversity in the world of finance and VC/PE more specifically. This is flanked by marketing, research and market awareness-raising efforts that can serve to highlight the importance and added value of a diverse team make-up.

Looking ahead, the upcoming InvestEU programme is expected to be the first EIF-managed initiative focusing on strengthening women's economic empowerment and boosting their participation in the VC/PE fields in particular, sending a strong signalling effect to the market.

Did you know?

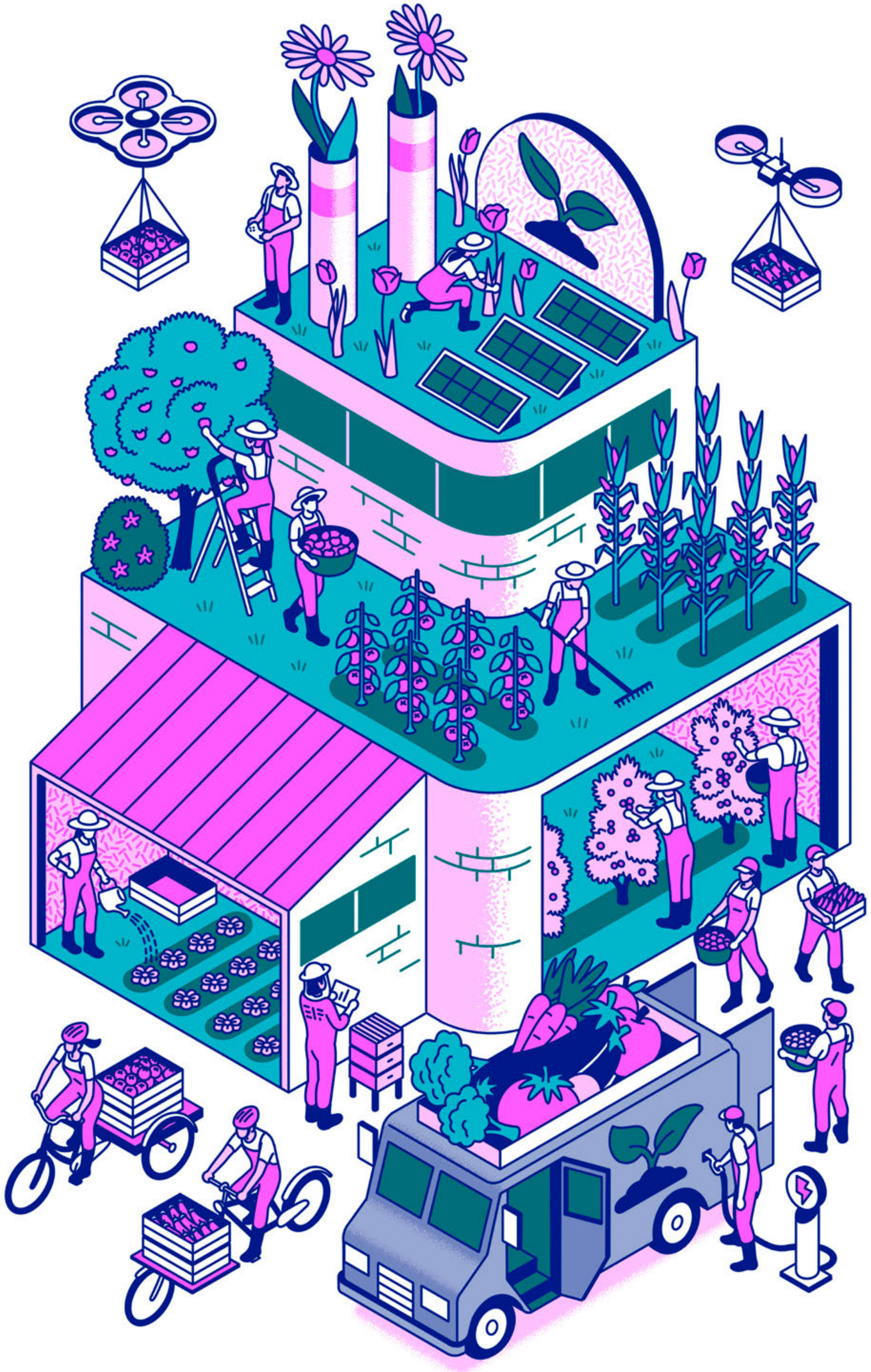
Improving gender equality alone by 2050 could lead to an increase in the EU's GDP per capita of between 6.1% and 9.6%, which would amount to between €1.95 and €3.15 trillion, the European Institute of Gender Equality (EIGE) has estimated.

SDUF Social Impact

The EIF has a decade-long experience with impact investing and is committed to driving forward the growth and evolution of this space. We have worked with our partners to promote the visibility of and belief in a viable social impact future.

SDUF is an investment vehicle advised by the EIF that provides attractive risk-adjusted, market-level financial return and at the same time supports sustainable development through investment compartments with a strong strategic and policy orientation.

The second of these compartments, which focuses on social impact, was launched in 2021 and is open for fundraising. The intention is to offer investors a unique opportunity to access true social impact VC fund managers in the European ecosystem, thus boosting social entrepreneurship. The EIF expects that it will give investors exposure to potentially 200 social enterprises, related reporting and know-how, which will contribute to forging a future where social impact and profit go hand-in-hand.



Sustainability & Green Transformation

Climate change is the defining challenge of our generation. The urgency for action has never been greater. To make it to net zero and dial back emissions we need to spark transformative and innovative solutions while also accompanying traditional businesses as they seek to navigate the green transition and make their operations more environmentally sustainable.

Driven by the EU's Green Deal and the EIB Group's Climate Bank Roadmap and strong political determination at all levels, we are ramping up our equity investments and guarantee activity, ensuring a strong green flavour in all aspects of our work.

We ourselves are on our own green transformation pathway as our commitment is taking shape and form and will only intensify in the future. We have made significant progress in adapting our internal workings in order to track sustainability criteria more closely, to demand more from our partners and in general to introduce greater diligence in our investments.

With the addition of infrastructure funds to our arsenal, we have continued to invest carefully in game changers and adapters that are leading the green transition, supporting the innovative entrepreneurs that will turn bright ideas into solutions to tackle the planet's greatest challenges.

At the same time, we have made pioneering investments in blue economy funds and private credit funds to broaden the scope of our greening efforts.

These solutions are set to contribute to the broader EU agenda and help cement the bloc's position as the world leader in climate action and environmental sustainability.

Infrastructure funds

Climate and infrastructure funds are a catalyst for sustainable growth and development, promoting the transition towards a greener economy. Within the EIB Group, investments in such funds were formerly carried out by the EIB, but as of January 2021 they were transferred to the EIF, thereby adding a new business line to our portfolio.

Funding for this purpose will be steadily increasing over the coming years, aiming to reach annual investment amounts exceeding €1bn by 2023.

Investments are being directed at funds that provide capital to new infrastructure projects, with a primary focus on climate action and environmental sustainability. Targeting a 70% climate content at portfolio level, the underlying investments are expected to make a substantial contribution to the ambitious targets of the EIB Group's Climate Bank Roadmap. Key policy areas we will be focusing on include renewable energy and enabling infrastructure, energy efficiency, sustainable transport, digital economy, circular economy, urban development and social infrastructure.

In 2021, we invested €200m in five funds and around €20m in one co-investment. A contribution of €50m was dedicated to Impax New Energy Investors IV, targeting new investments in renewable energy and renewable energy enabling infrastructure. The fund will focus on projects in the EU, and has an allocation to Central and Eastern Europe, and particularly Poland and Croatia.

In the field of sustainable urban regeneration, we extended our partnership with Edmond de Rothschild Private Equity and invested €30m in Ginkgo 3, a fund dedicated to the decontamination and redevelopment of contaminated land plots in Europe. The EIF is among the fund's largest contributors, underlining our commitment to work closely with our partners to support the objectives of the European Green Deal.

Supporting game changers

The EIF has pioneered greentech investment since 2006 and has channelled over €1bn to climate and environment VC and PE funds to date. These investments have helped catalyse no less than €3.4bn for climate and environmental innovation.

Within our VC activities, agrifoodtech has been a major theme for the last two years. In addition to three investments made in 2020 in this sector, we have committed to two additional agrifoodtech funds in 2021:

The Yield Lab Europe, a fund based in Ireland supporting early-stage innovation across Europe geared towards the sustainability of the agrifood industry (EIF commitment of €27.5m out of a total fund size of €51m).

Food Tech Opportunity II, a pan-European fund operating out of France, focused on the sustainability and efficiency of the food system with a special emphasis on consumer-facing business models (EIF commitment of €44m out of a total fund size of €180m).

Did you know?

More money is being pumped into planet-positive startups than ever before. In the first nine months of this year, investment in the sector rose to 11% of total tech funding ($10bn) (€8.8bn) — climbing at twice the rate of overall investment into tech.

Hightech animal welfare - Micron Agritech, Dublin

Our commitment as anchor investor to funds active in the blue economy is also deemed critical to the European Green Deal and to address the pressing climate and environmental issues that undermine the sustainability of this sector. The EC aims to foster innovation and sustainability in the marine economy through the mobilisation of capital investment and by helping to create a well-functioning European equity ecosystem for this space. In this vein, in 2021 we made commitments to three specialised blue economy funds:

We committed a total of €35m - guaranteed by EFSI - in Ocean 14, a private equity fund focused on the UN SDG 14, which aims to conserve and sustainably use ocean, sea and marine resources. Ocean 14 is the first investment fund of its magnitude to focus exclusively on the blue economy. It will target growth-stage technologies and companies promoting sustainable fishing, aquaculture and alternative proteins as well as ocean conservation and health, including marine flora regeneration and plastic waste solutions.

In December, we signed a €21m commitment to Faber Blue Pioneers Fund, the first fund selected under Portugal Blue, a programme developed with the Portuguese government, which seeks to support blue economy investment in Portugal with clear climate impact and sustainable development goals. The fund has the ambition to invest in early-stage companies developing innovative deep-tech solutions in areas such as blue biotech, sea-food and feed, ocean health and intelligence, as well as the decarbonisation of multiple blue economy industries.

We also backed the impact-driven Norwegian VC fund Norce Sarsia Venture focusing on early-stage ventures targeting ocean-related deep-tech and energy technologies. The EIF's €15m commitment to the fund, using InnovFin Equity resources, will contribute to the development and growth of a blue economy sector-specialised investor ecosystem in the Nordics.

Furthermore, we invested €50m under EFSI Private Credit in Eurazeo Sustainable Maritime Infrastructure Fund (ESMI). ESMI's goal is to finance the transition of maritime assets to a low carbon maritime economy.

In March, we joined forces with Banco Sabadell to support early-stage technology VC firms and companies in the renewable energy industry. The transaction, which was the EIF's first operation in Spain under EGF, grants Banco Sabadell a €103m guarantee, which will enable the mobilisation of financing amounting to €148m. The loans that Banco Sabadell has undertaken to channel via Sabadell Venture Capital and SINIA Renovables, will be used to promote investment and working capital in SMEs and mid-caps. It will specifically target start-ups via venture debt operations and companies in the renewable energy industry with products such as senior "bridge"/construction loans, loans for photovoltaic and other systems for self-consumption, and long-term subordinated loans for solar power plants. By taking up to 70% of the risk on the loans granted, the EIF will promote – thanks to the EGF - new financing in Spain and indirectly support the entire ecosystem of start-ups and renewables.

ApisProtect: in-hive sensors

"Our technology can monitor temperature, movement, humidity and sound, triggering smart alerts to help beekeepers catch problems like pests or disease early, rather than rely on periodic manual inspections."

Dr. Fiona Edwards-Murphy, CEO and co-founder

Location: *Cork, Ireland*
Financial Intermediary: *The Yield Lab Europe*
EIF financing: *EFSI Sub-window 1*
Financing purpose: *product development, prototype testing*
Number of employees: *10*

Transforming from within

Throughout 2021, the EIF continued to equip itself with the tools and foundations necessary to strengthen our policy delivery and thematic orientation, and ultimately ensure that we are in a stronger position to make a meaningful contribution to the broader sustainability agenda that we have collectively committed to.

In this vein, we have reviewed our existing procedures and practices related to due diligence and risk management. As of 2022, we will be integrating the newly-approved Paris Alignment of Counterparties framework into our transaction appraisals. This allows us to better assess and monitor the climate-related strategies, practices and risks of our financial intermediaries, in addition to the already-covered wider ESG policies and practices.

Furthermore, significant counterparties falling within the scope of the framework will be requested to publicly disclose climate-related information, based on the recommendations of the Task force on Climate-related Financial Disclosures (TCFD).

In cooperation with the EIB, we have also developed a new climate risk tool to assess the sector and country climate risk of the final recipients to which EIF is exposed indirectly through its intermediaries. The assessment will be rolled out for all new financial intermediary transactions as of 2022. In parallel, our risk management department performs, on a monthly basis, an assessment of our existing portfolio in terms of climate risk.

We have, moreover, updated our internal guidelines for restricted sectors and activities in line with the Paris Alignment framework approved in our Climate Bank Roadmap. This entails restrictions related to fossil fuels and fossil-fuelled energy production, high-emitting industries and transport vehicles and vessels. These restrictions were implemented across all our mandates and products for new appraisals as of 2021.

Did you know?

For the European economy as a whole, the European Commission has calculated that in order to reach an emission reduction of 55% by 2030, investment in the EU energy system will need to increase by more than €350bn on average, every year until 2030.

EIF's own calculations indicate that €20bn could directly relate to the implementation of mitigation measures by SMEs.

Furthermore, building on the support that we expressed in 2020 for the recommendations of the Financial Stability Board's TCFD, this year we published our first TCFD report in which we provide an overview of our achievements and further actions to integrate climate-related risks and opportunities into the core of our business.

With regard to tracking our green financing flows, the EIF has implemented the climate action and environmental sustainability (CA&ES) tracking framework. This framework identifies investments or loans for activities that are promoting climate and environmental objectives, building on the EU Taxonomy significant contribution criteria.

Further work is on-going, in cooperation with the EIB but also within the Platform on Sustainable Finance, to assess and recommend how "do no significant harm" and "minimum safeguards" criteria and requirements stemming from the Taxonomy Regulation could be integrated into our financing model without causing undue burden for the SMEs that our financing is predominantly targeting.

Did you know?

According to a recent survey, 56% of EU SMEs responded that climate change has already impacted their business in recent years, 40% of which reported this impact to be major.

Accure: intelligent batteries

"The 21st century is built on batteries. I think they are amazing in the way they can pack all this energy. Optimise and upgrade them and you have the key to energy efficiency, decarbonisation and net zero."

KP Kairies, CEO

Location: *Aachen, Germany*
Financial Intermediary: *42Cap*
EIF financing: *InnovFin Equity; EFSI; LfA; ERP*
Financing purpose: *product development & marketing*
Number of employees: *30*

Looking Ahead

2022 will see the launch of InvestEU and a decisive shift towards thematic investments. It will also be a year in which we expect to continue to grow our private fund-raising arm, attracting more private resources to serve public policy objectives alongside good returns.

Wrapping up the EGF, we will be turning our attention to the Recovery and Resilience Facility (RRF) mandates and also intensifying our efforts in the key thematic areas of climate action and environmental sustainability, digitalisation and social inclusion.

Ultimately, with our PPGs and our thematic orientation in place, we will be in a better position to serve our European, national and regional partners in translating policy objectives into concrete financial support on the ground, helping European businesses as we transition together to a greener, digital and more inclusive future.

InvestEU

Building on the success of EFSI, InvestEU is the EC's flagship investment programme for the current multiannual financial framework covering the period 2021 to 2027. Of a total EU budgetary guarantee of €26.2bn for all Implementing Partners, €11.1bn of the InvestEU guarantee will be attributed to the EIF, making us the single largest implementing partner under InvestEU in terms of the amount of InvestEU guarantee allocated.

Together with the EIB Group own resources deployed alongside EIF InvestEU products, the EIF is expected to deploy up to €20bn of InvestEU-backed financing over the next six years.

With negotiations coming to an end, the guarantee agreements with the EIB and the EIF are expected to be signed in early 2022, followed by the first calls for expression of interest for financial intermediaries, to be launched by the EIF.

In addition to InvestEU budgetary resources, the EIF has been exploring the possibility of additional allocations from the various sectoral programmes to be delivered through InvestEU. To date, the EC has already earmarked close to €900m of such contributions for blending with InvestEU equity interventions. Further sectoral contributions are expected to be secured in the future for both guarantee and equity thematic interventions, with discussions continuing in 2022.

One dimension of particular interest is the fact that it is expected to be the first EIF-managed initiative focusing on strengthening women's economic empowerment and boosting their participation in the VC/PE fields in particular, thus making a very tangible contribution to gender diversity and inclusiveness.

AMUF update

Efforts on the private fundraising front will continue and intensify in the course of 2022, providing a much-needed boost to attracting private resources into VC/PE while at the same time pursuing EU public policy objectives.

The second generation of funds - AMUF Generation II - was launched in 2021 and is now open for fundraising. It builds on the success of AMUF I and will maintain the same three thematic compartments: Growth, Tech VC and Life Science VC.

On the SDUF front, following the launch of the Social Impact and Health compartments, two new compartments are being prepared, focusing on Climate Tech on the one hand and developing a COVID-response Digital Platform on the other. Both are expected to open for fundraising in the first half of 2022.

In parallel, we are looking at a new model of cooperation to offer another attractive proposition to private investors and draw more resources into supporting EU policy priorities. Namely, beyond tailor-made funds or ready-made funds like AMUF/SDUF, the EIF is looking to develop institutional investor partnerships. This will be a hybrid model including an investment into AMUF/SDUF and co-investments alongside AMUF/SDUF.

Recovery and Resilience Facility

RRF is the centrepiece of NextGenerationEU, the recovery instrument that, alongside the EU budget, forms the largest stimulus package ever financed by the EU. The RRF's priority is to ensure a sustainable and inclusive recovery that promotes green and digital transitions. It offers an unprecedented opportunity to speed up the recovery in Europe and reinforce the commitment to the twin green and digital transitions. This year marked the finalisation of most Member States' Recovery and Resilience Plans. Several of those include financial instruments and the EIF is looking to play an important role in the deployment of such facilities.

While 2021 saw the conclusion of negotiations for an RRF mandate in Romania, there are proposals and discussions ongoing in various other EU Member States like Cyprus (first ever equity mandate), Bulgaria and the Czech Republic, where the EIF hopes to be in a position to make a meaningful contribution to helping Member States maximise their support for SMEs on the road to recovery.

As policy priorities increasingly focus on the green transition, climate action, environmental sustainability, digitalisation and social inclusion, our thematic transformation will ensure that we are in a strong position to design financial instruments that are effective on the ground in both supporting SMEs financially and achieving these policy objectives at the same time.

EGF

The market situation related to the COVID-19 crisis has called for an important public intervention in the support of access to finance for European companies. During 2021, more than 85% of EIF's activity centred on the deployment of this emergency instrument. In 2022 the EIF plans to conclude the deployment of this initiative, particularly through the implementation of a securitisation instrument.

Group Alignment Implementation Plan

Since December 2020, the EIF and the EIB have been working on the Group Alignment Implementation Plan – GAIP. The GAIP aims at achieving a stable, productive and well-functioning relationship across various areas of interaction. The intention is to improve efficiencies at Group level and better equip both institutions for existing demands, as well as the challenges ahead. This plan includes a total of 75 projects and initiatives which require close cooperation within the EIF and at Group level. The GAIP is accompanied by a set of General Principles and Guidelines, established by the EIF and the EIB, that apply to all GAIP projects. While substantial progress has already been made by delivering more than 25% of the projects, work will continue throughout 2022 to ensure successful implementation of the GAIP, specifically in the risk management area.

Climate & Cohesion targets

In the context of Paris Alignment, the EU Green Deal and the Climate Bank Roadmap, the EIF plans to progressively scale up investments that will make a relevant contribution to both the EU's and the EIB Group's climate targets, by investing in infrastructure funds targeting climate adaptation or mitigation, as well as environmental sustainability, energy, transport, environment, digital connectivity, space and social infrastructure.

The EIF intends to target 16% of its activity to climate and environment in 2022 and increase this share to 22% and 25% in 2023 and 2024 respectively.

Additionally, to support the EU Cohesion policy that is focused on correcting economic imbalances across countries and regions, in 2022 the EIF will implement a new KPI that will measure the reach of our activity to cohesion regions. The intention is to dedicate 38% of our investments to cohesion regions in 2022.

Subsequent events: While the ultimate impact of the invasion of Ukraine by the Russian Federation is difficult to predict at the time of writing, the evolution of the conflict is being closely monitored for potential impacts on the EIF's portfolio, including the effect of possible further sanctions. The Russian Federation, Belarus and the Ukraine do not fall within the ordinary geographical scope of EIF activities, with relevant EIF exposures being very limited. Furthermore, the EIF applies robust compliance controls, including as to sanctions, in line with the EIB Group's Sanctions Compliance Programme.

2021 Transactions

Equity Signatures as at December 2021

Deal Name	Resource(s)	Team Location	EFSI SMEW	EFSI IIW	Commitment (€m)
Infrastructure					
Everwood Renewables Fund V	Infra Climate Funds	Spain	No	No	50,0
Ginkgo Co-Investment A SCSp	Infra Climate Funds - Co-Investments	Switzerland	No	No	18,4
Ginkgo Fund III SCA SICAV-RAIF	Infra Climate Funds	Switzerland	No	No	30,0
Impax New Energy Investors IV SCSp	Infra Climate Funds	Luxembourg	No	No	50,0
Mirova Energy Transition V Fund	Infra Climate Funds	France	No	No	20,0
Pioneer Infrastructure Partners SCSp	Infra Climate Funds	United Kingdom	No	No	50,0
Infrastructure Total					218,4
Private Debt					
ACP Credit I SCA SICAV RAIF	EGF-Selective Loan Funds Facility	Poland	No	No	50,0
Acto Heritage	EGF-Minimum & Target Fund size Facility	France	No	No	40,0
All Seas Capital I SCSp	EGF-Minimum & Target Fund size Facility, EIF, RCR20	United Kingdom	No	No	60,0
Armada Fund V	EGF-Minimum & Target Fund size Facility	Sweden	No	Yes	30,0
Bootstrap Europe III SCSp	EGF-Minimum & Target Fund size Facility	United Kingdom	No	No	40,0
BPM Mezzanine Fund II	Baltic Innovation Fund 2, COSME-EFG, EIF in COSME-EFG	Estonia	No	No	30,0
Bright Capital Credit Fund III SCSp	BMWi-MDD-2, EGF-Selective Loan Funds Facility, LfA GV-MDD-2, NRW-MDD-2, SAB-MDD-2	Germany	No	No	40,0
Croatian Mezzanine Debt Fund	EGF-Minimum & Target Fund size Facility	Croatia	Yes	No	7,0
Enterprising Finance The Netherlands Unitranche Fund SCSp	EGF-Selective Loan Funds Facility	Netherlands	No	No	40,0
Equita Private Debt Fund II	EGF-Minimum & Target Fund size Facility	Italy	Yes	No	20,0
Fondo Impresa Italia II	EGF-Selective Loan Funds Facility	Italy	No	No	30,0
HF Private Debt Fonds II SCSp	BMWi-MDD-2, EGF-Selective Loan Funds Facility, LfA GV-MDD-2, NRW-MDD-2, SAB-MDD-2	Germany	No	No	50,0
Kartesia Credit Opportunities V SCSp	Asset Management Umbrella Fund - European Growth Capital, EIF, RCR20	United Kingdom	No	No	60,0
Kreos Capital 2020 Opportunity L.P.	EGF-Minimum & Target Fund size Facility	United Kingdom	No	No	58,0
Non disclosable	EGF-Minimum & Target Fund size Facility	Italy	No	No	35,0
Pride Capital II Feeder C.V.	BMWi-MDD-2, EGF-Minimum & Target Fund size Facility, LfA GV-MDD-2, NRW-MDD-2, SAB-MDD-2	Netherlands	No	No	40,0
SouthBridge Europe Mezzanine II S.C.A. SICAR	EIF, RCR20	Greece	No	No	40,0
Syntaxis New Europe Fund SCSp	EGF-Minimum & Target Fund size Facility, JER-002 Additional funds	Poland	No	No	40,0
Private Debt Total					710,0
Private Equity					
Activa Capital Fund IV	EIF, RCR20	France	No	No	40,0
Albacap 1	EIF, RCR20	France	No	No	20,0
Aldebaran Transformation Fund I	EGF-Turnaround/Special Situation Funds	France	No	No	50,0
ASEF SCSp	EGF-Minimum & Target Fund size Facility	Croatia	Yes	No	10,0
Atlantic Bridge IV	EGF-Minimum & Target Fund size Facility	Ireland	Yes	No	30,0
Austrian Growth Capital Fund	Central Europe Fund-of-Funds, EGF-Minimum & Target Fund size Facility	Austria	No	No	50,0
Avallon MBO Fund III SCA SICAV-RAIF	EGF-Minimum & Target Fund size Facility	Poland	Yes	No	10,0
BlackPeak Southeast Europe Growth Equity Fund SCSp	EGF-Minimum & Target Fund size Facility	Bulgaria	No	No	20,0
Bravo Capital Partners II SCA-SICAV-RAIF	EGF-Minimum & Target Fund size Facility	Italy	No	No	30,0
bValue Growth Fund	EFSI ESCALAR	Poland	Yes	No	30,0
CapMan Buyout XI SCSp	EGF-Minimum & Target Fund size Facility	Finland	Yes	No	15,0
CAPZA Growth Tech S.L.P.	EGF-Minimum & Target Fund size Facility	France	No	No	40,0
Cipio Partners Fund VIII ScSp	EIF, RCR20	Germany	No	No	40,0
CMF-Cipio Partners	German CMF	Luxembourg	No	No	1,0
Connected Capital & Partners Growth Fund II Coöperatief U.A.	EGF-Minimum & Target Fund size Facility	Netherlands	No	No	30,0
Diorama Investments II RAIF, S.C.A.	EGF-Minimum & Target Fund size Facility	Greece	No	No	40,0
Equip Capital Fund II SCSp	EIF, RCR21	Norway	No	No	39,3
Ergon Capital Partners V SCSp	EIF, RCR20	Belgium	No	No	26,0
Espiga Equity Fund II, FCR	EGF-Minimum & Target Fund size Facility	Spain	No	No	9,7
Evolving Europe Principal Investments I SCSp	Central Europe Fund-of-Funds	Hungary	No	Yes	5,0
Genesis Private Equity Fund IV SCSp	EIF, RCR21	Czech Republic	No	No	20,0

Deal Name	Resource(s)	Team Location	EFSI SMEW	EFSI IIW	Commitment (€m)
Gilde Equity Management (GEM) Benelux Fund V Cooperatief U.A.	EIF, RCR21	Netherlands	No	No	30,0
IK Partnership I Fund	EGF-Minimum & Target Fund size Facility	United Kingdom	Yes	No	30,0
Itago IV	EGF-Minimum & Target Fund size Facility	Italy	No	No	40,0
Klar Partners I SCSp	EIF, RCR21	United Kingdom	No	No	35,0
Kyma Investment Fund	EGF-Minimum & Target Fund size Facility	Italy	No	No	40,0
M80 Capital	EGF-Minimum & Target Fund size Facility	Belgium	No	Yes	30,0
Maguar Capital GmbH & Co. KG	EGF-Minimum & Target Fund size Facility	Germany	No	No	25,0
MBO Capital 5 SLP	EGF-Minimum & Target Fund size Facility	France	No	No	30,0
MED III A	EIF, RCR21	France	No	No	24,0
MED III B	EIF, RCR21	France	No	No	6,0
Melior Equity Partners II SCSp	EGF-Minimum & Target Fund size Facility	Ireland	Yes	No	30,0
Merieux Participations 4 SLP	EIF, RCR21	France	No	No	20,0
Metrika	EGF-Minimum & Target Fund size Facility	Italy	No	No	30,0
Move Capital Fund I	EIF, RCR21	France	No	No	40,0
MVI Fund II AB	EGF-Minimum & Target Fund size Facility	Sweden	Yes	No	9,8
PINOVA Fund 3 GmbH & Co. KG	EIF, RCR21	Germany	No	No	40,0
PM & Partners III	EGF-Minimum & Target Fund size Facility	Italy	No	No	30,0
Portobello Structured Partnerships Fund I FCR	EGF-Minimum & Target Fund size Facility	Spain	Yes	No	30,0
Qualium Fund III	EIF, RCR21	France	No	No	40,0
Sandberg Investment Fund II SCSp	Central Europe Fund-of-Funds	Slovakia	No	No	5,0
SC GROWTH FUND II PLUS, F.C.R.E.	EFSI ESCALAR	Spain	Yes	No	30,0
SMERemediumCap	EGF-Turnaround/Special Situation Funds	Greece	No	No	30,0
Sparring Capital Fund 2 FPCI	EGF-Minimum & Target Fund size Facility	France	Yes	No	20,0
Standout Capital II AB	EGF-Minimum & Target Fund size Facility	Sweden	No	No	41,1
Starquest Puissance 5	Asset Management Umbrella Fund - European Secondaries Compartment	France	No	No	5,0
Sviluppo Sostenibile II	EGF-Minimum & Target Fund size Facility	Italy	No	No	40,0
Tomorrow Private Equity Fund I	EGF-Minimum & Target Fund size Facility, EIF, RCR21	France	No	No	50,0
Vallis Sustainable Investments II	EGF-Minimum & Target Fund size Facility	Portugal	No	Yes	11,0
Verdane Idun I (E) AB	EIF, RCR21	Sweden	No	No	20,0
Verso Fund III Ky	EGF-Minimum & Target Fund size Facility	Finland	No	No	25,0
Vortex Capital Partners Fund III Cooperatief U.A.	EIF, RCR20	Netherlands	No	No	15,0
Yotta Smart Industry	EGF-Minimum & Target Fund size Facility	France	No	No	15,0
Private Equity Total					1.422,9
Venture Capital					
415 Capital Fund I GmbH & Co. KG	SDUF – Health Compartment	Germany	Yes	No	10,0
42CAP II Opportunity GmbH & Co. KG	EGF-Existing Funds Top-up Facility	Germany	No	No	20,0
4Founders Capital II	EGF-Minimum & Target Fund size Facility	Spain	No	No	15,0
ACT VI Venture Capital Fund	EGF-Minimum & Target Fund size Facility, EIF, RCR21	Ireland	No	No	30,0
AFB Fund II	EGF-Minimum & Target Fund size Facility, EIF, RCR21	France	No	No	35,0
Almaz Capital Fund III SCSp	EGF-Minimum & Target Fund size Facility	Germany	Yes	No	31,4
Alven Capital VI FPCI	EIF, RCR20	France	No	No	30,0
Ananda Impact Fund IV GmbH & Co. KG	EGF-Minimum & Target Fund size Facility, EIF, ERP, RCR21	Germany	No	No	20,0
Asabys top-up fund	EGF-Existing Funds Top-up Facility	Spain	No	No	30,0
Berlin Innovation Ventures 1 GmbH & Co. KG	IFE - AI / Blockchain (COVID-19)	Germany	Yes	No	10,0
BioDiscovery 6 FPCI	Asset Management Umbrella Fund – European Life Sciences Venture Capital, EGF-Minimum & Target Fund size Facility, SDUF – Health Compartment	France	Yes	No	58,0
Bioqube Factory Fund I	EGF-Minimum & Target Fund size Facility	Belgium	Yes	No	10,0
Blue Pioneers Fund	EGF-Minimum & Target Fund size Facility, NPI BPF I - Portugal Blue	Portugal	No	No	21,0
btov Digital Technologies II SCS, SICAR	EGF-Minimum & Target Fund size Facility	Germany	Yes	Yes	10,0
Capnamic Ventures Fund III GmbH & Co. KG	EIF, ERP, LfA-EIF 3, RCR21	Germany	No	No	25,0
Catalyst Romania Fund II SCSp	JER-002 Additional funds	Romania	Yes	No	7,5
CIS Medecins du Monde AiLSi	EFSI Sub-Window 1 (Growth Stage), EIF in EFSI Sub-Window 1	France	Yes	No	3,3
Citizen Capital III	EFSI Sub Window 1 – Impact Investing, EIF in EFSI Sub-Window 1	France	Yes	No	30,0

Deal Name	Resource(s)	Team Location	EFSI SMEW	EFSI IIW	Commitment (€m)
Claris Biotech I	Alpine Growth Investment Platform, EGF-Minimum & Target Fund size Facility, IFE Facility for Early Stage (COVID-19)	Italy	Yes	No	40,0
CMF-Ananda Impact Ventures	German CMF	Germany	No	No	1,7
CMF-BonVenture	German CMF	Germany	No	No	0,5
CMF-DN Capital - Global Venture Capital III	German CMF	United Kingdom	No	No	1,0
CMF-DN Capital - Global Venture Capital IV	German CMF	United Kingdom	No	No	4,4
CMF-Earlybird 2012	German CMF	Germany	No	No	6,5
CMF-Earlybird DWES VI	German CMF	Germany	No	No	3,3
CMF-Epidarex	German CMF	United Kingdom	No	No	0,5
CMF-Finch Capital	German CMF	Netherlands	No	No	2,6
CMF-Holtzbrinck Ventures Fund VI	German CMF	Germany	No	No	12,0
CMF-HV Holtzbrinck Ventures Co-investment Fund I	German CMF	Germany	No	No	18,0
CMF-Iris Capital	German CMF	France	No	No	11,5
CMF-Munich Venture Partners	German CMF	Germany	No	No	0,6
CMF-Sabadell Asabys	German CMF	Spain	No	No	1,1
CMF-SET Ventures	German CMF	Netherlands	No	No	3,7
CMF-SHS	German CMF	Germany	No	No	2,2
Co-investment with HV Holtzbrinck Ventures Fund VII - Verbit	EIB-EIF Co-Inv Facility II - AI	Germany	No	No	4,6
Co-investment with Paladin European Cyber Fund - Cyberhedge (EUR)	Luxembourg Future Fund – Co-Investments	Luxembourg	No	No	0,6
Co-investment with Telesystem - Northstar	Luxembourg Future Fund – Co-Investments	Canada	No	No	10,0
Crowberry II slhf.	IFE Facility for Early Stage (COVID-19)	Iceland	No	No	20,0
Daphni Yellow	EGF-Minimum & Target Fund size Facility	France	No	No	40,0
EAF-Austria	European Angels Fund S.C.A. SICAR – aws Business Angel Fonds (Austria)	Austria	No	No	0,5
EAF-Finland	European Angels Fund S.C.A. SICAR - Finland	Finland	No	No	0,5
EAF-Germany	EIF-ERP in EAF Germany, ERP in EAF Germany, RCR13 in EAF Germany	Germany	No	No	0,9
EAF-Germany	EIF-ERP in EAF Germany, ERP in EAF Germany, RCR13 in EAF Germany	Germany	No	No	5,0
Eden Biocapital I	EGF-Minimum & Target Fund size Facility, EIF, RCR21	Belgium	No	No	40,0
Eir Ventures I AB	EGF-Minimum & Target Fund size Facility, SDUF – Health Compartment	Sweden	Yes	No	30,0
Elaia DV 4 Fund	EIF, IFE Facility for Early Stage (COVID-19), RCR20	France	Yes	No	20,0
Eleven Fund III Cooperatief U.A.	EGF-Minimum & Target Fund size Facility, JER-009 Additional Fund	Bulgaria	No	No	22,5
Endeit Fund III Coöperatief U.A.	EFSI ESCALAR, EFSI Sub-Window 1 (Growth Stage), EIF in EFSI Sub-Window 1, ERP, NPI Invest NL - DFF	Netherlands	Yes	No	55,0
Eurazeo Growth Fund III S.L.P.	EGF-Minimum & Target Fund size Facility, EIF, ERP in GFF-EIF Growth, GFF in GFF-EIF Growth, RCR21	France	No	No	90,0
Fabric Ventures Fund 2021 SCSp	IFE - AI / Blockchain, Luxembourg Future Fund – VC Fund of Funds	Luxembourg	Yes	No	25,0
Feelsgood Social Impact Investment Fund I	EGF-Minimum & Target Fund size Facility	Croatia	Yes	No	6,0
Finch Capital Europe Fund III Cooperatief UA	NPI Invest NL - DFF	Netherlands	Yes	No	10,0
Food Tech Opportunity Fund II SCSp	EFSI Sub Window 1 – Impact Investing, EIF, EIF in EFSI Sub-Window 1, ERP, RCR20	France	Yes	No	44,2
Forbion Capital Fund V C.V.	EIF, ERP, LfA-EIF 3, RCR21	Netherlands	No	No	22,7
Forbion Growth Opportunities Fund I C.V.	EGF-Minimum & Target Fund size Facility, NPI Invest NL - DFF	Netherlands	Yes	No	30,0
Fortino Capital Venture II	EGF-Minimum & Target Fund size Facility, NPI Invest NL - DFF	Belgium	No	No	30,0
FPCI Serena Data Ventures II	EGF-Minimum & Target Fund size Facility	France	No	No	30,0
Frontline Venture Fund III Limited Partnership	EGF-Minimum & Target Fund size Facility	Ireland	Yes	No	8,6
FRST 2 FPCI	EGF-Minimum & Target Fund size Facility	France	No	Yes	12,8
Genesis Ventures Fund	JER-001 Additional Funds	Greece	No	No	20,0
GP Bullhound Opportunity Fund I SCSp	EGF-Existing Funds Top-up Facility	Sweden	No	No	50,0
Headline Europe VII GmbH & Co. KG	EIF, ERP, RCR21	Germany	No	No	35,0
Headline Growth III ESCALAR GmbH & Co. KG	EFSI ESCALAR	Germany	Yes	No	70,0
Heartcore Capital Fund IV KS	EGF-Minimum & Target Fund size Facility	Denmark	No	Yes	1,0
Heartcore Capital Progression Fund Beta KS	EGF-Minimum & Target Fund size Facility	Denmark	Yes	No	10,1
I&I Biotech Fund I SCSp	EGF-Minimum & Target Fund size Facility, IFE Facility for Early Stage (COVID-19)	Czech Republic	Yes	No	25,0
Icebreaker Fund II Ky	EGF-Minimum & Target Fund size Facility, IFE Facility for Early Stage (COVID-19)	Finland	Yes	No	25,0
Idinvest Smart City Fund II	EGF-Minimum & Target Fund size Facility, EIF, ERP, RCR21	France	No	No	40,0

Deal Name	Resource(s)	Team Location	EFSI SMEW	EFSI IIW	Commitment (€m)
Innobio 2	EGF-Minimum & Target Fund size Facility	France	No	No	30,0
Inovo Fund Coöperatief U.A.	EGF-Minimum & Target Fund size Facility	Poland	Yes	No	4,4
Invivo Ventures F.C.R.	EGF-Minimum & Target Fund size Facility	Spain	Yes	No	10,0
Jeito S.L.P.	EGF-Minimum & Target Fund size Facility, SDUF – Health Compartment	France	No	No	80,0
Karma Ventures II SCSp	Baltic Innovation Fund 2, EGF-Minimum & Target Fund size Facility	Estonia	No	No	39,8
Keen Venture Partners Fund II Coöperatief U.A.	EFSI Sub-Window 1 (Growth Stage), EIF in EFSI Sub-Window 1, NPI Invest NL - DFF	Netherlands	Yes	No	30,0
KHAN Technology Transfer Fund I GmbH & Co KG – ReFIT	ReFIT (COVID-19)	Germany	Yes	No	10,0
Kibo Ventures Fund III, FCRE	EGF-Minimum & Target Fund size Facility	Spain	Yes	No	15,0
Kurma Diagnostics II FPCI	EGF-Minimum & Target Fund size Facility	France	Yes	No	10,0
Kurma Growth Opportunities Fund	EIF, ERP in GFF-EIF Growth, GFF in GFF-EIF Growth, RCR21	France	No	No	40,0
LAUNCHub Fund II Cooperatief U.A.	EGF-Minimum & Target Fund size Facility	Bulgaria	Yes	No	10,0
LSP 7 Cooperatief UA	EIF, ERP in GFF-EIF Growth, GFF in GFF-EIF Growth, LfA-EIF 3, NPI Invest NL - DFF, RCR21	Netherlands	No	No	75,0
LV II Conopus AB	EGF-Minimum & Target Fund size Facility, EIF, RCR21	Sweden	No	No	29,2
Mangrove VI (SCA), RAIF	EIF, RCR21	Luxembourg	No	No	40,0
Market One Capital CO-INVEST SCSp	ReFIT (COVID-19)	Poland	No	No	15,0
MoreVC III RE-FIT Fund, L.P.	ReFIT (COVID-19)	Israel	No	No	15,3
MTIP Fund II SCSp	EFSI Sub-Window 1 (Growth Stage), EGF-Minimum & Target Fund size Facility, EIF in EFSI Sub-Window 1, ERP, SDUF – Health Compartment	Switzerland	Yes	No	50,0
Non disclosable	EGF-Minimum & Target Fund size Facility	France	No	Yes	10,0
Non disclosable	EGF-Minimum & Target Fund size Facility	Germany	Yes	No	32,8
Non disclosable	German CMF	Germany	No	No	-15,8
Non disclosable	EGF-Minimum & Target Fund size Facility	France	Yes	No	10,0
Non disclosable	EGF-Minimum & Target Fund size Facility, EIF, ERP in GFF-EIF Growth, GFF in GFF-EIF Growth, LfA-EIF 3, RCR21	Germany	No	No	60,0
Non disclosable	EGF-Minimum & Target Fund size Facility, EIF, ERP in GFF-EIF Growth, GFF in GFF-EIF Growth, RCR21	France	No	No	40,0
Ocean 14 Capital Fund 1 SCSp	EFSI Sub-Window 1 - Blue economy, EIF in EFSI Sub-Window 1	United Kingdom	Yes	No	35,0
Orbital Ventures SCA SICAV-RAIF	EGF-Minimum & Target Fund size Facility	Luxembourg	Yes	No	9,0
OTB Fund Cooperatief U.A. (ESCALAR)	EFSI ESCALAR	Poland	Yes	No	25,0
Panakes Fund Purple EuVECA	EGF-Minimum & Target Fund size Facility, IFE Facility for Early Stage (COVID-19), SDUF – Health Compartment	Italy	Yes	No	45,0
Partech Growth II SLP	EGF-Minimum & Target Fund size Facility	France	Yes	No	50,0
Prime Ventures VI Cooperatief UA	EFSI ESCALAR, EGF-Minimum & Target Fund size Facility, NPI Invest NL - DFF	Netherlands	Yes	No	80,0
Project A Ventures IV GmbH & Co. KG	EIF, ERP, RCR21	Germany	No	No	35,0
Revent Ventures I GmbH & Co. KG	EIF, ERP, RCR21	Germany	No	No	20,0
Sabadell Asabys Health Innovation Investments, S.C.R., S.A.	SDUF – Health Compartment	Spain	Yes	No	10,0
Samaipata II Capital, FCR	EGF-Minimum & Target Fund size Facility	Spain	Yes	No	20,0
Sarsia Fond III AS	IFE Facility for Early Stage (COVID-19)	Norway	No	No	15,4
Seroba Life Sciences Fund IV	EGF-Minimum & Target Fund size Facility, EIF, RCR21	Ireland	No	No	50,0
SET Fund II Side Fund C.V.	ReFIT (COVID-19)	Netherlands	No	No	12,0
Simpact 2.0	EFSI Sub-Window 1 (Growth Stage), EIF in EFSI Sub-Window 1	Poland	Yes	No	15,1
Slovak Venture Fund S.C.A., SICAR	EGF-Existing Funds Top-up Facility	Slovakia	No	No	20,0
Sofinnova Capital X	EIF, RCR21	France	No	No	25,0
Sound Bioventures Fund I AB	EGF-Minimum & Target Fund size Facility, EIF, RCR21	Denmark	No	No	37,0
South Central Ventures Technology Fund III C.V.	EGF-Minimum & Target Fund size Facility	Croatia	No	No	25,0
Spintop Investment Partners IV AB	EGF-Minimum & Target Fund size Facility	Sweden	No	No	29,2
TCEE Fund IV S.C.A. SICAR	EGF-Minimum & Target Fund size Facility	Austria	No	Yes	20,0
TEV Ventures Vintage III GmbH & Co. KG	EGF-Minimum & Target Fund size Facility	Germany	Yes	No	40,0
Thuja Capital Healthcare Fund III Cooperatief U.A.	EGF-Minimum & Target Fund size Facility	Netherlands	Yes	No	10,0
University Bridge Fund II, L.P.	EGF-Minimum & Target Fund size Facility	Ireland	Yes	No	10,0
UVC Growth Opportunities Fund I GmbH & Co. KG	EIF, ERP in GFF-EIF Growth, GFF in GFF-EIF Growth, RCR21	Germany	No	No	40,0
V-Bio Ventures Fund 2	EGF-Minimum & Target Fund size Facility	Belgium	Yes	No	15,0
Venture Friends III Coöperatief U.A.	IFE Facility for Early Stage (COVID-19)	Greece	Yes	No	25,0

Deal Name	Resource(s)	Team Location	EFSI SMEW	EFSI IIW	Commitment (€m)
Voima Ventures Fund II RE-FIT LP	ReFIT (COVID-19)	Finland	No	No	15,0
Vsquared Ventures I GmbH & Co. KG	EGF-Minimum & Target Fund size Facility, ERP, IFE - Space technologies, LfA-EIF 3	Germany	Yes	No	20,0
Wellington Partners Life Sciences VI GmbH & Co. KG	EGF-Minimum & Target Fund size Facility, EIF, ERP in GFF-EIF Growth, GFF in GFF-EIF Growth, LfA-EIF 3, RCR21	Germany	No	No	60,0
Yield Lab Europe Fund I LP	EFSI Sub Window 1 – Impact Investing, EGF-Minimum & Target Fund size Facility, EIF in EFSI Sub-Window 1, NPI Invest NL - DFF	Ireland	Yes	No	27,5
Ysios BioFund II Innvierte RE-FIT (FCR)	ReFIT (COVID-19)	Spain	No	No	15,0
Ysios Biofund III F.C.R.E.	EGF-Minimum & Target Fund size Facility, SDUF – Health Compartment	Spain	No	Yes	30,0
Venture Capital Total					2.866,6
Equity total					5.217,9

Guarantee Signatures as at December 2021

Deal Name	Resource(s)	Team Location	EFSI SMEW	EFSI IIW	Commitment (€m)
Capped					
AB SEB bankas - EGF - CDG	EGF-Capped Guarantees (unfunded)	Lithuania	No	No	5,6
Allianz Bank Bulgaria - EGF - CDG	EGF-Capped Guarantees (unfunded)	Bulgaria	No	No	2,9
Alpha bank - EGF - CDG	EGF-Capped Guarantees (unfunded)	Greece	No	No	46,2
Altum – S&E GP	EFSI – S&E Pilot	Latvia	Yes	No	13,5
ARP - EGF - CDG	EGF-Capped Guarantees (unfunded)	Poland	No	No	9,6
Attica Bank - EGF - CDG	EGF-Capped Guarantees (unfunded)	Greece	No	No	12,3
Banca Transilvania – S&E GP	EFSI – S&E Pilot	Romania	Yes	No	4,6
Banco BPI - EGF - CDG	EGF-Capped Guarantees (unfunded)	Portugal	No	No	15,2
Banco Comercial Portugues (BCP) - EGF - CDG	EGF-Capped Guarantees (unfunded)	Portugal	No	No	132,0
Banco Santander Totta - EGF - CDG	EGF-Capped Guarantees (unfunded)	Portugal	No	No	8,7
Banque Populaire Occitane - FOSTER-Midi-Pyrenees ERDF	ESIF - MP-ERDF (G&S)	France	No	No	7,6
BCR Social Finance IFN SA – S&E GP	EFSI – S&E Pilot	Romania	Yes	No	2,3
BGK - EGF - CCG	EGF-Capped Guarantees (unfunded)	Poland	No	No	76,2
Brain Capital – S&E GP	EFSI – S&E Pilot	Germany	Yes	No	3,6
Caisse d'Epargne - FOSTER-Midi-Pyrenees ERDFde	ESIF - MP-ERDF (G&S)	France	No	No	7,8
Caixa Geral de Depósitos - EGF - CDG	EGF-Capped Guarantees (unfunded)	Portugal	No	No	130,2
Caixa Geral de Depositos – S&E GP	EFSI – S&E Pilot	Portugal	Yes	No	3,0
Cassa Depositi e Prestiti - EGF - CCG	EGF-Capped Guarantees (unfunded)	Italy	No	No	1.050,0
CERSA - EGF - CCG	EGF-Capped Guarantees (unfunded)	Spain	No	No	191,1
CHANCEN eG – S&E GP	EFSI – S&E Pilot	Germany	Yes	No	6,0
Cooperative Bank of Chania - EGF - CDG	EGF-Capped Guarantees (unfunded)	Greece	No	No	2,9
Cooperfidi - EGF - CCG	EGF-Capped Guarantees (unfunded)	Italy	No	No	3,4
Credit Agricole - Alter'NA	ESIF - EAFRD - Nouvelle Aquitaine	France	Yes	No	6,0
Credit Agricole S.A. - EGF - CDG	EGF-Capped Guarantees (unfunded)	France	No	No	42,0
Credito Emiliano SpA - EGF - CDG	EGF-Capped Guarantees (unfunded)	Italy	No	No	72,5
Deutsche Bildung – S&E GP	EFSI – S&E Pilot	Germany	Yes	No	0,8
DSK Bank - EGF - CDG	EGF-Capped Guarantees (unfunded)	Bulgaria	No	No	19,6
EIT Digital – S&E GP	EFSI – S&E Pilot	Belgium	Yes	No	0,5
Eurobank Bulgaria AD - EGF - CDG	EGF-Capped Guarantees (unfunded)	Bulgaria	No	No	30,7
Eurobank Greece - EGF - CDG	EGF-Capped Guarantees (unfunded)	Greece	No	No	48,5
FINS – S&E GP	EFSI – S&E Pilot	Romania	Yes	No	1,1
Fundacao Jose Neves (FJN) – S&E GP	EFSI – S&E Pilot	Portugal	Yes	No	1,0
Investiciono-razvojni fond Montenegro - COSME - LGF	COSME-LGF	Montenegro	No	No	1,9
Magyar Vállalkozásfejlesztési Alapítvány (MVA) – CCS GF	CCS-GF Enhancement (EFSI)	Hungary	Yes	No	2,0
Mediocredito Trentino Alto Adige (MCTAA) - EGF - CDG	EGF-Capped Guarantees (unfunded)	Italy	No	No	15,4
National Bank of Greece - EGF - CDG	EGF-Capped Guarantees (unfunded)	Greece	No	No	51,5
Non disclosable	EGF-Capped Guarantees (unfunded)	Lithuania	No	No	7,1
Non disclosable	EGF-Capped Guarantees (unfunded)	France	No	No	98,0
Non disclosable	EGF-Capped Guarantees (unfunded)	France	No	No	52,5
Novo Banco SA - EGF - CDG	EGF-Capped Guarantees (unfunded)	Portugal	No	No	27,3
OTP Banka Dionicko Drustvo - EGF - CDG	EGF-Capped Guarantees (unfunded)	Croatia	No	No	10,5
Pekao - EGF - CDG	EGF-Capped Guarantees (unfunded)	Poland	No	No	38,4
Piraeus Bank - EGF - CDG	EGF-Capped Guarantees (unfunded)	Greece	No	No	82,3
PKO Leasing S.A. - EGF - CDG	EGF-Capped Guarantees (unfunded)	Poland	No	No	17,6
POLFUND - COSME - LGF	COSME-LGF Enhancement (EFSI)	Poland	Yes	No	0,9
Polfund - EGF - CCG	EGF-Capped Guarantees (unfunded)	Poland	No	No	4,9
Privredna Banka Zagreb - EGF - CDG	EGF-Capped Guarantees (unfunded)	Croatia	No	No	11,2
ProCredit Bank (Bulgaria) EAD - EGF - CDG	EGF-Capped Guarantees (unfunded)	Bulgaria	No	No	19,6
Raiffeisenbank Bulgaria - EGF - CDG	EGF-Capped Guarantees (unfunded)	Bulgaria	No	No	8,5
Santander Consumer Finance Umbrella - (CE) – S&E GP	EFSI – S&E Pilot	Spain	Yes	No	5,5
Santander Consumer Finance Umbrella - Fundación Universia - S&E GP	EFSI – S&E Pilot	Spain	Yes	No	0,8
Santander Consumer Finance Umbrella - Santander Consumer Finance Benelux BV - S&E GP	EFSI – S&E Pilot	Netherlands	Yes	No	6,3

Deal Name	Resource(s)	Team Location	EFSI SMEW	EFSI IIW	Commitment (€m)
SIAGI - EGF - CCG	EGF-Capped Guarantees (unfunded)	France	No	No	18,5
Siemens Financial Services AB - EGF - CDG	EGF-Capped Guarantees (unfunded)	Sweden	No	No	14,0
Slovene Enterprise Fund - EGF - CDG	EGF-Capped Guarantees (unfunded)	Slovenia	No	No	16,2
StudentFinance - S&E GP	EFSI – S&E Pilot	Spain	Yes	No	0,8
Telerik Academy – S&E GP	EFSI – S&E Pilot	Bulgaria	Yes	No	0,5
Triodos – CCS GF (COVID)	CCS-GF Enhancement (EFSI)	Netherlands	Yes	No	25,2
UAB Finora Kreditas - EGF - CDG	EGF-Capped Guarantees (unfunded)	Lithuania	No	No	3,6
UAB ORION LEASING – EGF – CDG	EGF-Capped Guarantees (unfunded)	Lithuania	No	No	4,2
United Bulgarian Bank - EGF - CDG	EGF-Capped Guarantees (unfunded)	Bulgaria	No	No	19,0
Università degli Studi di Bari Aldo Moro – S&E GP	EFSI – S&E Pilot	Italy	Yes	No	0,1
Universita' Degli Studi Di Torino – S&E GP	EFSI – S&E Pilot	Italy	Yes	No	0,1
Veneto Sviluppo SPA - EGF - CCG	EGF-Capped Guarantees (unfunded)	Italy	No	No	8,4
Capped Total					2.529,8
Private Debt					
Alternative Direct Leasing Fund - increased amount	EFSI - PC Sub-window I (funded)	Spain	Yes	No	10,0
Anthilia BIT IV Co-Investment Fund	EGF-Senior Private Credit (funded)	Italy	No	No	70,0
Cerea Dette III SLP	EGF-Senior Private Credit (funded)	France	No	No	70,0
Eurazeo Private Debt VI	EGF-Senior Private Credit (funded)	France	No	No	70,0
Eurazeo SME Industrial Assets Fund II	EFSI - PC Sub-window I (funded)	France	Yes	No	50,0
Fresh Closed SME Fund I	EGF-Senior Private Credit (funded), NPI Invest NL - DACI	Netherlands	No	No	30,0
Magellano	EFSI - PC Sub-window I (funded)	Italy	Yes	No	30,0
MiiMOSA Transition	EGF-Senior Private Credit (funded)	France	No	No	20,0
Mount Private Debt Fund II	EGF-Senior Private Credit (funded)	Poland	No	No	32,3
Muzinich Diversified Enterprises Credit II	EGF-Senior Private Credit (funded)	Italy	No	No	50,0
October SME IV	EFSI - PC Sub-window I (funded), EGF-Senior Private Credit (funded), NPI Invest NL - DACI	France	Yes	No	40,0
ODDO BHF PRIVATE DEBT RAIF SCA – increased commitment	EFSI - PC Sub-window I (funded)	Germany	Yes	No	5,0
P Capital Partners Transition Partner Fund AB	EGF-Senior Private Credit (funded)	Sweden	No	No	70,0
Predirec ABL-3	EGF-Senior Private Credit (funded)	France	No	No	50,0
Premium Maritime Credit Fund	EGF-Senior Private Credit (funded)	Norway	No	No	53,1
SP EuroCréances 2020 - Classique compartment	EGF-Senior Private Credit (funded)	France	No	No	40,0
SP EuroCréances 2020 – SMEs compartment	EGF-Senior Private Credit (funded)	France	Yes	No	10,0
Tikehau Direct Lending V SCA RAIF	EGF-Senior Private Credit (funded)	Luxembourg	No	No	70,0
Private Debt Total					770,4
Regional					
Banque Populaire du Sud - FOSTER-Languedoc Roussillon ERDF	ESIF-LR-ERDF (G&S)	France	No	No	8,3
Caisse d'Epargne et de Prevoyance - FOSTER-Languedoc Roussillon ERDF	ESIF-LR-ERDF (G&S)	France	No	No	3,6
Crealia/Synersud - FOSTER-Langedoc Roussillon ERDF	ESIF - LR-ERDF Reflows	France	No	No	2,5
United Bulgarian Bank – JER BG Documentary Finance (COVID)	JER-009 Additional Fund	Bulgaria	No	No	5,0
Regional Total					1.500,7
Securitisation					
Alba 12 - EIB SLA / OR	EIF GSM	Italy	No	No	46,4
Aquisgran FT (Spain) SME securitisation - OR	EIF GSM	Spain	No	No	150,0
Banco BPM Synthetic 2021 - EGF ABS SLA	EGF-ABS SLA	Italy	No	No	90,9
BBVA - VELA V SME 2021-1 - EGF ABS SLA	EGF-ABS SLA	Spain	No	No	120,1
BNL - Minerva 2021 - SLA Fronted	EIB-SLA Fronted (EFSI)	Italy	No	Yes	93,8
Deutsche Bank Synthetic 2020-1 SLA Fronted (COVID)	EIB-SLA Fronted (EFSI)	Germany	No	Yes	75,0
EFL Leasing 2021 - 2 (Poland) - OR/SLA (COVID)	EIF GSM	Poland	No	No	177,0
Eurobank Synthetic 2021 (Greece) - EGF ABS SLA	EGF-ABS SLA	Greece	No	No	84,8
Fondo di garanzia per le PMI - SMEi Italy	COSME-LGF in SME Initiative - Italy, EIF GSM, ESIF SISI Italy	Italy	No	No	157,3
IGLOO Green Disintermediation - OR	EIF GSM	Italy	No	No	50,0
Non disclosable	EIB-SLA Fronted (EFSI)	Austria	No	Yes	57,4
Nordea Green SME Synthetics 2021 (Finland) - SLA Fronted	EIB-SLA Fronted (EFSI)	Finland	No	Yes	94,1
ROOF AT S.A., Compartment 2021 (Austria) - EIB SLA / OR (COVID)	EIF GSM	Austria	No	No	50,0

Deal Name	Resource(s)	Team Location	EFSI SMEW	EFSI IIW	Commitment (€m)
Santander Leasing Synthetic 2021 (Poland) – EGF ABS SLA	EGF-ABS SLA	Poland	No	No	73,9
UBI banca RegCap - SLA Fronted (COVID)	EIB-SLA Fronted (EFSI)	Italy	No	Yes	60,1
UniCredit SME Synthetic 2021 (Italy) - SLA Fronted	EIB-SLA Fronted (EFSI)	Italy	No	Yes	120,0
Securitisation Total					1.500,7
Uncapped					
123 Investment Managers - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	France	No	No	52,5
AB Mano Bankas - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Lithuania	No	No	35,0
AB SEB bankas - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Lithuania	No	No	35,0
Abanca Corporacion Bancaria - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	350,0
Aktia - SMEi Finland	SIUGI Finland	Finland	No	No	7,5
Aktia Bank - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Finland	No	No	70,0
ALANTRA DEBT SOLUTIONS UMBRELLA - ALANTRA (SICAR) - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Luxembourg	No	No	21,0
ALANTRA DEBT SOLUTIONS UMBRELLA - ALANTRA RED FIL - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	56,0
Almi Företagspartner AB - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Sweden	No	No	191,1
Almi Företagspartner AB 2 - IFSMEG	InnovFin Enhancement (EFSI)	Sweden	Yes	No	5,3
Alpha Bank - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Greece	No	No	210,0
Alter5 Financial Technologies - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Luxembourg	No	No	105,0
Ark Kapital AB - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Sweden	No	No	39,5
Banca Cambiano Umbrella - Banca Cambiano 1884 - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	56,0
Banca Cambiano Umbrella - Banca Cambiano 1884 (CE) - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	45,5
Banca Cambiano Umbrella - Banca di Pisa e Fornacette Credito Cooperativo S.C.p.A. - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	21,0
Banca Cambiano Umbrella - Cabel Leasing S.p.A. - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	7,0
Banca Comerciala Romana - (RON) - SMEi Romania	SIUGI Romania (RON)	Romania	No	No	11,2
Banca del Mezzogiorno - Mediocredito Centrale - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	35,0
Banca del Mezzogiorno - MedioCredito Centrale - IFSMEG	InnovFin Enhancement (EFSI)	Italy	Yes	No	1,0
Banca di Cividale - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	105,0
Banca Intesa ad Beograd - IFSMEG	InnovFin SMEG	Serbia	No	No	15,0
Banca March - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	210,0
Banca Popolare Etica - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	35,0
Banca Sella - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	39,9
Banca Sistema - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	105,0
Banca Valsabbina - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	150,5
Banco BPI - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Portugal	No	No	560,0
Banco Caminos SA - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	105,0
Banco Comercial Portugues (BCP) - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Portugal	No	No	1.068,9
Banco Cooperativo Espanol - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	140,0
Banco di Desio e della Brianza - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	140,0
Banco Santander - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	729,7
Banco Santander Totta - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Portugal	No	No	560,0
Bank of Valletta - SMEi Malta	SIUGI Malta	Malta	No	No	21,4
BANKINTER - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	350,0
BBVA - Sucursal em Portugal – EGF – UDG	EGF-Uncapped Guarantees (unfunded)	Portugal	No	No	21,0
BGL BNP Paribas - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Luxembourg	No	No	17,5
Biznes Inwestycje Plus ASI SA - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Poland	No	No	98,0
BPCE - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	France	No	No	1.050,0
BPCE 2 - IFSMEG (COVID)	InnovFin Enhancement (EFSI) in COVID-19	France	Yes	No	66,5
BPER - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	245,0
Bulgarian Development Bank - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Bulgaria	No	No	28,0
Burgschaftsbank Baden Wurttemberg - EGF - UCG	EGF-Uncapped Guarantees (unfunded)	Germany	No	No	52,5
Caixa Geral de Depósitos - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Portugal	No	No	805,0
Caixa Geral de Depósitos (CGD) - IFSMEG (COVID)	InnovFin Enhancement (EFSI)	Portugal	Yes	No	15,9
CaixaBank - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	175,0
Cassa Centrale Raiffeisen dell´Alto Adige - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	35,0

Deal Name	Resource(s)	Team Location	EFSI SMEW	EFSI IIW	Commitment (€m)
CFN AD - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Bulgaria	No	No	107,1
CGM Finance - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	28,0
Credit Agricole S.A. - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	France	No	No	350,0
Credit Value Investments - IFSMEG	InnovFin Enhancement (EFSI)	Poland	Yes	No	3,9
Credito Emiliano SpA - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	105,0
DBT Capital AB - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Sweden	No	No	99,2
ENTREPRENEUR INVEST - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	France	No	No	105,0
Erste & Steiermarkische Bank - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Croatia	No	No	245,0
Erste Bank Hungary - IFSMEG	InnovFin Enhancement (EFSI)	Hungary	Yes	No	3,9
Eurobank Bulgaria AD - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Bulgaria	No	No	227,5
EUROBANK CYPRUS LTD - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Cyprus	No	No	35,0
Eurobank Greece - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Greece	No	No	175,0
Europejski Fundusz Leasingowy S.A. - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Poland	No	No	69,5
Finance&invest Brussels - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Belgium	No	No	53,9
FINANCIERE ARBEVEL - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	France	No	No	50,4
Finserve Nordic AB - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Sweden	No	No	209,3
Flex Funding A/S - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Denmark	No	No	40,0
GEDESCO - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	175,0
Gigarant - EGF - UCG	EGF-Uncapped Guarantees (unfunded)	Belgium	No	No	45,0
Glennmont REBS Europe Fund I SCSp - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Luxembourg	No	No	105,0
HBOR - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Croatia	No	No	35,0
Hellenic Bank - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Cyprus	No	No	35,0
Illimity Bank - UDG - EGF	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	150,5
ING Belgium - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Belgium	No	No	280,0
Intesa Sanpaolo - (ex Mediocredito Italiano) - IFSMEG (COVID)	InnovFin Enhancement (EFSI)	Italy	Yes	No	20,0
INVEGA - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Lithuania	No	No	39,9
Inveready Asset Management - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	28,0
Inveready Convertible Finance - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	29,9
Kobus Partners Management SGEIC, SA - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	140,0
Landeskreditbank Baden-Württemberg (L-Bank) - EGF - UCG	EGF-Uncapped Guarantees (unfunded)	Germany	No	No	39,9
Libra Bank - (RON) - SMEi Romania	SIUGI Romania (RON)	Romania	No	No	11,2
Malta Development Bank - EGF - UCG	EGF-Uncapped Guarantees (unfunded)	Malta	No	No	56,0
Malta Development Bank - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Malta	No	No	35,0
Mediocredito Trentino Alto Adige (MCTAA) - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	140,0
Memo Bank - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	France	No	No	70,0
Merkur Andelskasse - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Denmark	No	No	28,0
Montepio - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Portugal	No	No	700,0
National Bank of Greece - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Greece	No	No	875,0
Non disclosable	EGF-Uncapped Guarantees (unfunded)	Luxembourg	No	No	315,0
Non disclosable	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	175,0
Non disclosable	EGF-Uncapped Guarantees (unfunded)	France	No	No	125,0
Non disclosable	EGF-Uncapped Guarantees (unfunded)	Netherlands	No	No	175,0
Non disclosable	EGF-Uncapped Guarantees (unfunded)	Finland	No	No	28,0
Non disclosable	EGF-Uncapped Guarantees (unfunded)	France	No	No	665,0
Non disclosable	EGF-Uncapped Guarantees (unfunded)	France	No	No	350,0
Non disclosable	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	28,0
Non disclosable	EGF-Uncapped Guarantees (unfunded)	Denmark	No	No	369,6
Nordea Bank Abp - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Finland	No	No	910,0
Novo Banco SA - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Portugal	No	No	367,5
NUEVO MICRO BANK - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	175,0
October Factory- EGF - UDG	EGF-Uncapped Guarantees (unfunded)	France	No	No	26,6
Oma Savings Bank - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Finland	No	No	105,0
OP OSUUSKUNTA 2 (OP Cooperative Bank) - SMEi Finland	SIUGI Finland	Finland	No	No	1,1
Oquendo Capital SGEIC SA - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	40,0

Deal Name	Resource(s)	Team Location	EFSI SMEW	EFSI IIW	Commitment (€m)
PayRay UAB - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Lithuania	No	No	154,0
Piraeus Bank - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Greece	No	No	210,0
PMV/z-Leningen - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Belgium	No	No	77,0
Privredna Banka Zagreb - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Croatia	No	No	70,0
Raiffeisen Bank - (EUR) - SMEi Romania	SIUGI Romania (EUR)	Romania	No	No	6,0
Raiffeisen Bank - (RON) - SMEi Romania	SIUGI Romania (RON)	Romania	No	No	16,8
Raiffeisenbank Bulgaria - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Bulgaria	No	No	119,0
Riva y Garcia Gestion - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	35,0
Sabadell Venture Capital - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	103,7
Santander Asset Management - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	156,8
Savings Banks Union Coop - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Finland	No	No	87,5
SID - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Slovenia	No	No	105,0
Slovenska Sporitelna - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Slovakia	No	No	140,0
Slovenska zarucna a rozvojova banka - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Slovakia	No	No	56,0
Sowalfin - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Belgium	No	No	105,0
Stiftelsen Norrlandsfonden - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Sweden	No	No	24,5
Strategic Banking Corporation of Ireland (SBCI) - EGF - UCG	EGF-Uncapped Guarantees (unfunded)	Ireland	No	No	184,8
Swedish Export Credit Agency (EKN) - EGF - UCG	EGF-Uncapped Guarantees (unfunded)	Sweden	No	No	140,9
Tenax QIAIF ICAV - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Ireland	No	No	87,5
Tresmares Direct Lending - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Spain	No	No	157,5
Triana SME Lending – EGF – UDG	EGF-Uncapped Guarantees (unfunded)	Luxembourg	No	No	175,0
UAB SME Bank - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Lithuania	No	No	70,0
UniCredit Umbrella - UniCredit Bank Czech Republic and Slovakia a.s. - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Czech Republic	No	No	210,0
UniCredit Umbrella - Unicredit Banka Slovenija d.d. - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Slovenia	No	No	56,0
UniCredit Umbrella - UniCredit Bulbank A.D. - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Bulgaria	No	No	122,5
Unicredit Umbrella - Unicredit Leasing Bulgaria - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Bulgaria	No	No	7,0
Unicredit Umbrella - Unicredit Leasing Croatia - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Croatia	No	No	17,5
UniCredit Umbrella - UniCredit Leasing Slovakia, a.s. - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Slovakia	No	No	7,0
UniCredit Umbrella - Unicredit S.p.A (CE) - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Italy	No	No	74,9
UniCredit Umbrella - Zagrebacka banka d.d. - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Croatia	No	No	210,0
Vaekstfonden - EGF - UDG	EGF-Uncapped Guarantees (unfunded)	Denmark	No	No	156,9
Uncapped Total					20.245,1
Guarantee Total					25.065,3

Inclusive Finance Signatures as at December 2021

Deal Name	Resource(s)	Team Location	EFSI SMEW	EFSI IIW	Commitment (€m)
Capacity Builiding Investments					
Fed Invest EaSI-CBI - MF	EaSI-CBI	Albania	No	No	2,0
Helenos - EaSI-CBI - MF/SE	EaSI-CBI	Belgium	No	No	3,0
Microcredito di Impresa - Easi CBI - MF	EaSI-CBI	Italy	No	No	1,5
Capacity Builiding Investments Total					6,5
Capped					
Adie - EGF - CDG	EGF-Capped Guarantees (unfunded)	France	No	No	17,6
Almi Företagspartner AB - EGF - CDG	EGF-Capped Guarantees (unfunded)	Sweden	No	No	11,5
Aros Kapital 2 - EaSI - MF	EaSI-GFI MF	Sweden	No	No	4,0
Banca Popolare Etica - EGF - CDG	EGF-Capped Guarantees (unfunded)	Italy	No	No	6,1
BDB Leasing EAD - EGF - CDG	EGF-Capped Guarantees (unfunded)	Bulgaria	No	No	2,2
Caisse des dépôts et consignations - EaSI - MF Guarantee	EaSI-GFI MF	France	No	No	4,9
Colonya Caixa d'Estalvis de Pollença - EaSI 2 - SE	EaSI-GFI SE	Spain	No	No	0,3
COOPERATIVE BANK OF KARDITSA - EGF - CDG	EGF-Capped Guarantees (unfunded)	Greece	No	No	2,1
Erste & Steiermarkische Bank 2 - EaSI - MF	EaSI-GFI MF	Croatia	No	No	0,3
FED Invest - EaSI - MF	EaSI-GFI MF	Albania	No	No	1,6
FULM Savings House - EaSI MF	EaSI-GFI MF	North Macedonia	No	No	0,6
LA NEF - EGF - CDG	EGF-Capped Guarantees (unfunded)	France	No	No	13,4
Microfinance Ireland - EGF - CDG	EGF-Capped Guarantees (unfunded)	Ireland	No	No	6,3
Microstart SCRL 2 - EaSI MF	EaSI-GFI MF Enhancement (EFSI)	Belgium	Yes	No	3,1
Opportunity Bank Serbia - EaSI - MF	EaSI-GFI MF	Serbia	No	No	2,0
Pekao WC Loan 2 - EaSi - MF	EaSI-GFI MF	Poland	No	No	4,7
Ponture - EaSI MF	EaSI-GFI MF Enhancement (EFSI)	Sweden	Yes	No	2,2
QREDITS - EGF - CDG	EGF-Capped Guarantees (unfunded)	Netherlands	No	No	26,3
Qredits 2 - EaSI – SE	EaSI-GFI SE	Netherlands	No	No	1,5
Raiffeisen Bank Czech - EaSI - MF	EaSI-GFI MF	Czech Republic	No	No	0,5
Slovenska Sporitelna 2 - EaSI - MF	EaSI-GFI MF	Slovakia	No	No	0,8
Taurus Fondas UAB - EGF - CDG	EGF-Capped Guarantees (unfunded)	Lithuania	No	No	3,0
TISE - EGF - CDG	EGF-Capped Guarantees (unfunded)	Poland	No	No	9,1
Capped Total					124,2
Loans					
Alter Modus LLC - EaSI Funded - MF	EaSI - Funded Product	Montenegro	No	No	10,0
Banca Popolare Etica - EaSi Funded - SE	EaSI - Funded Product	Italy	No	No	10,0
Bolsa Social - EaSI-CBI	EaSI-CBI	Spain	No	No	0,5
Cooperative Bank of Karditsa (Greece) – EaSI CBI – MF	EaSI-CBI	Greece	No	No	2,5
Finora Capital - EasI Funded - MF	EaSI - Funded Product	Estonia	No	No	2,0
Hupoteeklaen (Estonia) – EaSI Funded - MF	EaSI - Funded Product	Estonia	No	No	5,0
La Nef - EaSi Funded SE	EaSI - Funded Product	France	No	No	10,0
Marginalen Bank Bankaktiebolag - EaSI Funded - MF	EaSI - Funded Product	Sweden	No	No	9,9
Merkur Andelskasse - EaSI Funded - SE	EaSI - Funded Product	Denmark	No	No	10,0
Microcredito di Impresa - EaSI Funded - MF	EaSI - Funded Product	Italy	No	No	3,2
Mikro Kapital - EaSI Funded - MF	EaSI - Funded Product	Romania	No	No	2,0
Qredits Netherlands– EaSI Funded - MF	EaSI - Funded Product	Netherlands	No	No	10,0
ROMCOM - EaSI Funded MF	EaSI - Funded Product	Romania	No	No	2,1
SOCODEN - EaSi Funded - SE	EaSI - Funded Product	France	No	No	10,0
Loans Total					87,1
Inclusive Finance Total					217,8

2021 Transactions

Glossary of abbreviations

AI	Artificial Intelligence
AlpGIP	Alpine Growth Investment Platform
AMUF	Asset Management Umbrella Fund
B2B	Business to Business
BT	Blockchain
CA&ES	Climate Action and Environmental Sustainability
CCS GF	Cultural and Creative Sectors Guarantee Facility
CEE	Central and Eastern Europe
CEETT	Central & Eastern European Technology Transfer Platform
CEFoF	Central Europe Fund of Funds
CMF	Corona Matching Facility
COSME	Programme for Competitiveness of Enterprises and Small and Medium-sized Enterprises
COSME LGF	COSME Loan Guarantee Facility
CRM	Customer Relationship Management
CYPEF	Cyprus Entrepreneurship Fund
DACH	Deutschland, Austria, Confœderatio Helvetica
DACI	Dutch Alternative Credit Instrument
EAFRD	European Agricultural Fund for Rural Development
EaSI	Employment and Social Innovation programme
EDGE	Economic Dividends for Gender Equality
EEA	European Economic Area
EFSI	European Fund for Strategic Investments
EGF	European Guarantee Fund
ERP	European Recovery Programme
ESCALAR	European Scale-up Action for Risk Capital
ESG	Environmental, Social, and Governance
FEBEA	European Federation of Ethical and Alternative Banks and Financiers
FOSTER	Fonds Occitanie de Soutien Territorial aux Entreprises Régionales
GAIP	Group Alignment Implementation Plan
GFF	German Future Fund
InnovFin SMEG	InnovFin SME Guarantee
IPO	Initial Public Offering
IRR	Internal Rate of Return
JEREMIE	Joint European Resources for Micro to Medium Enterprises
LS	Life Sciences
M&A	Merger and Acquisition
MM	Mid-Market
NPIs	National Promotional Institutions
NYSE	New York Stock Exchange
PE	Private Equity
PPGs	Public Policy Goals
R&D	Research and Development
RCR	Risk Capital Resources
REACT-EU	Recovery Assistance for Cohesion and the Territories of Europe
ROI	Return on Investment
RRF	Recovery and Resilience Facility
S&E	Skills & Education Guarantee Pilot
SCOP	Société Coopérative de Production
SDUF	Sustainable Development Umbrella Fund
TCFD	Task force on Climate-related Financial Disclosures
UNSDGs	United Nations Sustainable Development Goals
VC	Venture Capital
VCoE	Venture Centre of Excellence

Capital and Shareholders

(At 31.12.2021)

The EIF has an authorised capital of €7,370m, divided into 7,370 shares with a nominal value of €1m each. On 31 December 2021, 7,300 shares were subscribed and the EIB held 59.4% (4,336) of the issued shares, the EU represented by the EC held 30% (2,190 shares) and 38 financial institutions held 10.6% (774 shares).

Country	Financial Institutions	Numbers of shares
Austria		21
	UniCredit Bank Austria AG	8
	Raiffeisen Bank International AG	7
	Erste Group Bank AG	5
	Austria Wirtschaftsservice Gesellschaft mbH (aws)	1
Bulgaria		5
	Bulgarian Development Bank AD (BDB)	5
Croatia		13
	Croatian Bank for Reconstruction and Development (HBOR)	13
Czech Republic		5
	Národní rozvojová banka, a.s.	5
Denmark		8
	Vækstfonden	8
France		175
	Bpifrance Participations	167
	BPCE	8
Germany		238
	KfW Bankengruppe	167
	NRW.BANK	20
	LfA Förderbank Bayern	18
	Landeskreditbank Baden-Württemberg - Förderbank (L-Bank)	13
	Sächsische Aufbaubank - Förderbank (SAB)	10
	ProCredit Holding AG & Co. KGaA	5
	Bürgschaftsbank Baden-Württemberg GmbH	5
Greece		3
	National Bank of Greece S.A. (NBG)	3
Hungary		5
	MFB Hungarian Development Bank Private Limited Company	5
Italy		87
	Cassa Depositi e Prestiti S.p.A. (CDP)	82
	Intesa Sanpaolo S.p.A.	5
Ireland		10
	Strategic Banking Corporation of Ireland Designated Activity Company (SBCI)	10
Luxembourg		13
	Banque et Caisse d'Epargne de l'Etat, Luxembourg (BCEE)	13
Malta		24
	Bank of Valletta p.l.c.	24
Poland		8
	Bank Gospodarstwa Krajowego (BGK)	8
Portugal		15
	Caixa Geral de Depósitos, S.A.	8
	Banco Português de Fomento, S.A.	4
	Banco BPI S.A.	3
Slovenia		25
	SID banka, d.d., Ljubljana	25
Spain		91
	Instituto de Crédito Oficial (ICO)	49
	Banco Santander, S.A.	33
	Nuevo MicroBank, S.A.U.	5
	Agencia de Innovación y Desarrollo de Andalucía (IDEA)	4
The Netherlands		5
	Invest-NL N.V.	5
Turkey		13
	Industrial Development Bank of Turkey (TSKB)	8
	Technology Development Foundation of Turkey (TTGV)	5
United Kingdom		10
	Barclays Funds Investments Limited (BFIL)	5
	Scottish Enterprise	5
Total		774

Board of Directors

(at 31.12.2021)

Chairman

Werner HOYER[4]
President, European Investment Bank, Luxembourg

Members[5]

Marc DESCHEEMAECKER
Chairman of the Board, De Lijn Centrale Diensten, Belgium

Ambroise FAYOLLE
Vice-President, European Investment Bank, Luxembourg

Kristin SCHREIBER
Director for Chemicals, Food, Retail (Directorate F), Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (GROW), European Commission, Belgium

Markus SCHULTE
Principal advisor for MFF, InvestEU and the relations with EIB and IFIs, Directorate-General for Economic and Financial Affairs (ECFIN), European Commission, Belgium

Eva WITT
Senior Vice President, Head of Customised Finance & Public Clients in Germany, KfW, Germany

Alternates

Nicola DE MICHELIS[6]
Director, Directorate G, Smart and Sustainable Growth and Programme Implementation IV, Directorate-General for Regional and Urban Policy (REGIO), European Commission, Belgium

Armands EBERHARDS
Deputy State Secretary, Ministry of Finance of the Republic of Latvia

Eila KREIVI
Director and Head of the Capital Markets Department, European Investment Bank, Luxembourg

Jean-Christophe LALOUX
Director General, Head of Operations, European Investment Bank, Luxembourg

Jean-David MALO
Director, European Innovation Council and SMEs Executive Agency, established by the European Commission, Belgium

Marinela PETROVA
Deputy Minister of Finance, Ministry of Finance, Bulgaria

Mark SCICLUNA BARTOLI
Executive - Product Management and Development, Business Banking, Bank of Valletta, Malta

EIF Management

Executive management

Alain GODARD
Chief Executive

Roger HAVENITH
Deputy Chief Executive

Directors

Hubert COTTOGNI
Head of Mandate Management

Maria LEANDER
Secretary General, Head of Legal

Martine LEPERT
Head of Human and Resources Management

Jobst NEUSS
Chief Risk Officer, Head of Risk Management

Markus SCHILLO
Chief Operating Officer, Head of Operations and Information Management

Alessandro TAPPI
Chief Investment Officer, Head of Equity Investments and Guarantees

4. Following his nomination by the European Investment Bank, Werner HOYER was appointed by the General Meeting, effective 8 July 2021, to complete the remaining term of office of former EIB Vice-President Dario SCANNAPIECO, following his resignation from the Board of Directors, in connection with his departure from the EIB. The Board of Directors elected Werner HOYER as Chairman on 21 June 2021.
5. The appointment of a member to complete the remaining term of office of Carla DÍAZ ÁLVAREZ DE TOLEDO is still pending, following her resignation from the Board of Directors, effective 7 March 2021, in connection with her resignation from the EIB's Board of Directors.

Audit Board

(at 31.12.2021)

Chair

Sergio SIERRA
Head of Funding and Treasury, Instituto de Crédito Oficial, Spain

Members

Jacek DOMINIK
General Counsel, Ministry of Finance, Poland

Georgiana VAN ROMPUY
Internal Auditor, Internal Audit Service of the European Commission, Belgium

Alternate member

José Manuel PACHO SANCHEZ
Director-General for Corporate Resources, Instituto de Crédito Oficial, Spain

6. Following his nomination by the European Commission, Nicola DE MICHELIS was appointed by the General Meeting, effective 15 January 2021, to complete the remaining term of office of Eric VON BREKSA, following his resignation from the Board of Directors, in connection with his departure from the EC's Directorate-General for Regional and Urban Policy.

Audit & Controls

The EIF is characterised by a multi-layered control environment embedded in the EU institutional framework and aligned with the financial sector's principles and best practices.

The EIF's first layer of control is exercised through internal processes and procedures developed and implemented by the Executive Management by means of financial and operational controls designed to enable effective and efficient day-to-day operations, ensure reliable financial reporting, compliance with applicable rules and policies and achieve the EIF's objectives.

In this context, the EIF's procedural and organisational framework sets out the competences, authorities and reporting lines within the EIF, with a view to ensuring segregation of duties both horizontally, through the interaction between front office, middle office and back office services and vertically, through central control by the Board of Directors of the decision-making process in relation to all business activities.

The second layer of control consists of independent risk and compliance functions, which implement an ex-ante risk assessment and reporting framework for each transaction proposed for approval, complemented by ex-post risk monitoring where relevant *(see sections on Risk Management and Legal Services)*.

The EIF maintains an Internal Control Framework (ICF) and produces an ICF report annually. The ICF relies in particular on a risk control matrix outlining the main risks to which the EIF is exposed. Through the ICF, the Executive Management is in a position to obtain the necessary comfort that key risks related to the EIF's business activities are properly identified, that control objectives are defined, that significant risks are mitigated and that the controls designed to achieve these objectives are in place and are operating effectively.

Each year the ICF is complemented with an independent opinion from an external audit firm on the design and effectiveness of the key controls of the mandate-related processes throughout the year, in line with the internationally recognised ISAE-3402 standard (type 2 report).

The ICF and the ISAE-3402 reports form the basis for the confirmation by the Chief Executive to the Audit Board that the main risks have been identified and mitigated throughout the reporting period.

The risks, control objectives and agreed improvements described in the ICF are reviewed by Internal Audit, which, on the basis of the audits and the follow-up on agreed action plans performed, expresses an opinion on the achievement of the control objectives in the audited areas and on the design and effectiveness of the related internal controls.

The third layer includes both internal and external audit activities that are coordinated by the Audit Board. The Audit Board, as an oversight and controlling body, conducts its activity in accordance with the standards of the audit profession and relies on both internal and external audit assurances in order to confirm annually that, to the best of its knowledge and judgement, the operations of the EIF have been carried out in compliance with the Statutes and the Rules of Procedure and that the financial statements give a true and fair view of the financial position of the EIF as regards its assets and liabilities and of the results of its operations for the financial year under review. This information is included in the annual report submitted by the Board of Directors to the EIF's Annual General Meeting.

In order to discharge its duty in relation to the financial statements, the Audit Board may have recourse to external auditors. The audit of the financial statements of the EIF for the year ending 31 December 2021 was carried out by KPMG Luxembourg, as external auditor.

KPMG performs its audits in accordance with the International Standards on Auditing (ISA) and is committed to informing the EIF Executive Management and the Audit Board of any material weaknesses in the design or implementation of internal controls over financial information that come to its attention during the audit of the financial statements. While performing the audit of the annual accounts, KPMG is acting independently, fulfilling the duty imposed on it by the Code of Professional Ethics adopted in Luxembourg by the Commission de Surveillance du Secteur Financier (CSSF).

Internal Audit (which is outsourced to EIB Internal Audit) examines and evaluates, on an independent and objective basis, the relevance, design and effectiveness of the internal control systems and procedures within the EIF.

To that end, a yearly audit plan covering all key processes of the EIF, including those to be assessed at EIB Group level, is established, on the basis of a risk-assessment methodology, in alignment with the ICF. The plan is discussed with the Executive Management and the external auditor prior to being submitted to the Audit Board for approval.

In line with the Internal Audit Charter, Internal Audit examines the EIF's activities in order to support the Executive Management's statement on the design and effectiveness of internal controls, risk management and administration. Internal Audit reports on its findings by means of recommendations and agreed action plans to improve the EIF's control and working procedures.

The Head of Internal Audit reports regularly on the execution of the internal audit programme to the Executive Management, the Audit Board and the Chairman of the Board of Directors. Internal Audit adheres to the professional and ethical guidance issued by the Institute of Internal Auditors and the Information Systems Audit and Control Association and is subject to a regular quality assurance and improvement programme that covers all aspects of the internal audit activity. Moreover, Internal Audit shall comply with the internal policy statements governing their actions.

In addition to the maintenance of an internal control environment in line with the highest standards of the financial and banking sector, the EIF is subject to periodic reviews by independent control bodies such as the European Court of Auditors (ECA), the Internal Audit Service of the EC and national or regional authorities entrusted with the task of monitoring the correct utilisation of funds under the relevant rules and within their respective remits.

Risk Management

The EIF's mission is supported through a robust and coherent approach to risk management which seeks to ensure the highest quality standards for its operations and the best corporate rating from the major rating agencies.

Risk Management is based on the so-called "three-lines-of-defence" model, which permeates all areas of the EIF's business functions and processes. These are first line – front office; second line – independent risk management and compliance; and third line – internal and external audit.

The COVID-19 pandemic continued to affect global economic instabilities and uncertainties prevailed over the reporting period. As part of EIB Group, the EIF provided a key contribution to the financial support of European SMEs in this difficult economic environment. The EIF more than doubled its pre-pandemic business volume in 2021 and this continuous high level of growth of the EIF's transaction volumes not least challenged the capacities of Risk Management in the context of its ex-ante risk analysis of transactions and risk surveillance of EIF's transaction portfolios.

As an additional challenge in the difficult transactional environment, EIF Risk Management also stood in the centre of intra-Group efforts to harmonise and align risk policies and procedures with best banking and market practices. This required specific contributions from EIF Risk Management to the implementing of the Group Risk Management Framework on the basis of the Group Risk Management Charter and the integration of various key risk considerations into Group documents, such as the Group ICAAP and ILAAP, the Group Risk Appetite Framework and the Group Capital Plan under the lead of the Group Chief Risk Officer.

Compliance

The EIF's compliance risk assessment strives to protect the institution, notably against risks that could have an adverse effect on its reputation. Under the terms of its Compliance Charter, the Compliance team assesses - in line with best market practices and in line with the EIB Group's policy framework – the (i) institutional, (ii) transactional and (iii) ethical aspects of the EIF's compliance risk.

The principles of permanence and independence are included in the EIF Compliance Charter and materialise through the unrestricted direct access of the Chief Compliance Officer to the Chief Executive, the Deputy Chief Executive, the Board of Directors and the Audit Board.

The compliance risk assessment in the transactional area follows a risk-based approach and is reflected in the independent compliance opinion provided to the EIF decision-making bodies. It is implemented through compliance risk scorings provided in the compliance opinions, in particular on the risk of the EIF being involved (or used) in (i) money laundering and terrorism financing cases and (ii) tax avoidance schemes.

In 2021 EIF's transaction volumes again increased significantly, in light of the EU-wide efforts to mitigate the economic fallout of the pandemic. EIF Compliance was able to maintain its standards of quality in the identification and assessment of the risks associated with transactions thanks to its staffing reinforcement in 2020 and the updates of its related Money Laundering and Terrorist Financing Risks procedures and controls.

In line with applicable best banking and market practices, the EIF continues to pursue a number of compliance initiatives across the EIB Group for the purpose of establishing a modern and robust governance framework for risk consolidation, taking into account the interests and specificities of the EIB, the EIF and at Group level.

Therefore further enhancement of EIF Risk Management, both in terms of resources and organisational setup, is needed.

Data protection

In order to ensure compliance with the data protection regulation for EU institutions and bodies (Regulation EU 2018/1725), the Data Protection Officer (DPO) took a number of initiatives, including but not limited to:

- giving regular training to staff and senior management;
- providing ongoing support to the EIF Services;
- keeping data protection procedures up to date;
- supporting the publication of relevant privacy statements and ensuring the regular update of the Records of Processing Activities (RoPA);
- implementing a tailor-made surveillance programme aimed at verifying EIF ongoing compliance with the data protection regulation;
- ensuring effective cooperation with the European Data Protection Supervisor.

Legal Services

The EIF is supported by a strong in-house legal team whose remit, within its area of responsibility, is to pursue the strategic goals and protect and preserve the legal integrity of the Fund. This is achieved through the provision of legal advice based on the expertise and specialist knowledge of the team throughout the lifecycle of all the EIF's transactional activities and in connection with institutional, strategic and policy-related matters, objectives that are reflected in the legal team's internal structure.

With regard to transactions, in order to address increasing business volumes and the strategic goal of achieving performance gains through specialisation, the transactions team is split into two divisions, one focused on debt transactions and the other on equity transactions.

The legal service's transaction teams work on all stages of transaction implementation, including (i) structuring and product development, (ii) review of proposals to the Investment and Risk Committee and the EIF's Board of Directors, (iii) contractual negotiations and (iv) active portfolio management, in each case in close collaboration with other EIF services.

In terms of institutional and corporate matters, the legal service supports the implementation of good corporate governance, coordinates and advises on contractual arrangements at institutional level. The legal service aims to ensure that the EIF conducts its activities in accordance with its Statutes, mission and values, applicable law and relevant contractual obligations. It further aims to ensure smooth functioning of the EIF's corporate bodies, under the coordination of the EIF's Secretary General.

As a European Union body, a member of the EIB Group and a financial institution, institutional matters concerning the EIF cover a wide range of areas and at times necessitate cooperation with the EIF's shareholders, as well as specific and proactive attention to the development of EU policy and legislative and governance frameworks.

In addition, the legal service is called upon to advise on numerous structuring, corporate, governance and regulatory matters relating to third party mandates, including external structures (funds-of-funds), for which the EIF acts as manager and/or adviser. In order to create the necessary interface between the EIF's institutional role, its mandate management activity and transaction delivery, the activities of the transactions and the corporate and institutional teams are closely coordinated, with the aim of providing seamless advice and expertise across the EIF's business.

Contacts and References

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EIF also has offices in Athens, Bucharest, Istanbul, Madrid, Rome, Sofia.

Europe Direct is a service to help you find answers to your questions about the European Union.

Freephone: 00 800 67 89 10 11

Additional information is also available on the internet: **http://europa.eu**

Disclaimer

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Jacopo Rosati

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#BelieveInSmall

Financial Statements 2021

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Independent Auditor's Report

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

Report of the Réviseur d'Entreprises Agréé

Report on the audit of the financial statements

Opinion

We have audited the financial statements of European Investment Fund (hereafter "the Fund"), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 11 to 92.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF 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 Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, we determined there were three key audit matters as follows:

Recognition of Commission income

Why the matter was considered to be one of the most significant in the audit?
Commission income, representing remuneration for management of mandates entrusted by mandators such as the European Commission or the Member States to EIF for the purpose of implementation of financial instruments on their behalf, is a significant component of the operating profit with EUR 207.7 million of commission income recognized by EIF for the year ended 31 December 2021.

Under contractual agreements, EIF is tasked with deployment and management of mandators' resources for extended periods of time, generally receiving consideration upfront within the first years after the setup of the mandates. EIF developed and implemented a deferred income mechanism for revenue recognition based on input method to consider the timing of cash inflows and stage of completion of these contracts led. As at 31 December 2021, the aggregate amount which EIF expects to be entitled to over the contract life ("transaction price") allocated to the unsatisfied part of the performance obligation amounts to EUR 746.7 million of which EUR 286.0 million has already been invoiced and deferred in contract liabilities. The Fund expects to recognise such revenue over the remaining expected life of the mandates under management.

Deferred income models for revenue recognition are complex and specific to each mandate and the recognition criteria under IFRS 15 involve significant judgments and estimates to be applied by Management in its assessment of revenue to be recognized in the relevant period. Inappropriate judgments made in relation to the methodology and inputs used or the assumptions taken may have a material impact on the amount of commission income to be recognized in the statement of comprehensive income.

The key inputs and assumptions used by Management in its assessment of the revenue to be recognised are detailed in Note 2.13 as well further disclosures are presented in Notes 4.4, 5.3 and 7.3 to the financial statements.

How our audit addressed the area of focus?
Our procedures over the commission income included, but were not limited to:

We obtained an understanding of management's processes and controls for determining the transaction price that EIF expects to be entitled to over the contract life and of the timing of the satisfaction of performance obligation. This included discussing with Management the model preparation governance structure and protocols around their oversight of the cost assessment and corporate operational plan review process and corroborating our understanding by attending meetings with appropriate personnel of EIF.

We have identified key controls in the process, assessed the design adequacy and tested the operating effectiveness of some of key controls. In addition, we obtained the ISAE 3402 report on EIF's internal controls, compared our understanding of identified key controls in the process and inspected the conclusions reached based on the testing of operating effectiveness of those controls and noted no observations or exceptions in the report which allow us to rely on controls over fee accruals calculation, invoicing and preparation and annual review of deferred income models.

We compared the revenue recognition methodology to IFRS 15 and EIF's internal guidelines. We sought explanations from Management where there are judgments applied in their application of the guidelines, discussed and assessed their appropriateness and relevance.

For a selection of mandates, we reconciled the management fees structure in the models to relevant contractual arrangements, assessed the assumptions made to derive the input parameters used in the deferred income models and adequateness of their application, reconciled the input parameters linked to past performance to annual operational reports issued to mandators.

For the selected mandates, we evaluated the fee indicators expected to be triggered in the future according to the Corporate Operational Plan with particular focus on adequateness of constraints applied to the variable component of the transaction price by the Management. We assessed that Corporate Operation Plans are correctly and timely updated to reflect amendments to the contractual arrangements, if any, and the current market absorption of financial instruments deployed under those agreements.

For the selected mandates, we compared the cost assessment over their lifetime to the prior year assessment in order to identify and investigate changes in revenue recognition pattern and recalculated the revenue to be recognized for the current financial year.

Valuation of Financial guarantees

Why the matter was considered to be one of the most significant in the audit?
Financial guarantee portfolio, for which an ongoing credit quality risk monitoring process has been set up to manage the EIF's exposure, comprises both portfolio guarantees and structured financed transactions (together referred to as "G&S transactions"). As at 31 December 2021, EIF's financial guarantees provisions amount to EUR 11.4 million and financial guarantee assets to EUR 32.7 million. Nevertheless, EIF's exposure at risk amounts to EUR 10 872.3 million as at 31 December 2021.

Under IFRS 9, at initial recognition, financial guarantees are recognised at fair value plus transaction costs that are directly attributable to issuance of the financial guarantees.

The receiver leg of the financial guarantees is measured at fair value by discounting future cash flows and the payer leg of the financial guarantees is subsequently measured at the higher of the amount of the loss allowance determined in accordance with IFRS 9 or the amount initially recognised i.e. NPV of expected premium inflows less, where appropriate, cumulative amortisation recognised in accordance with IFRS 15.

Any increase or decrease in the liability relating to financial guarantees, apart from the recognition of new financial guarantees, is recognised in the profit or loss under "Net result from financial guarantee operations".

Any increase or decrease in the fair value of the receiver leg of the financial guarantees is recognised in the profit or loss under "Net result from financial instruments at fair value through profit or loss".

The expected credit loss is recognised in the profit or loss under "Expected credit loss allowance".

Management of EIF has developed a set of tools to measure the credit exposure on G&S portfolio and to analyse and monitor portfolio guarantees and structured finance transactions using Exposure at Default and an internal rating system based on Expected Loss and Weighted Average Life.

IFRS 9 requires in particular the setup of a three-stage model for impairment based on changes in credit quality since initial recognition that leads to change in expected credit loss (ECL) measurement. The Expected Credit Loss is measured on either a 12-months (12M) or Lifetime basis depending on the staging of the exposure.

EIF assigns an internal rating based on quantitative parameters and qualitative aspects to each G&S transaction to estimate the credit quality in accordance with an expected loss concept. Significant judgments and estimates are thus required to be applied by Management in the assessment and measurement of the financial guarantees and related provisions, especially in cases where there are differences between the rating levels assigned to these transactions among external rating agencies and EIF's internal rating, or where the G&S transactions are not externally rated at all. Inappropriate judgments made in relation to the methodology and inputs used or the assumptions taken may have a material impact on the valuation of the financial guarantees portfolio.

The key inputs and assumptions used by management in its assessment of the valuation of financial guarantee and related provisions are detailed in Note 2.4 as well further disclosures are presented in Notes 3.3 and 5.1 to the financial statements.

How our audit addressed the area of focus?
Our procedures over the valuation of the Financial Guarantees included, but were not limited to:

We obtained an understanding of management's processes and controls for determining the valuation of financial guarantees. This included discussing with Management the risk management activities, valuation governance structure and protocols around their oversight of the valuation process and corroborating our understanding by attending meetings with appropriate personnel of EIF. We also involved specialists to review the Internal Rating Model developed by EIF that reflects its assessment of the expected loss of the underlying portfolios of SME loans covered by guarantee agreements with financial intermediaries. The experts were also involved to review the three-stage model for impairment and its impact in the expected credit loss measurement.

We have identified key controls in the process, assessed the design adequacy and tested the operating effectiveness of some of key controls. In addition, we have obtained the ISAE 3402 report on EIF's internal controls, compared our understanding of identified key controls in the process, assessed adequacy of their design and implementation and inspected the conclusions reached based on the testing of operating effectiveness of those controls. We did not note significant observations or exceptions in the report that would prevent us to rely on relevant controls over the financial guarantees process.

We compared management's valuation methodology to IFRS 9 and EIF's internal guidelines. We sought explanations from management where there are judgments applied in their application of the guidelines, discussed and assessed their appropriateness and relevance.

We have considered the impact of COVID-19 throughout the procedures performed on the valuation of financial guarantees, by challenging whether the valuation methodologies and assumptions used remained appropriate, with reference to the COVID-19 impact assessment disclosed in the financial statements.

On a sample basis, we assessed the assumptions made to derive the input parameters used in the Internal Rating Model and adequateness of their application, reconciled the input parameters described in the model documentation, and evaluated the assignment of the internal rating. For externally rated G&S transactions we compared the internal rating to ratings assigned by such agencies and checked that it was in line with EIF policy (second worst). We assessed that internal ratings are correctly and timely updated based on market events. We further assessed additional assumptions made to derive the valuation such as the weighted average life, expected maturity date, tranche full profile of guarantee contracts and present value of guarantee fee income and cross-checked these assumptions with market data where applicable. On a sample basis, we reconciled guarantee calls paid during the year to payment demand notices from financial intermediaries.

We recalculated the provision for financial guarantees based on the expected credit loss three-stage model for impairment.

Valuation of Private Equity investments

Why the matter was considered to be one of the most significant in the audit?
As at 31 December 2021, EIF's Private Equity investments amount to EUR 1 539.7 million. The Private Equity investments portfolio comprises mainly investment funds investing primarily directly or indirectly into unquoted Small and Medium Enterprises. As discussed in Notes 2.3.3.1., 3.1.1.4, 3.2 and 4.3.1 to the financial statements, the fair value of the investment funds is determined by applying either the Fund's percentage ownership in the underlying vehicle to the net asset value (NAV) reflected in the most recent report, adjusted for cash flows or, where available, the share value at the same date, submitted by the respective fund manager.

For the majority of the investments, the most recent NAVs reported by the fund managers is not available at the reporting date of EIF's financial statements, in such cases the application of valuation techniques, assumptions and market impacts (including the impact of COVID-19 pandemic) is necessary to determine the fair value of the Private Equity investments. The application of such valuation techniques involves the exercise of significant judgements by the management in relation to the choice of relevant inputs employed and assumptions used into the respective model used to assess the values of the NAVs not received at the reporting date.

During the year, EIF's Private Equity investments increased significantly from EUR 982 million as at 31 December 2020 to EUR 1 539.7 million as at 31 December 2021. The financial consequences of the COVID-19 pandemic increased significantly the volatility observed at each quarter following the volatility in earnings in the valuation of the underlying investment entities. As a result of these elements, this has increased the level of judgment required to be exercised by EIF Management in determining the fair value of the Private Equity investments as at 31 December 2021. Inappropriate judgements made in relation to the methodology and inputs used or the assumptions taken may have a material impact on the valuation of the Private Equity Investments.

Due to the application of fair value techniques and use of unobservable inputs in the valuation, we considered the valuation of Private Equity Investments as a Key Audit Matters as at 31 December 2021. Auditing the fair value of these investments required a high degree of auditor judgment and increased effort, including the need to involve our valuation specialists.

How our audit addressed the area of focus?
Our procedures over the valuation of private equity investments included, but were not limited to:

We documented and assessed the design and implementation of the valuation processes and key controls in relation to the Private Equity investments.

We tested on a sample basis the mathematical accuracy of the net asset values, the timing of receptions of the investment funds' net asset values and assessed whether the valuation methodologies used were appropriate for the population of investment funds not reporting their NAVs at the reporting date of the EIF's financial statements.

We compared key underlying financial data inputs used by EIF in their valuation to external sources such as relevant indices and financial information of comparable sectors. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report.

We evaluated management's ability to estimate the fair value by comparing the investment funds audited net asset values to prior valuations to understand the reasons for any significant variances and determined whether they are indicative of bias and error in EIF's approach to valuations.

With the assistance of our internal valuation specialists, we evaluated key inputs applied by EIF Management in the statistic model to derive the estimated NAVs for the last quarter. We tested the underlying source information of the assumptions by developing a range of independent estimates to compare those to the inputs used by management.

We tested, on sample basis, management's assumptions through independent analysis and comparison to external sources by inspecting industry reports for each industry in the Private Equity investments, when relevant, to evaluate the consistency of current valuations with expected industry performance and inclusion of significant economic or industry events, when relevant, including the effect of the COVID-19 pandemic.

Other information

The Management is responsible for the other information. The other information comprises the information stated in the annual report and the statement by the Audit Board but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the financial statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 free from material misstatement, whether due to fraud or error, and to issue a report of the "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 these 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 Fund'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 Managers' 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 Fund'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 the "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 the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Luxembourg,
March 9, 2022

KPMG Luxembourg
Société anonyme
Cabinet de révision agréé

M. Tabart

Statement by the Audit Board

The Audit Board, set up pursuant to article 22 of the Statutes of the European Investment Fund ("EIF" or the "Fund"),

acting in accordance with the customary standards of the audit profession,

having designated KPMG Luxembourg, Société anonyme cabinet de révision agréé as external auditor of the EIF pursuant to Art. 19 of the Rules of Procedure,

having studied the financial statements, which comprise the statement of financial position as at December 31, 2021 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 11 to 92 ("the Financial Statements") and such documents which it deemed necessary to examine in the discharge of its duties,

having examined and discussed the report dated 9 March 2022 drawn up by KPMG Luxembourg, Société anonyme cabinet de révision agréé,

noting that this report gives an unqualified opinion on the Financial Statements of EIF for the financial year ending 31 December 2021,

having examined and discussed reports and opinions issued by the EIF's Internal Audit, Risk Management and Compliance and Operational Risk functions,

having received assurance from the Chief Executive in particular concerning the effectiveness of the internal control systems, risk management and internal administration,

considering Articles 17, 18 and 19 of the Rules of Procedure, hereby confirms that to the best of its knowledge and judgement,

the operations of the Fund have been carried out in compliance with the formalities and procedures laid down in the Statutes and the Rules of Procedure;

the Financial Statements give a true and fair view of the financial position of the Fund as regards its assets and liabilities, and of the results of its operations for the financial year under review.

Luxembourg,
March 9, 2022

The Audit Board

Sergio Sierra   Jacek Dominik   Georgiana Van Rompuy

European Investment Fund

Statement of financial position as at 31 December 2021 (expressed in EUR)

Assets	Notes	31.12.2021	31.12.2020
Cash and cash equivalents	4.1	284 939 841	228 209 178
Financial instruments at Amortised Cost:			
Debt investments	4.2		
of which Treasury portfolio	4.2.1	2 445 697 846	1 206 789 028
of which Microfinance Loans	4.2.2	3 887 992	5 234 233
		2 449 585 838	1 212 023 261
Financial instruments at Fair Value through Profit or Loss:	4.3		
Private equity investments	4.3.1	1 539 717 710	982 456 742
Debt investments	4.3.2	381 038 562	322 970 943
		1 920 756 272	1 305 427 685
Financial guarantees	5.1	32 688 191	33 923 129
Other assets	4.4	497 185 700	475 565 152
Intangible assets	4.5	1 219 017	581 272
Property and equipment	4.6	241 856	287 678
Total Assets		5 186 616 715	3 256 017 355
Liabilities			
Provisions for financial guarantees	5.1	11 413 583	11 893 983
Retirement benefit obligations	5.2	667 532 823	803 642 823
Other liabilities and provisions	5.3	533 621 144	461 753 230
Total liabilities		1 212 567 550	1 277 290 036
Equity			
Share capital	5.4		
Subscribed		7 300 000 000	4 500 000 000
Uncalled		(5 840 000 000)	(3 600 000 000)
		1 460 000 000	900 000 000
Share premium		1 098 490 750	437 772 286
Statutory reserve	5.5	450 000 000	424 406 228
Retained earnings	5.5		
of which result brought forward after allocation approved by AGM		660 059 655	557 056 160
of which the re-measurement of the defined benefit obligations		(258 858 622)	(469 104 622)
		401 201 033	87 951 538
Profit for the financial year		564 357 382	128 597 267
Total Equity		3 974 049 165	1 978 727 319
Total Equity and Liabilities		5 186 616 715	3 256 017 355

The notes on pages 15 to 92 are an integral part of these financial statements

Statement of comprehensive income for the year ended 31 December 2021 (expressed in EUR)

	Notes	31.12.2021	31.12.2020
Interest and similar income	7.1	10 607 603	14 841 550
Income from private equity investments	2.11	61 060 323	17 433 906
Net result from financial guarantee operations	7.2	74 446 590	69 689 507
Commission income	7.3	207 723 526	167 000 375
Net result on financial operations	7.4	12 929 162	(9 789 975)
Other operating income	7.5	27 000	27 000
General administrative expenses	7.6		
Staff costs:			
of which wages and salaries		(83 624 009)	(74 848 382)
of which social security and contribution costs		(88 057 116)	(75 143 111)
		(171 681 125)	(149 991 493)
Other administrative expenses		(44 636 741)	(33 759 233)
		(216 317 866)	(183 750 726)
Depreciation and amortisation	4.5, 4.6	(61 222)	(57 597)
Operating profit for the financial year		150 415 116	75 394 040
Net result from financial instruments at fair value through profit or loss			
of which private equity investments	4.3.1	414 955 991	52 960 172
of which financial guarantees	5.1	74 074	(591 997)
of which debt investments	4.3.2	(1 219 514)	384 423
		413 810 551	52 752 598
Expected credit loss allowance			
of which financial guarantees	5.1	58 170	529 263
of which debt investments	4.2	73 545	(78 634)
		131 715	450 629
Profit of the year generated by the change of the fair values		413 942 266	53 203 227
Net profit for the financial year		564 357 382	128 597 267
Other comprehensive income			
Re-measurement of defined benefit obligation not reclassified subsequently to profit/(loss)	5.2	210 246 000	(139 941 000)
Total comprehensive income for the financial year		774 603 382	(11 343 733)

The notes on pages 15 to 92 are an integral part of these financial statements

Statement of changes in equity for the year ended 31 December 2021 (expressed in EUR)

Attributable to equity holders of the Fund

	Notes	Subscribed Capital	Callable Capital	Share Capital	Share Premium	Statutory Reserve	Retained Earnings	Net profit for the financial year	Total Equity
Balance as at 31.12.2019		4 500 000 000	(3 600 000 000)	900 000 000	437 772 286	389 272 605	87 358 039	175 668 122	1 990 071 052
Total comprehensive income									
Net profit for the financial year		0	0	0	0	0	0	128 597 267	128 597 267
Re-measurement of the defined benefit obligation	5.2	0	0	0	0	0	(139 941 000)	0	(139 941 000)
Transactions with owners									
Appropriation of profit inc. dividend	5.5	0	0	0	0	35 133 623	140 534 499	(175 668 122)	0
Balance as at 31.12.2020		4 500 000 000	(3 600 000 000)	900 000 000	437 772 286	424 406 228	87 951 538	128 597 267	1 978 727 319
Total comprehensive income									
Net profit for the financial year		0	0	0	0	0	0	564 357 382	564 357 382
Re-measurement of the defined benefit obligation	5.2	0	0	0	0	0	210 246 000	0	210 246 000
Transactions with owners									
Appropriation of profit inc. dividend	5.5	0	0	0	0	25 593 772	103 003 495	(128 597 267)	0
Share issue	5.4	2 800 000 000	(2 240 000 000)	560 000 000	660 718 464	0	0	0	1 220 718 464
Balance as at 31.12.2021		7 300 000 000	(5 840 000 000)	1 460 000 000	1 098 490 750	450 000 000	401 201 033	564 357 382	3 974 049 165

The notes on pages 15 to 92 are an integral part of these financial statements

Cash Flow Statement for the year ended 31 December 2021 (expressed in EUR)

Cash flows from operating activities	Notes	31.12.2021	31.12.2020
Profit for the financial year		564 357 382	128 597 267
Adjustments for:			
Depreciation and amortisation	4.5, 4.6	61 222	57 597
Net result from financial instruments at fair value through profit or loss	4.3	(413 810 551)	(52 752 598)
Expected credit loss allowance	4.2, 5.1	(131 715)	(450 629)
Interest income on debt investments	7.1	(8 684 195)	(10 988 223)
Net result on sale of private equity investments	7.4	0	(99 365)
Net result on sale of debt investments	7.4	83 438	(110 958)
Provision for financial guarantees	5.1	1 060 035	(7 175 463)
Provision for retirement benefit obligations		47 333 059	41 965 896
		190 268 675	99 043 524
Change in private equity investments	4.3.1	(142 304 977)	(153 221 026)
Financial guarantee calls paid and recoveries received	7.2	(173 253)	25 324
Change in other assets and liabilities		77 050 307	68 794 076
		(65 427 923)	(84 401 626)
Net cash from operating activities		124 840 752	14 641 898
Cash flows from investing activities			
Acquisition of debt investments	4.2, 4.3.2	(1 658 583 406)	(471 827 005)
Proceeds from sale or matured debt investments	4.2, 4.3.2	364 969 365	431 027 513
Interest received on debt investments		5 438 633	13 382 658
Acquisition of intangible assets and property and equipment	4.5, 4.6	(653 145)	(592 875)
Net cash from investing activities		(1 288 828 553)	(28 009 709)
Cash flows used in financing activities			
Capital increase	5.4	1 220 718 464	0
Net cash from financing activities		1 220 718 464	0
Cash and cash equivalents at the beginning of the year	4.1	228 209 178	241 576 989
Net cash from			
Operating activities		124 840 752	14 641 898
Investing activities		(1 288 828 553)	(28 009 709)
Financing activities		1 220 718 464	0
Cash and cash equivalents at the end of the year	4.1	284 939 841	228 209 178

The notes on pages 15 to 92 are an integral part of these financial statements

01. General

The EUROPEAN INVESTMENT FUND (hereafter the “Fund” or “the EIF”) was incorporated on 14 June 1994, in Luxembourg, as an international financial institution. The address of its registered office is 37B, avenue J.F. Kennedy, L-2968 Luxembourg.

The task of the Fund shall be to contribute to the pursuit of the objectives of the European Union.

The Fund shall pursue this task through activities consisting of:

- The provision of guarantees as well as of other comparable instruments for loans and other financial obligations in whatever form is legally permissible,
- The acquisition, holding, managing and disposal of participations in any enterprise subject to the conditions laid down in paragraph 2 (i) of Article 12 of the EIF’s Statutes (“the Statutes”).

In addition, the Fund may engage in other activities connected with or resulting from these tasks as set out in Article 2 of the Statutes. The activities of the Fund may include borrowing operations.

The activities of the Fund shall be based on sound banking principles or other sound commercial principles and practices as applicable. Without prejudice to the provisions of Article 28, the said activities shall be pursued in close co-operation between the Fund and its founder members or between the Fund and its actual members at the relevant time, as the case may be.

The Fund operates as a partnership whose members are the European Investment Bank (hereafter the “EIB”), the European Union, represented by the European Commission (the “Commission”), and a group of financial institutions of Member States of the European Union and of a candidate country. The members of the Fund shall be liable for the obligations of the Fund only up to the amount of their share of the capital subscribed and not paid in.

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

The EIB has a majority shareholding in the Fund. Consequently, the Fund is included in the consolidated financial statements of the EIB Group. The consolidated financial statements are available at the registered office of the EIB at 98-100, boulevard Konrad Adenauer, L-2950 Luxembourg.

02. Significant accounting policies and basis of preparation

2.1 Basis of preparation

2.1.1 Statement of compliance

The Fund's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), as endorsed by the European Union, and on a going concern basis.

The Fund's financial statements have been authorised for issue by the Board of Directors on 8 March 2022.

2.1.2 Basis of measurement

The financial statements have been prepared on an historical cost basis except for the following material items in the statement of financial position as at 31 December 2021:

Private equity investments which are measured at fair value through profit or loss (hereafter "FVTPL");

Debt investments which are measured at fair value through profit or loss;

Expected credit loss on the financial assets and financial liabilities measured at amortised cost (hereafter "AC");

The defined benefit liability is recognised as the present value of expected future payments;

The payer leg of the financial guarantees is measured at the higher of the amount initially recognised less amortisation (if any) under IFRS 15 and the loss allowance determined in accordance with IFRS 9. The receiver leg is measured at fair value through profit or loss by discounting the future cash flows according to IFRS 9.

2.1.3 Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement when applying the Fund's policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in notes 2.3, 2.4, 2.8, 2.9, 2.13, 5.2 and 6.

Judgements and estimates are principally made in the following areas:

Determination of expected credit loss allowance of debt investments at amortised cost as disclosed in note 2.3.1 and 2.3.2;

Determination of fair value of private equity investments as disclosed in notes 2.3.3.1 and 2.3.3.2;

Determination of control or significant influence over investees as described in note 2.3.3.3;

Determination of fair value of debt investments at fair value through profit or loss as disclosed in note 2.3.4;

Determination of expected credit losses for financial guarantees as disclosed in note 2.4;

Determination of contract liabilities and commission income as disclosed in notes 2.9 and 2.13;

Actuaries' assumptions related to the measurement of pension liabilities and post-retirement benefits as described in notes 2.8 and 5.2;

Determination of provision for risks and liabilities as described in note 5.3;

Determination and disclosures of unconsolidated structured entities and investment entities in which the Fund has an interest as described in note 6.

2.1.4 Changes in accounting policies and presentation

The accounting policies adopted have been applied consistently with those used in the previous year.

2.1.5 Foreign currency translation

The Euro (EUR) is the functional and presentation currency.

Depending on the classification of a non-monetary financial asset, exchange differences are recognised either in the profit or loss or in equity.

Non-monetary items are reported using the exchange rate at the date of the transaction (historical cost). Exchange differences on non-monetary financial assets are a component of the change in their fair value. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Monetary items, which include all other assets and liabilities expressed in a currency other than EUR, are reported using the closing exchange rate prevailing at the reporting date of the financial statements, as issued by the European Central Bank. Exchange differences are recognised in the profit or loss in the year in which they arise.

Income and charges in foreign currencies are translated into EUR at the exchange rate prevailing at the date of the transaction.

2.2 Cash and cash equivalents

Cash and cash equivalents comprise short-term, highly-liquid securities and interest-earning deposits with short maturities of three months or less from the date of acquisition, which are measured at amortised cost. No expected credit loss allowance is recognised for cash and cash equivalents as they are considered to have low credit risk.

2.3 Financial assets

2.3.1 Classification and measurement

2.3.1.1 Initial recognition, measurement and de-recognition

All EIF financial assets composed of debt investments at amortised cost, private equity investments at fair value through profit or loss and debt investments at fair value through profit or loss are measured initially at fair value. For financial assets at amortised cost, fair value also includes transaction costs that are directly attributable to its acquisition or issue where applicable. The subsequent measurement is dependent on the classification.

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

All financial assets are de-recognised when the contractual cash flows from such financial assets have expired or when EIF has substantially transferred the control of such assets.

2.3.1.2 Classification

On initial recognition, a financial asset is classified and measured at amortised cost, fair value through other comprehensive income (hereafter "FVOCI") or at fair value through profit or loss. Under IFRS 9, classification starts with determining whether the financial asset shall be considered as a debt instrument or an equity instrument.

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to deliver cash or other financial assets, that evidence a residual interest in the issuer's net assets and that do not give the holder the right to put the instrument back to the issuer for cash or another financial asset or that is automatically put back to the issuer on occurrence of an uncertain future event.

Classification and subsequent measurement of debt instruments depend on:

- The EIF's business model for managing the asset; and
- The contractual cash flow characteristics of the asset.

A debt instrument is classified at AC if it meets both the following conditions and is not designated at FVTPL at initial recognition:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI criteria) on the principal amount outstanding.

A debt instrument is classified at FVOCI only if it meets both the following conditions and is not designated at FVTPL at initial recognition:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are fulfilling the SPPI criteria.

The above requirements should be applied to an entire financial asset, even if it contains an embedded derivative.

On initial recognition of an equity instrument that is not held for trading, the Fund may irrevocably elect to present subsequent changes in other comprehensive income. This election is made on an investment-by-investment basis.

All other financial assets are classified and measured at FVTPL.

Business model assessment

The Fund makes an assessment of the objective of a business model in which a debt instrument is held at a portfolio level because this best reflects the way the business is managed and information provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management´s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectation about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the stated objective for managing the financial assets is achieved and how cash flows are realised.

The EIF business model is to hold future cash flows.

SPPI criteria

For the purpose of this assessment, "principal" is defined as the fair value of the debt instrument on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The information considered includes:

- Contingent events that would change the amount and timing of cash flows;
- Performance participation features;
- Prepayment terms;
- Terms that limit the Fund`s claim to cash flows from specified assets; and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

2.3.1.3 Fair value measurement

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 EIF 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 ongoing 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 as described hereafter.

For financial instruments that trade infrequently and have limited price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

2.3.1.4 Expected credit loss measurement

The Fund assesses on a forward-looking basis the expected credit loss associated with its financial assets that are not measured at FVTPL. In the statement of financial position, the expected credit loss allowance is netted against the gross amounts.

Expected credit loss is recognised for the treasury portfolio, the microfinance loans and the financial guarantees. For more details, see note 3.3.1.5.

No expected credit loss allowance is recognised for cash and cash equivalents and other assets as they are considered to have low credit risk.

2.3.2 Debt investments at amortised cost

Debt investments at amortised cost are composed of the treasury portfolio and microfinance loans. They are held by the Fund with the intention to collect contractual cash flows and classified at amortised cost. As part of the Fund's business model, disposals of these debt investments at amortised cost are considered to be infrequent or insignificant in volume.

As classified and measured at amortised cost, a 12 month or lifetime expected credit loss depending on the allocated staging is calculated and accounted for at each reporting date. See note 3.3.1.5.

2.3.3 Private equity investments at fair value through profit or loss

Private equity investments (hereafter "PE") at fair value through profit or loss include private equity investment funds and the EIF's exposure in the European Fund for Strategic Investments SME window through sub-window 1 of the private credit tailored for SMEs product and its senior tranche exposure through sub-window 2 of the equity product.

2.3.3.1 Fair value measurement of the Private e quity investments

Private equity (PE) investments are measured at FVTPL and disclosed in accordance with the fair value hierarchy required by IFRS 13. Given the nature of PE, market prices are often not readily available and in the absence of these, valuation techniques (level 3 according to the fair value hierarchy) are applied.

For the valuation of PE, the Fund further breaks down these valuation techniques into three categories as follows:

Category A - funds that have adopted the fair value requirements of IFRS 9 or International Private Equity and Venture Capital guidelines (IPEV valuation guidelines). The fair value is calculated by applying the aggregated Net Asset Value (NAV) method. This valuation method implicitly assumes that if the NAVs of underlying funds can be considered as equivalent to the fair value as determined under IFRS 9, then the aggregation of the NAVs of all funds will itself be equivalent to the fair value as determined under IFRS 9.

Category B - funds that have adopted other valuation guidelines or standards that can be considered as in line with IFRS 9 from which an equivalent NAV can be calculated.

Category C – funds that have not adopted the fair value requirements of IFRS 9 or any other valuation guidelines complying with IFRS 9. These investments are further classified as:

> Category C.1 – the valuation of investments under this sub-category is re-performed internally by either Equity Investments & Guarantees department or Data Validation and Input division, depending on the service in charge of the funds.

> Category C.2 – investments under this sub-category are internally fair valued by analysing the information communicated by fund managers when providing the NAV on a quarterly basis.

Although it is assumed for category A and B that the NAV is a reliable estimation of the fair value and a specific review is performed, it must be stated that underlying investments have been estimated in the absence of readily ascertainable market values. Due to the inherent uncertainty of valuations, and current market conditions, actual results in the future could differ from the fund managers' estimates of values and such differences may be material to the financial statements.

The fair value is determined by applying either the Fund's percentage ownership in the underlying vehicle to the net asset value reflected in the most recent report, adjusted for cash flows or, where available, the precise share value at the same date, submitted by the respective fund manager.

However following the COVID-19 pandemic and the volatility observed in terms of performance, EIF enhanced its valuation technique to estimate any adjustment on the fair value of the PE investments for the NAVs not reported by the fund managers at the reporting date of EIF's financial statements. In particular, EIF is considering the below elements to determine the fair value of the Private equity investments:

Observable trends from the last quarter NAVs available at the reporting date;

Insight information collected from the markets;

Comparison of the performance of the benchmarks, i.e. the MSCI benchmark, with the performance of the portfolio by reviewing the correlation between the portfolios.

For the last quarter NAVs not available at the reporting date and based on the three above elements considered all together, EIF through its Portfolio Investment and Risk Committee for equity ("IRC-E") on performance determined an adjustment rate to derive an estimate of the performance.

2.3.3.2 Fair value measurement of the EIF's senior tranche exposure

Given the nature of EIF's exposure in the European Fund for Strategic Investments SME window through sub-window 1 of the private credit tailored for SMEs product and its senior tranche exposure through sub-window 2 of the equity product, valuation technique (level 3) according to the fair value hierarchy are applied. The net paid in represents the drawdowns paid net of any capital repayments. The fair value is composed of unrealised gains arising on EIF share of the waterfalls, if any, and the 2.5% of internal rate return expected on the underlying portfolio calculated in arears. At each reporting date, the internal rate return is reviewed and adjusted according to the performance of the underlying investments. Finally, the carrying amount of EIF's senior tranche exposure may be adjusted in case the junior tranche owned by a third party is fully utilised to cover future losses.

2.3.3.3 Interests in joint ventures and associates

The EIF complies with the conditions necessary to use the venture capital organisations and similar entities measurement exemption included in IFRS 11 and IAS 28.1 and consequently decides not to use equity accounting in respect of any investments in joint ventures or associates: upon initial recognition, holdings in the joint ventures or associates are designated as at fair value through the profit or loss, and measured subsequently at fair value, with changes in fair value recognised in the profit or loss during the year of the change.

Joint ventures are contractual agreements whereby the EIF and other parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control (the venturers).

The shares acquired by the EIF typically represent investments in private equity or venture capital funds. According to industry practice, such investments are generally investments subscribed to by a number of investors, none of whom is in a position to individually influence the daily operations and the investment activity of such funds. As a consequence, any membership by an investor in a governing body of such a fund does not, in principle, entitle said investor to influence the day-to-day operations of the fund. In addition, individual investors in a private equity or a venture capital fund do not determine policies of a fund such as distribution policies on capital repayments or other distributions. Such decisions are typically taken by the management of a fund on the basis of the shareholders' agreement governing the rights and obligations of the management and all shareholders of the fund. The shareholders' agreement also generally prevents individual investors from bilaterally executing material transactions with the fund, interchanging managerial personnel or obtaining privileged access to essential technical information.

The EIF's investments, made for its own account or on behalf of its mandate providers, are executed in line with the aforementioned industry practice. In addition, the Fund is exposed to variability of returns from these investments. Therefore, in considering whether it has control, the Fund considers whether it manages key decisions that most significantly affect these investments' returns. As a result and according to IFRS 10, the Fund has concluded that it does not control those vehicles.

Associates are entities in which EIF has significant influence, but not control or joint control, over the financial and operating policies.

2.3.4 Debt investments at fair value through profit or loss

These financial assets consist of Asset-Backed Securities with SME loans in the underlying portfolios, which take the form of notes issued by Special Purpose Vehicles ("SPV") or financial institutions.

At the reporting date, the whole portfolio does not pass the SPPI test and is thus classified and measured at FVTPL.

2.4 Financial guarantee operations

Financial guarantee contracts are contracts that require the EIF to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees consist of a receiver leg and a payer leg. The financial guarantees are presented in the statement of financial position by offsetting the receiver leg with the payer leg. They are initially recognised at fair value plus transaction costs that are directly attributable to the issuance of the financial guarantees. At initial recognition, the obligation to pay corresponds to the Net Present Value (NPV) of expected premium inflows. The EIF has developed a model to estimate the NPV. This calculation is performed at the starting date of each transaction.

Subsequent to initial recognition, the payer leg of the financial guarantees is measured at the higher of:

the amount of the loss allowance determined in accordance with IFRS 9; or

the amount initially recognised i.e. NPV less, where appropriate, cumulative amortisation recognised in accordance with IFRS 15 Revenue from contracts with customers.

The receiver leg is then measured at fair value through profit or loss by discounting the future cash flows according to IFRS 9.

The EIF's amortisation of the amount initially recognised is in line with the risk profile of the transactions. The transaction is fully amortised following full repayment of a securitisation tranche.

In the event that the measurement of a financial guarantee contract results in a net asset position, then the operation is presented in the statement of financial position under "Financial guarantees".

In the event that this results in a net liability, then the guarantee is presented in the statement of financial position under "Provisions for financial guarantees".

Any increase or decrease in the fair value of financial guarantees is recognised in the profit or loss under "Net result from financial instruments at fair value through profit or loss".

Other increases or decreases, such as amortisation of the payer leg but not including the recognition of new financial guarantees, are recognised in the profit or loss under "Net result from financial guarantee operations".

The expected credit loss is recognised in the profit or loss under "Expected credit loss allowance".

2.5 Other assets

Other assets which are accounted for at amortised cost include mainly the funds designated to cover the pension liability, accrued commission income, debtors and contract assets.

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Fund performs services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

2.6 Intangible assets

Intangible assets include the development costs of software that are capitalised under specific conditions such as identifiable expenses or existence of a future benefit for the Fund.

Intangible assets are valued at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated on a straight-line basis over the following estimated useful lives:

Purchased software:	2 to 5 years
Internally generated software:	3 years

2.7 Property and Equipment

2.7.1 Property and Equipment

Equipment is stated at cost less accumulated depreciation and impairment losses. Equipment is reviewed for indications of impairment at the date of the statement of financial position.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Fixtures and Fittings:	3 to 10 years
Office Equipment:	3 to 5 years
Computer Equipment and Vehicles:	3 years
Buildings:	30 years

2.7.2 Impairment of non-financial assets

The EIF assesses at each reporting date the carrying amounts of the non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If the carrying amount exceeds the estimated recoverable amount, impairment losses are recognised in the profit or loss.

2.8 Employee benefits

2.8.1 Post-employment benefits

Pension fund

The EIF operates an unfunded pension plan of the defined benefit type, providing retirement benefits based on final salary. The cost of providing this benefit is calculated by the actuary using the projected unit credit cost method. The defined benefit liability is recognised as the present value of expected future payments.

Actuarial valuations involve making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date. Due to the long-term nature of this pension scheme, such estimates are subject to significant uncertainty.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are debited or credited to equity in other comprehensive income in the period in which they arise.

The Fund's defined benefit scheme was initiated in March 2003 to replace the previous defined contribution scheme. The scheme is financed by contributions from staff and the Fund. These amounts are transferred to the EIB for management with the EIB's own assets and appear on the Fund's statement of financial position as an asset under the heading "Other assets".

The charge for the year, actuarial gains and losses, and the total defined benefit obligation are calculated annually by qualified external actuaries.

Optional supplementary provident scheme

The optional supplementary provident scheme is a defined contribution pension scheme, funded by voluntary staff contributions and employer contributions. It is accounted for on the basis of the contributions from staff and employer and the corresponding liability is recorded in "Other liabilities".

Health insurance scheme

The Fund has subscribed to a health insurance scheme with an insurance company for the benefit of staff at retirement age, financed by contributions from the Fund and its employees. The entitlement is of a defined benefit type and is based on the employee remaining in service up to retirement age and on the completion of a minimum service period. The expected costs of this benefit are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. Health insurance liabilities are determined based on actuarial calculations, performed annually by qualified external actuaries.

2.8.2 Short-term employee benefits

Employee entitlements to short-term benefits are recognised when they accrue to employees. A provision is made for the estimated liability for any outstanding short-term benefit entitlement as a result of services rendered by employees up to the date of the statement of financial position.

2.8.3 Other long-term employee benefits

An accrual for other long-term employee benefit costs relating to the year is included in the profit or loss under the heading "Staff costs", resulting in a provision for the estimated liability at the date of the statement of financial position.

2.9 Other liabilities and provisions

Other liabilities are classified according to the substance of the contractual arrangements entered into. Trade payables are non-interest bearing liabilities and are stated at amortised cost. They include contract liabilities that correspond to advance commission income that the Fund receives for services that will be performed in the future. As the service is delivered over time, it will be recognised as revenue on the income statement. For the description of revenue recognition, see note 2.13.

Provisions are recognised when the Fund has a present obligation, legal or constructive, as a result of a past event, and it is probable that the Fund will be required to settle that obligation.

All financial liabilities are de-recognised when such liabilities are extinguished and the contractual cash flows from such financial liabilities have expired.

2.10 Interest and similar income

Interest income and similar income is recognised in the profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method based on the purchase price including direct transaction costs. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

2.11 Income from Private equity investments

Income from Private equity investments includes capital dividends and repayments, which are recognised in the statement of comprehensive income when the EIF's investment cost is fully reimbursed.

2.12 Net result from financial guarantee operations

Net result from financial guarantee operations includes:

- Amortisation of the payer leg of the financial guarantees;
- Intermediation and risk cover fees, including for risk-sharing mandates;
- Net guarantee calls.

2.13 Commission income

This heading includes fees and commissions on active mandates and advisory activities but excludes guarantee premiums.

A mandate is a delegation agreement (hereafter "agreement") signed between the EIF and a Mandator under which the EIF is designated responsibility for the implementation of a desired programme designed in order to support small and medium-sized businesses access finance, in return for which it is entitled to receive management fees and commissions.

The EIF receives remuneration from mandate management and advisory activities under an agreement with a set of clearly defined service requirements.

Commission income is recognised when control of the services is transferred at an amount that reflects the consideration that the EIF expects to be entitled to in exchange for these services in accordance with IFRS 15.

Fees and commissions are recognised on an accruals basis when the service foreseen under an agreement has been provided. Management, advisory and service fees are recognised based on the applicable service contracts, usually on a pro-rata basis. Asset management fees related to investment funds are recognised over the period in which the service is provided.

The EIF considers services promised under agreements to be a series of distinct services that are satisfied over time (continuous service) and the same methodology is used to measure progress. Given the service criteria to be met, the EIF accounts for all of the services that make up the series as a single performance obligation.

The amount of commission income received is fixed or variable, based on certain criteria depending on different variable components such as percentage of the EU contribution committed or linked to this single performance obligation. If the consideration includes a variable amount, the EIF estimates the amount of consideration to which it will be entitled to in exchange for transferring the services to the customer.

Regarding the performance obligations satisfied over time, the EIF uses the "Input Method" to recognise income on the basis of its efforts or inputs to the satisfaction of these performance obligations and recognise over the time such fees.

Part of the management fees earned by the EIF can be seen as incentive or performance fees. They usually relate to the deployment of the mandate rather than on returns or profits resulting from the investments.

However, maximum amounts, or "caps" on management fees are applicable to certain mandates managed by the EIF. Where this applies, management fees will likely cease to be received before the end of the mandate, which is typically in 15 to 25 years, and will be paid over a limited timeframe such as in the first few years of the mandate, and which are therefore not correlated with the services performed and costs incurred by the EIF.

The EIF uses a deferred income policy (further referred to as "contract liabilities mechanism") to address the issue of misalignment in cost of managing the mandates as incurred by EIF and the revenue recognised due to the administrative and performance fees cap issue that is further compounded by billing indicators being concentrated during the availability periods of the mandates.

The contract liabilities mechanism is based on the total costs to be incurred by the EIF in relation to the mandate using ex-ante financial models for all new mandates as part of their approval process. The three main drivers of the ex-ante model are actual data in terms of: (i) number of transactions, (ii) mandate size, and (iii) duration of the mandate together with the total income to be recognised each year to ensure cost coverage or at least to meet the expected cost/income ratio determined as part of the mandate approval process. This deferral policy ensures sustainable operations and revenue recognition based on percentage of completion of the contract.

The EIF takes into account the fee structure of all relevant mandates and exercises its judgement concerning revenue recognition as follows:

Determination of the transaction price

For mandates in scope of the contract liabilities mechanism where the management fees are capped in their respective contracts and contain a significant portion of variable consideration, management's judgement is required to derive the amount which the EIF expects to be entitled to over the contract life (the "transaction price"), particularly in respect of the uncertainty related to performance fees.

These fees are only included in the transaction price to the extent that it is highly probable that their inclusion will not result in a significant reversal in the future when the uncertainty has been subsequently resolved.

The EIF estimates the transaction price through financial modelling based on expected deployment of the mandates and market absorption of their products having regards to its experience with similar financial instruments and on their actual performance compared to its corporate operational plan. Significant judgement is applied to those fee indicators that are considered to be outside of the EIF's control.

Determination of the timing of the satisfaction of performance obligation

In determining the stage of completion of mandate management contracts, the EIF applies judgement in respect of the expected costs for the duration of these contracts, which serves as input in the deferred income models to determine the timing of the transaction price recognition in the commission income. The EIF has developed a cost assessment methodology that takes into account the expected costs at various stages of lifecycle of the mandates based on the efforts needed. The transaction price is then allocated to each period on a constant cost/income ratio that is revised annually based on the actual performance of the mandate.

2.14 New standards and interpretations not yet adopted or not yet effective

The following IFRS and IFRIC interpretations applicable to the EIF were issued but are not yet effective. The Fund has chosen not to early adopt these standards and interpretations. The Fund plans to adopt them at the date of endorsement by the European Union.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2):

An entity is now required to disclose its material accounting policy information instead of its significant accounting policies. Accounting policy information may be material because of its nature, even if the related amounts are immaterial; it is material if users of the financial statements would need it to understand other material information in the financial statements. If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The amendments are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023.

Definition of Accounting Estimates (Amendments to IAS 8):

The definition of a change in accounting estimates is replaced with a definition of accounting estimates, which are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

A change in accounting estimate that results from new information or new developments is not the correction of an error. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023.

03. Financial Risk Management

Introduction

This note presents information about the Fund's exposure to and its management and control of risks, specifically those associated with its financial instruments.

The following table provides information relating to the main financial assets and financial liabilities by categories of financial instruments for which the Fund is exposed to risks:

31.12.2021	Amortised cost	Fair value through profit and loss	Financial guarantees	Total
Cash and cash equivalents	284 939 841	0	0	284 939 841
Financial instruments at Amortised Cost:				
Debt investments	2 449 585 838	0	0	2 449 585 838
Financial instruments at Fair Value through Profit and Loss:				
Private equity investments	0	1 539 717 710	0	1 539 717 710
Debt investments	0	381 038 562	0	381 038 562
Financial guarantees	0	0	32 688 191	32 688 191
Total Financial Assets	2 734 525 679	1 920 756 272	32 688 191	4 687 970 142
Provisions for financial guarantees	0	0	11 413 583	11 413 583
Total Financial Liabilities	0	0	11 413 583	11 413 583

31.12.2020	Amortised cost	Fair value through profit and loss	Financial guarantees	Total
Cash and cash equivalents	228 209 178	0	0	228 209 178
Financial instruments at Amortised Cost:				
Debt investments	1 212 023 261	0	0	1 212 023 261
Financial instruments at Fair Value through Profit and Loss:				
Private equity investments	0	982 456 742	0	982 456 742
Debt investments	0	322 970 943	0	322 970 943
Financial guarantees	0	0	33 923 129	33 923 129
Total Financial Assets	1 440 232 439	1 305 427 685	33 923 129	2 779 583 253
Provisions for financial guarantees	0	0	11 893 983	11 893 983
Total Financial Liabilities	0	0	11 893 983	11 893 983

3.1.1 Types of risk

The EIF is exposed to three primary categories of risk on its own resources, these are described in the following sections, first in general terms and then specifically by product line.

3.1.1.1 Credit Risk

Credit risk concerns the EIF's Guarantee and Securitisation ("G&S") activity, treasury instruments such as fixed income securities and floating-rate notes held in the treasury portfolio, commercial paper, deposits, microfinance loans and debt investments at fair value through profit or loss. There is a limited credit exposure for the EIF Private Equity portfolio as investments in PE funds represent equity investments and related financing structures and are always made through an equity-like participation.

3.1.1.2 Liquidity Risk

Liquidity risk is the risk that the EIF will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

3.1.1.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Market risk - Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The EIF may invest in financial instruments denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the Euro (EUR).

The Fund's currency risk is kept at a low level with 7.2% of net assets in 2021 (2020: 9.8%) through a policy of limiting its investment in non-euro denominated instruments. The Fund's capital is denominated in EUR and the majority of its assets and liabilities are in that currency.

The table below shows the currency exposure (in EUR) of EIF's financial assets and financial liabilities.

At 31.12.2021 (in EUR)	EUR	Pound Sterling	US Dollars	Other currencies	Sub total except EUR	Total
Cash and cash equivalents	271 142 785	9 863 283	591 818	3 341 955	13 797 056	284 939 841
Financial instruments at Amortised Cost:						
Debt investments	2 449 585 838	0	0	0	0	2 449 585 838
Financial instruments at Fair Value through Profit and Loss:						
Private equity investments	1 269 043 982	107 445 929	122 973 776	40 254 023	270 673 728	1 539 717 710
Debt investments	381 038 562	0	0	0	0	381 038 562
Financial guarantees	31 857 601	0	0	830 590	830 590	32 688 191
Total assets	4 402 668 768	117 309 212	123 565 594	44 426 568	285 301 374	4 687 970 142
Provisions for financial guarantees	9 983 624	10 366	0	1 419 593	1 429 959	11 413 583
Total liabilities	9 983 624	10 366	0	1 419 593	1 429 959	11 413 583
Foreign currencies in % of net assets		3.0%	3.1%	1.1%	7.2%	
Net commitments to private equity	1 555 608 339	45 164 330	86 777 770	51 315 278	183 257 378	1 738 865 717
Guarantees' Exposure at Risk	8 479 304 995	21 619 751	88 268 249	2 283 066 254	2 392 954 254	10 872 259 249
Total Off BS	10 034 913 334	66 784 081	175 046 019	2 334 381 532	2 576 211 632	12 611 124 966

At 31.12.2020 (in EUR)	EUR	Pound Sterling	US Dollars	Other currencies	Sub total except EUR	Total
Cash and cash equivalents	217 748 094	6 611 587	2 674 394	1 175 103	10 461 084	228 209 178
Financial instruments at Amortised Cost:						
Debt investments	1 212 023 261	0	0	0	0	1 212 023 261
Financial instruments at Fair Value through Profit and Loss:						
Private equity investments	798 295 836	80 150 944	73 172 763	30 837 199	184 160 906	982 456 742
Debt investments	322 970 943	0	0	0	0	322 970 943
Financial guarantees	32 804 593	38 628	181 322	898 586	1 118 536	33 923 129
Total assets	2 583 842 727	86 801 159	76 028 479	32 910 888	195 740 526	2 779 583 253
Provisions for financial guarantees	11 164 032	0	0	729 951	729 951	11 893 983
Total liabilities	11 164 032	0	0	729 951	729 951	11 893 983
Foreign currencies in % of net assets		4.4%	3.8%	1.6%	9.8%	
Net commitments to private equity	1 302 332 208	59 347 492	89 245 760	54 850 023	203 443 275	1 505 775 483
Guarantees' Exposure at Risk	3 520 822 435	11 846 960	31 484 174	1 963 735 494	2 007 066 628	5 527 889 063
Total Off BS	4 823 154 643	71 194 452	120 729 934	2 018 585 517	2 210 509 903	7 033 664 546

"Other assets" and "Other liabilities and provisions" are denominated in EUR (for more details please see note 4.4 and 5.3).

Market risk – Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Market risk – Interest rate risk factors specific to activities are disclosed in the respective sections below.

Market risk – Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Market risk – Other price risk factors specific to activities are disclosed in the respective sections below.

3.1.1.4 Risk related to the COVID-19 crisis

On 11 March 2020, the World Health Organisation characterised Covid-19 as a pandemic. Responses to this virus from the various governments in Europe and from the various European bodies such as the European Commission or the European Central Bank have been implemented since and contributed to a stabilisation of performances over 2021. The Management recognises that the effects of the pandemic on the financial markets and on the economy may continue to have a significant impact on the underlying SMEs supported by the Facility. As at 31 December 2021, the valuation of the financial instruments and the following disclosures reflects the economic conditions in existence at that date.

Private Equity investments

In addition to the established processes, EIF set-up a dedicated Investment & Risk Committee to monitor the potential impacts of the COVID-19 crisis on the Private Equity investments in term of cash flows and in term of performance on a quarterly basis. Please refer to note 2.3.3.1 for further details on the enhancement of the valuation process following the COVID-19 pandemic.

However, due to the diversification of the EIF PE portfolio in terms of vintage and sectors, EIF did not observe any significant negative impact as of 31 December 2021. Moreover, the investments supporting innovation were positively impacted after the market rebound in Q2 2020. As a result, the cash inflows and performance during 2021 were high.

Financial Guarantee

Regarding the Financial Guarantee portfolio, EIF monitored the portfolios through the established processes, which did not highlight a deterioration of the financial guarantees in term of credit risk as of 31 December 2021 and 2020. This was driven in part by the moratoria measures implemented at the level of the underlying assets by the various governments and financial institutions in Europe.

3.2 Private equity investments

3.2.1 Risk Management Process

In the framework of the EIF private equity business, the objective of Risk Management is to identify and measure the risk of its portfolio related to PE assets, to monitor its evolution and consistency with the EIF's objectives and to propose corrective actions in case of divergence.

Such investments include private equity investment funds and the EIF's exposure in the European Fund for Strategic Investments SME window through sub-window 1 of the private credit tailored for SMEs product and its senior tranche exposure through sub-window 2 of the equity product.

Risk Management is an integral part of the management of EIF's investment activities.

3.2.1.1 Portfolio Design Process

Designing a portfolio consistent with the EIF's objectives and constraints is a key element of the EIF's investment activity. No liquid market exists for investments in private equity funds. Therefore, only marginal changes to the portfolio composition can be implemented after the portfolio has been built. At this stage Risk Management department ("RM") ensures that the target portfolio is consistent with:

The return objectives of the EIF;

The tolerance for risk of the EIF;

The liquidity needs of the EIF.

3.2.1.2 Investment Process

The investment process of the EIF is led by the Equity Investments & Guarantees ("EIG") department. RM is involved in the investment process from its early stages. Following an initial screening of investment opportunities, RM is called to express its opinion on EIG's request to proceed with a full due diligence. Subsequently RM reviews all the investment proposals prepared by EIG and issues an Independent Opinion to the Chief Executive and Deputy Chief Executive on the merit of the proposed investment. All investment decisions are submitted to the Board of Directors for final approval. Investment decisions are taken by the Board of Directors or under delegation from the Board of Directors to the Chief Executive.

3.2.1.3 Monitoring Process

Monitoring includes the valuation review of PE funds and the monitoring of the portfolio.

Valuation Review

This process is divided into several stages to achieve what is known as Valuation Adjustment:

Reporting: collection of financial reports sent by the fund managers as a basis for valuation (typically on a quarterly basis).

Valuations: assessment as to whether valuations done by the fund managers are in line with best market practice and applicable industry valuation guidelines. The monitoring aims to determine in good faith the fair value of the investments.

Classification of funds: depending on the outcome of the monitoring outlined above, funds are classified into three categories as described in note 2.3.3.1.

Portfolio Monitoring

Through portfolio monitoring, RM assess the evolution of the portfolio composition relative to the return, risk and liquidity objectives of the EIF. The EIF has developed a set of tools to design, monitor and manage the portfolio of PE funds. This set of tools is based on an internal process and model, the Grading-based Economic Model ("GEM"), which allows the EIF to systematically and consistently assess and verify funds' operational quality, valuations and expected performances. This approach, supported by adequate Information Technology ("IT") systems, improves the investment decision process and the management of the portfolio's financial risks.

The Equity Scoring combines the expected relative return of a transaction (i.e. the P (performance)-grade) with its risk score (expressed in %). For each P-grade, three levels of risk are defined ('-' , ' ' and '+').

Therefore, it leads to 12 different grading classes (A+,A,A-,B+,B,B-,C+,C,C-,D+,D,D-).

The Risk Score cut-offs were defined following an extensive back-testing of past transactions at EIF (at the time of their appraisal).

The '-' associated to a P-Grade corresponds to a fund that belongs to the last quartile in term of Risk Score for the given P-Grade.

The'+' associated to a P-Grade corresponds to a fund that belongs to the first quartile in term of Risk Score for the given P-Grade.

A P-grade is kept standard (i.e. without '+' or '-') if the Risk Score of the fund belongs to the second or the third quartile in term of Risk Score for the given P-Grade.

The cut-offs of the Risk Score within a same P-Grade are defined in the below table:

P-Grade (Exp. Perf)		Risk Scoring		
	A	<78%	78-88%	>88%
		A-	A	A+
	B	<73%	73-82%	>82%
		B-	B	B+
	C	<61%	<61-70%	>70%
		C-	C	C+
	D	<47%	47-54%	>54%
		D-	D	D-

The equity monitoring activity is overseen by the Portfolio Investment and Risk Committee for equity. This Committee covers the regular review of the equity portfolio, including changes in equity scores, fund-monitoring status, Watch List, Investment Compliance grades. It also oversees the developments on equity portfolio performance or the occurrence of an event of significance.

3.2.2 Credit risk

Investments in PE funds are always made through an equity-like participation. Even in the case where these are channelled through mezzanine loans, currently representing less than 1% of the portfolio, their risk profile is typically akin to an equity participation. Therefore, the credit risk of the PE portfolio is deemed not significant.

3.2.3 Liquidity risk

PE Funds are generally structured as Limited Partnerships, where the Limited Partners, such as the EIF, commit a certain amount of capital to be called at the discretion of the fund manager, which is acting as General Partner. Such Limited Partnerships are generally structured as closed-end funds; therefore, the discretion of the General Partner in deciding the timing of the capital calls is generally restricted by:

1. The contractual duration of the Limited Partnership, often being 10 to 12 years;
2. The investment period, often being defined as the first 5 years of the life of the Partnership. After the end of the investment period, the General Partner cannot make new investments. Capital calls post investment period are generally made for follow-on investments in existing investee companies or to cover the fees and costs of the Limited Partnership.

Due to the discretion of General Partners in deciding the timing of the capital calls, the schedule of the future liquidity requirements of EIF PE portfolio cannot be precisely defined. However, as a result of the typical Limited Partnership structure described above, the majority of the capital is generally called during the investment period. Conversely, capital reflows resulting from the disposal of the investee companies generally take place after the investment period. Having a portfolio of investments in PE Funds which is well diversified across a wide range of vintage years, such as for EIF PE portfolio (see Chart 1), is an important component in the management of liquidity risk. Liquidity requirements resulting from capital calls of PE funds in the investment period can be matched by the stream of capital reflows generated by older PE funds in their divestment phase. The magnitude of this stream of reflows depends on the market conditions and the proportion of the portfolio that is in its divestment phase. It is also important to notice that, due to the inherent illiquid nature of the PE market, once a commitment has been signed it is difficult for a Limited Partner to sell its interest in a PE fund. Often the only way is by finding a buyer in the secondary market. This is usually only possible by offering to sell at a substantial discount to the fund's Net Asset Value ("NAV").

Chart 1: Vintage Year Diversification of the EIF PE Portfolio as of 31.12.2021

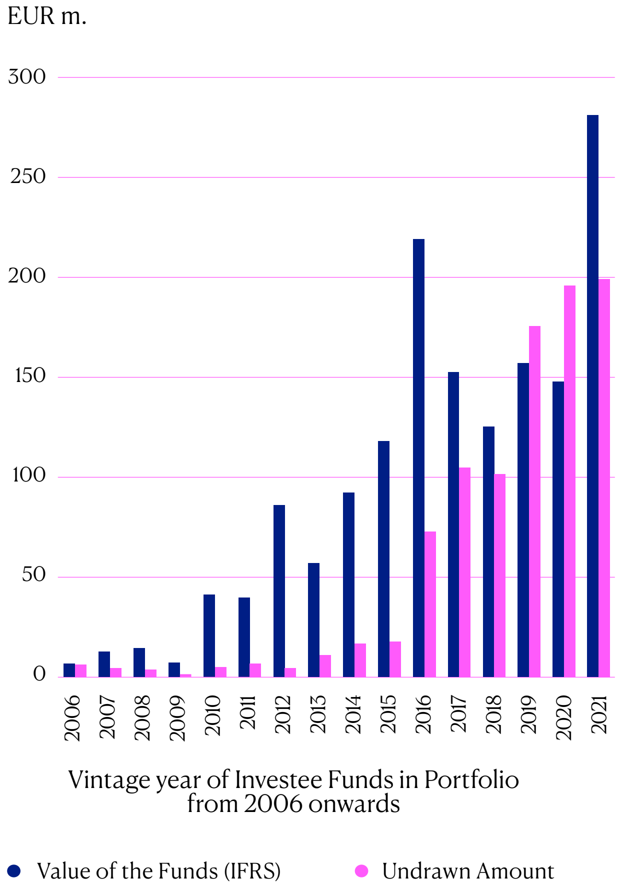


Chart 1: Vintage Year Diversification of the EIF PE Portfolio as of 31.12.2020

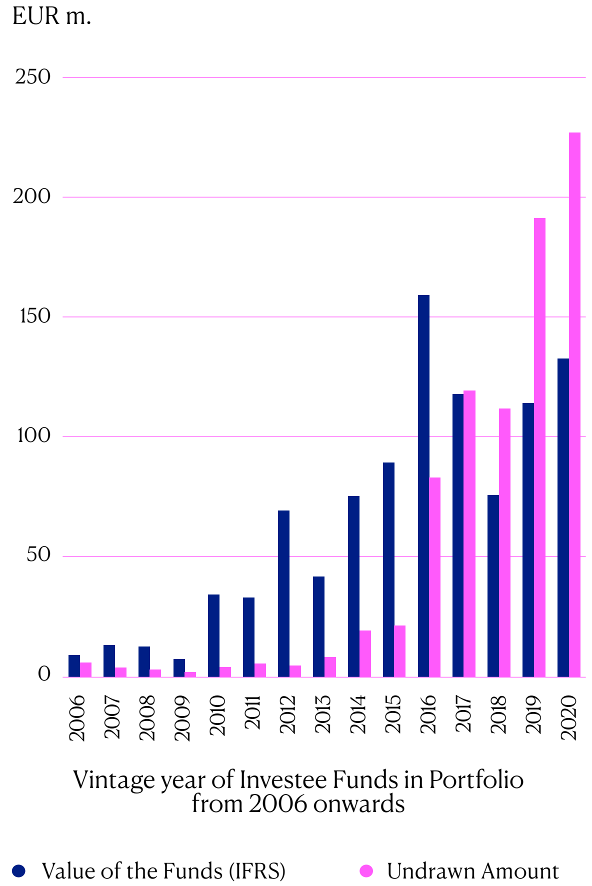


Table 1: Undrawn commitments of the EIF PE portfolio, split by time remaining to the end of the contractual lifetime* of the investee funds

EUR

Private Equity	Not more than 3 months	Three months to one year	One year to 5 years	More than 5 years	Total
As of 31.12.2021	15 821 581	10 417 277	79 502 600	808 142 731	913 884 189
As of 31.12.2020	11 754 659	5 932 029	69 531 823	720 953 745	808 172 256

The duration of the contractual lifetime is generally 10 to 12 years starting from the inception of the fund. There is no obligation for a fund manager to call the full amount of capital committed by the investors.

Table 2: Capital calls net of reflows, which resulted from the EIF PE portfolio

EUR millions	Net Capital Calls	Net Capital Calls in relation to EFSI - SW2	Net Capital Calls in relation to EFSI - Private Credit	Total Net Capital Calls
2021	-45.8	66.6	111.0	131.8
2020	43.4	39.3	79.7	162.4

03. Financial Risk Management

3.2.4 Market risk

The main types of market risk affecting the EIF PE portfolio are equity risk and foreign currency risk. Most funds in the portfolio make little or no use of leverage; therefore, interest rate risk does not directly affect the EIF PE portfolio.

3.2.4.1 Equity risk

Equity risk analysis requires an estimation of the sensitivity of the value of a stock towards a change in value in the overall market where this stock is traded. This can be done based on the Capital Asset Pricing Model. This model uses the beta, i.e. a measure of risk relative to the market, which is estimated by regressing returns of an asset against a public market index.

The specific characteristics of the PE asset class make it difficult to apply traditional approaches to equity risk analysis. While public market asset managers can use reliable statistical data to support their analysis, such data is lacking for PE and in particular for Venture Capital. The analysis of PE returns, volatility and correlations is limited by the relatively short time series of the publicly available data, which is not fully representative of the market, and the inherent lower transparency of the PE market in general. In particular, data does not fully capture the uncertainty of the asset class. Furthermore, as the Internal Rate of Return ("IRR"), the standard performance measure used for PE funds, is capital-weighted, while the performance measure of public market assets is traditionally time-weighted, it is not possible to analyse the correlation between PE and other asset classes without significant adjustments and therefore potentially large biases.

The EIF uses a beta derived from the betas of three listed PE indices, LPX Europe Price Index, LPX Venture Price Index and LPX Buyout Price Index, to estimate the sensitivity of the valuation of the EIF's PE investment to market prices. Regression has been carried out using the Dow Jones Euro Stoxx 50 over the last three years.

Using the most conservative beta from the three indices mentioned above and assuming market price movements of 10 %, the final sensitivity (i.e. beta x 10 %) is applied to the net asset value to give an adjusted net asset value, which is then compared to the net paid in. EIF's PE investment value would be impacted as follows:

31.12.2021

Public market risk: All Private Equity	
+10%	-10%
Retained Beta 0.97	
Final Sensitivity: +9.7%	Final Sensitivity: -9.7%
Profit or loss account	Profit or loss account
(EUR)	(EUR)
101 702 789	(101 702 789)

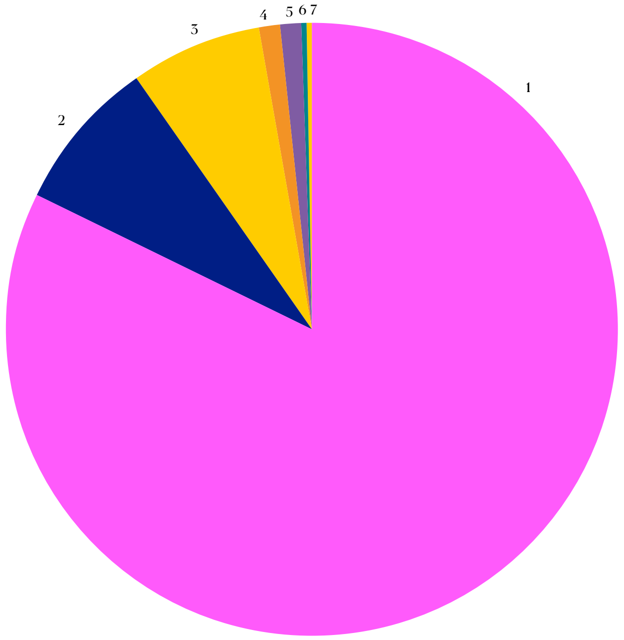
31.12.2020

Public market risk: All Private Equity	
+10%	-10%
Retained Beta 0.96	
Final Sensitivity: +9.6%	Final Sensitivity: -9.6%
Profit or loss account	Profit or loss account
(EUR)	(EUR)
73 346 375	(73 346 375)

3.2.4.2 Foreign currency risk

The currency exposure of the EIF PE portfolio, based on the currency denomination of the investee funds, can be broken down as follows:

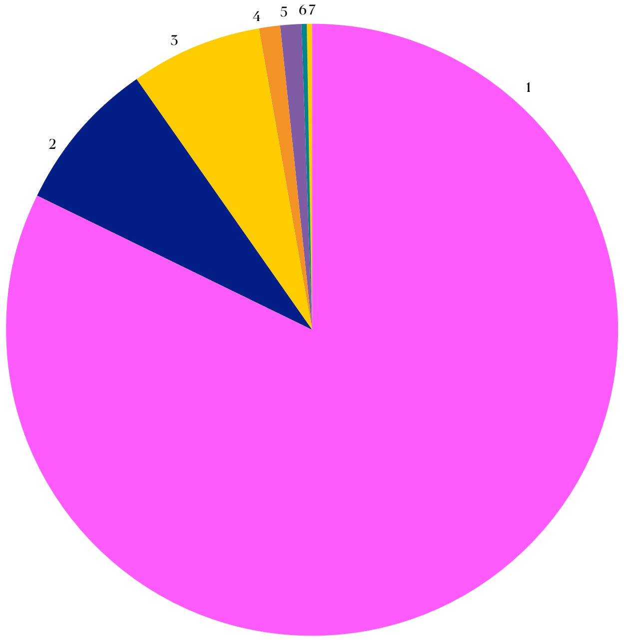
As of 31.12.2021



1. EUR 82.3%
2. USD 8.0%
3. GBP 7.0%
4. SEK 1.3%
5. DKK 1.1%
6. NOK 0.2%
7. CHF 0.1%
8. HUF 0.0%

(as % of the total fair value, EUR 1 539.7m)

As of 31.12.2020



1. EUR 81.3%
2. GBP 8.2%
3. USD 7.4%
4. DKK 1.1%
5. SEK 1.7%
6. NOK 0.2%
7. CHF 0.1%
8. HUF 0.0%

(as % of the total fair value, EUR 982.5m)

For 2021, changes due to foreign exchange rates for private equity investments amount to EUR 11 485 090 (2020: EUR (8 909 476)), which has been recognised in the statement of comprehensive income.

A sensitivity analysis is performed for all currencies representing more than 5 % of the total exposure to assess the impact of currency movements. GBP and USD fall into this category and the impact of an increase/decrease of 15 % vs. the Euro have been simulated below:

31.12.2021

Foreign exchange rate risk	
GBP increase of 15% vs. EUR	GBP decrease of 15% vs. EUR
Profit or loss account	Profit or loss account
(EUR)	(EUR)
16 116 889	(16 116 889)

31.12.2020

Foreign exchange rate risk	
GBP increase of 15% vs. EUR	GBP decrease of 15% vs. EUR
Profit or loss account	Profit or loss account
(EUR)	(EUR)
12 022 642	(12 022 642)

31.12.2021

Foreign exchange rate risk	
USD increase of 15% vs. EUR	USD decrease of 15% vs. EUR
Profit or loss account	Profit or loss account
(EUR)	(EUR)
18 446 066	(18 446 066)

31.12.2020

Foreign exchange rate risk	
USD increase of 15% vs. EUR	USD decrease of 15% vs. EUR
Profit or loss account	Profit or loss account
(EUR)	(EUR)
10 975 914	(10 975 914)

These impacts are measured only at investee fund level. They do not take into account indirect potential impacts on the value of underlying portfolio companies, which could have a different currency exposure than the investee fund (e.g.: a fund denominated in GBP might invest in a company based in Germany or deriving most of its income in EUR).

3.2.5 Idiosyncratic risks

Idiosyncratic or non-systematic risk is a risk unique to a certain asset. This is a type of risk that can typically be managed via portfolio diversification. In the case of the EIF PE portfolio, the main types of idiosyncratic risks identified are strategy risk, geographic risk, fund risk, sector risk and technology risk.

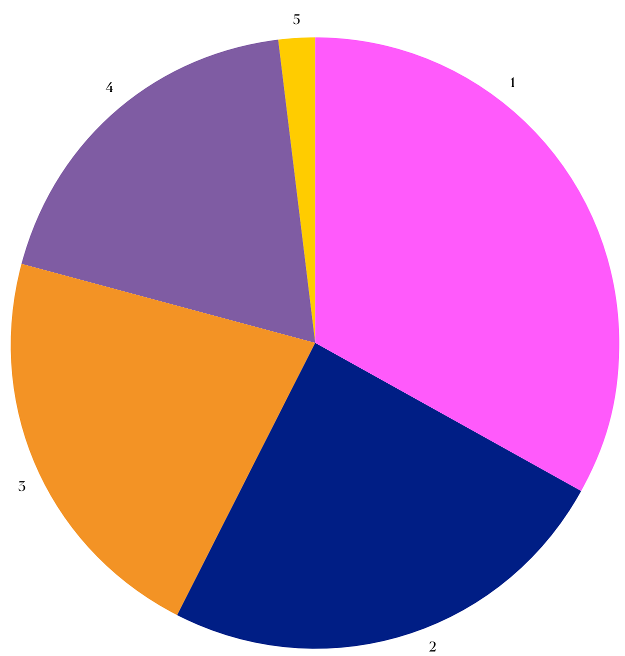
3.2.5.1 Strategy risk

Strategy risk is defined as the risk resulting from over/under-weighting a specific investment strategy. The PE funds in the EIF portfolio can be generally grouped into five main investment strategies:

1. Venture Capital: such definition covers strategies targeting venture capital investments ranging between the Early and Late stage;
2. Private equity: such definition covers strategies targeting Equity and Mezzanine investments at Growth and Buyout stages and targeting Small and Medium size Enterprises ("SMEs");
3. Private Debt: such definition covers strategies targeting direct investments in senior or uni-tranche (secured or unsecured) loans/bonds or in subordinated securities, quasi-equity and hybrid debt instruments;
4. Infrastructure: such definition covers strategies targeting committing equity capital toward tangible, physical assets, whether existing or development phase that are expected to exhibit stable, predictable cash flows over a long-term investment horizon;
5. Generalist: such definition covers strategies of one or more above categories, usually via dedicated fund-of-funds vehicle.

The five strategies follow different dynamics, and involve different risk and return profiles. The EIF portfolio currently has a balanced exposure to Venture Capital and Private Equity, with a smaller exposure to Private Debt, Infrastructure and Generalist funds.

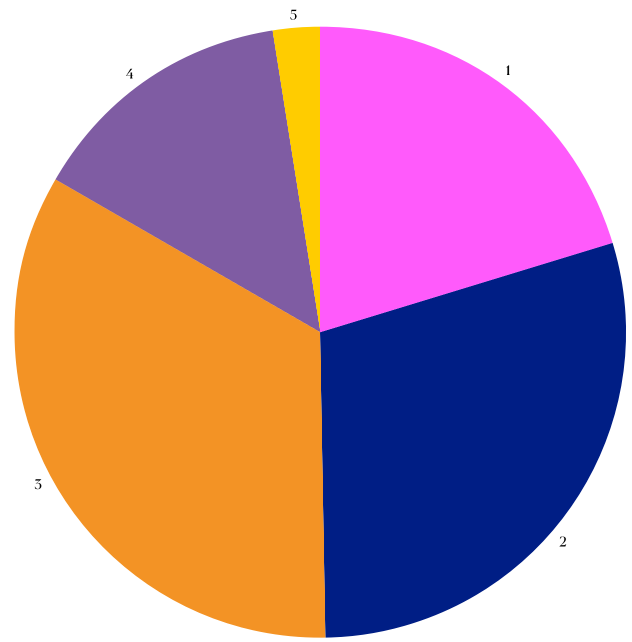
EIF Own Risk PE Portfolio: Fair Value Split by Investment Strategy as of 31.12.2021



1. Venture Capital 33.2%
2. Private Equity 24.5%
3. Private Debt 21.7%
4. Infrastructure 18.8%
5. Generalist 1.8%

(as % of the total fair value, EUR 1 539.7m)

EIF Own Risk PE Portfolio: Fair Value Split by Investment Strategy as of 31.12.2020



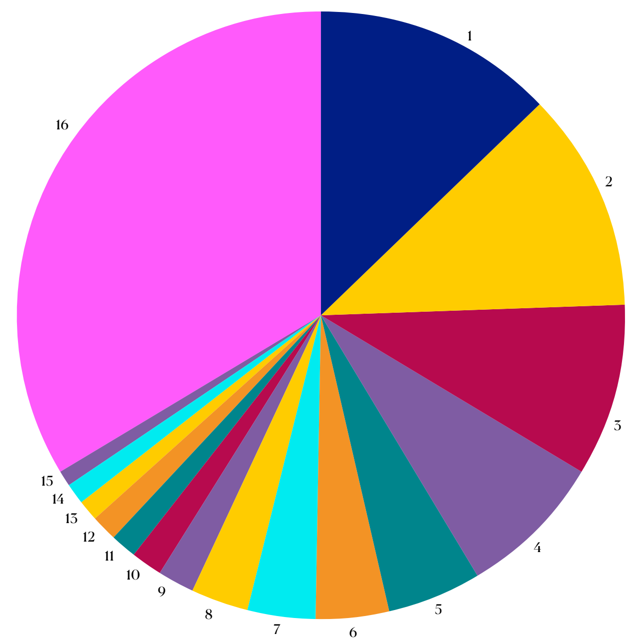
1. Private Debt 20.5%
2. Private Equity 29.3%
3. Venture Capital 33.7%
4. Infrastructure 14.0%
5. Generalist 2.5%

(as % of the total fair value, EUR 982.5m)

3.2.5.2 Geographic risk

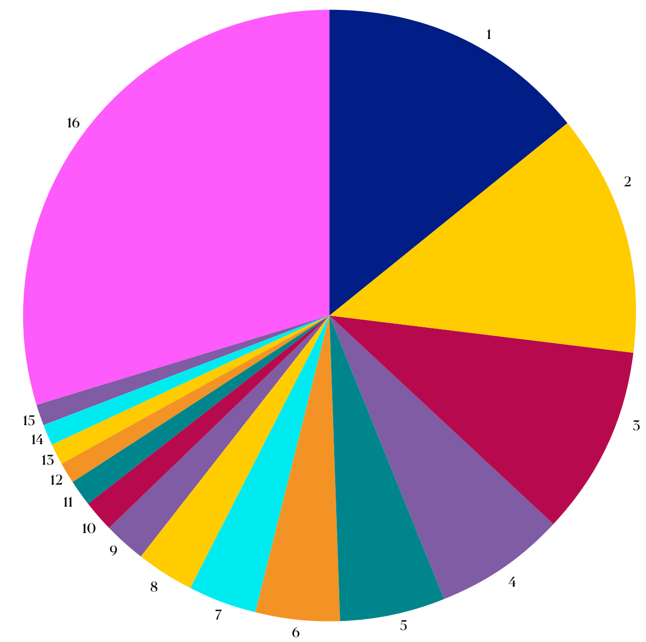
Geographic risk is defined as the risk resulting from under/over-weighting a specific country or region. The geographic scope of the EIF PE investment activity is currently principally focused on Europe, with limited outside exposure. The resulting geographic exposure of the EIF PE portfolio is shown below:

EIF Own Risk Portfolio: Split of Investee Companies by Country of Domiciliation as of 31.12.2021
(Based on the valuation reported in the latest available report by the investee funds)



1. United Kingdom 12.8%
2. France 11.7%
3. United States 9.3%
4. Germany 7.8%
5. Spain 4.9%
6. Sweden 4.0%
7. Netherlands 3.6%
8. Italy 2.9%
9. Belgium 1.9%
10. Finland 1.7%
11. Denmark 1.6%
12. Luxembourg 1.3%
13. Switzerland 1.1%
14. Norway 1.0%
15. Ireland 1.0%
16. Others 33.4%

EIF Own Risk Portfolio: Split of Investee Companies by Country of Domiciliation as of 31.12.2020
(Based on the valuation reported in the latest available report by the investee funds)



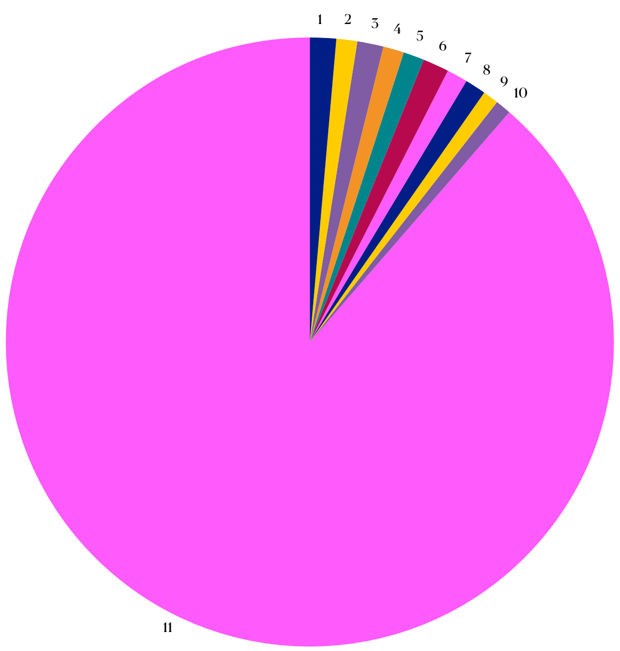
1. United Kingdom 14.3%
2. France 12.9%
3. United States 9.9%
4. Germany 7.0%
5. Spain 5.4%
6. Sweden 4.4%
7. Netherlands 3.8%
8. Italy 3.1%
9. Belgium 2.2%
10. Denmark 1.7%
11. Finland 1.2%
12. Norway 1.2%
13. Poland 1.2%
14. Luxembourg 1.1%
15. Switzerland 1.1%
16. Others 29.5%

3.2.5.3 Fund risk

Fund risk refers to the risk of over/under-performance due to factors linked to a specific PE fund in a portfolio (e.g.: the departure of a key executive from the management team of a fund). As shown below, the EIF PE portfolio is well diversified across a large number of funds. The largest fund in the EIF's portfolio represents 1.4% of the portfolio fair value (2020: 1.7%) and the largest 10 funds represent in aggregate 11.6% (2020: 12.8%).

EIF Own Risk PE Portfolio: Largest PE Funds in Portfolio as of 31.12.2021

(Total funds in portfolio = 780)

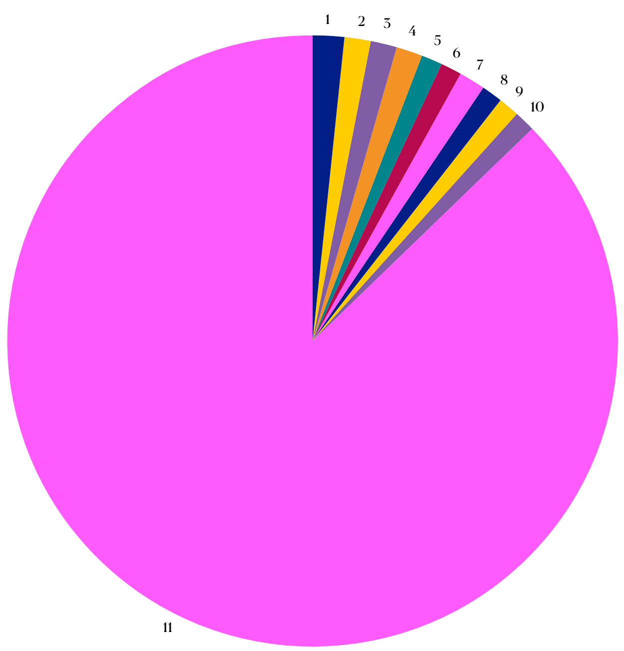


1. Fund 1 - 1.4%
2. Fund 2 - 1.3%
3. Fund 3 - 1.2%
4. Fund 4 - 1.2%
5. Fund 5 - 1.2%
6. Fund 6 - 1.2%
7. Fund 7 - 1.2%
8. Fund 8 - 1.1%
9. Fund 9 - 0.9%
10. Fund 10 - 0.9%
11. Other - 88.4%

(as % of the total fair value, EUR 1 539.7m)

EIF Own Risk PE Portfolio: Largest PE Funds in Portfolio as of 31.12.2020

(Total funds in portfolio = 720)



1. Fund 1 - 1.7%
2. Fund 2 - 1.5%
3. Fund 3 - 1.4%
4. Fund 4 - 1.3%
5. Fund 5 - 1.2%
6. Fund 6 - 1.2%
7. Fund 7 - 1.2%
8. Fund 8 - 1.1%
9. Fund 9 - 1.1%
10. Fund 10 - 1.1%
11. Other - 87.2%

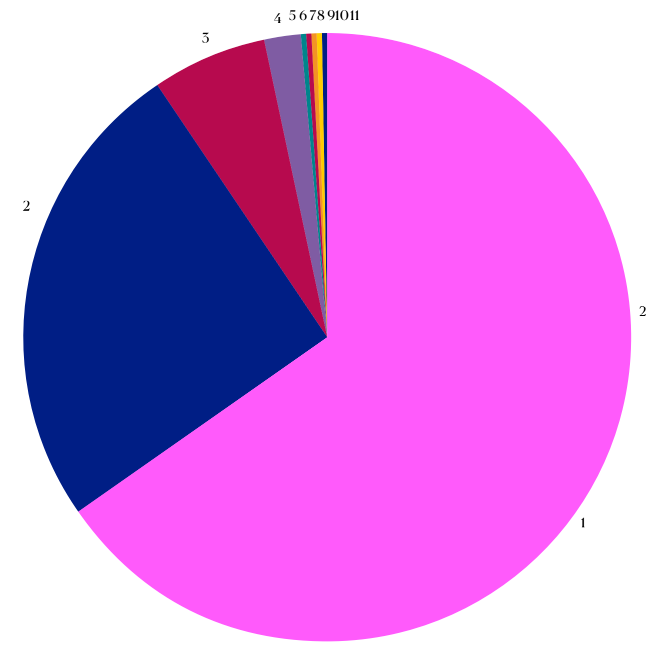
(as % of the total fair value, EUR 982.5m)

03. Financial Risk Management

3.2.5.4 Sector risk

Sector risk is defined as the risk resulting from under/over-weighting a specific sector. The largest sector exposure (excluding Generalist) of the EIF PE portfolio is to the Information and Communication Technologies and Life Science sectors. Such exposure is by design and is the result of the portfolio allocation to private equity funds.

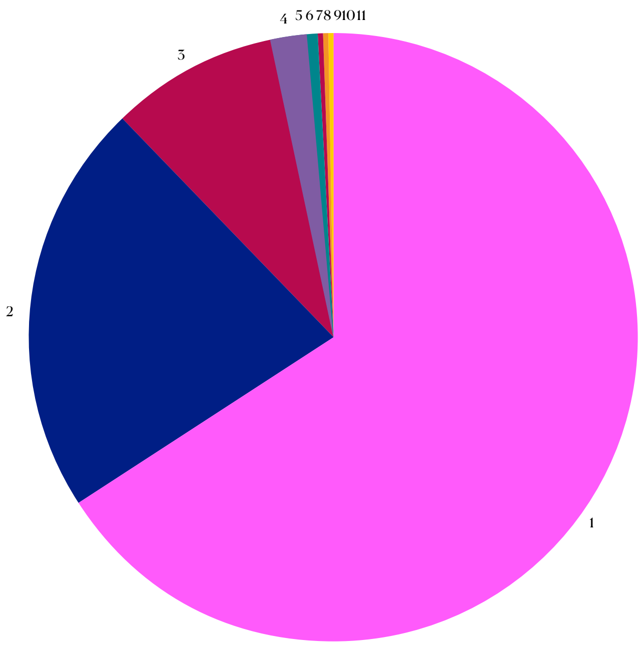
EIF Own Risk Portfolio: Fair Value Split by Sector Focus of Investee Funds as 31.12.2021



1. Generalist 65.5%
2. ICT 25.1%
3. Life Science 6.1%
4. Infrastructure 2.0%
5. Financial Services 0.3%
6. Energy and Environment 0.3%
7. Consumer Products, Services and Retail 0.2%
8. Cleantech /Manufacturing 0.2%
9. Business and Industrial Products and Services 0.2%
10. Energy Efficiency 0.1%
11. Agricultural, Chemicals and Materials 0.0%

(as % of the total fair value, EUR 1 539.7m)

EIF Own Risk Portfolio: Fair Value Split by Sector Focus of Investee Funds as 31.12.2020



1. Generalist 65.2%
2. ICT 22.6%
3. Life Science 8.8%
4. Infrastructure 2.4%
5. Financial Services 0.3%
6. Energy and Environment 0.3%
7. Business and Industrial Products and Services 0.2%
8. Consumer Products, Services and Retail 0.1%
9. Cleantech /Manufacturing 0.1%
10. Energy Efficiency 0.0%
11. Agricultural, Chemicals and Materials 0.0%

(as % of the total fair value, EUR 982.5m)

3.2.5.5 Technology risk

PE funds investing in Venture Capital and Technology Transfer are significantly affected by technology risk, defined as the risk of successfully developing and commercialising a new technology. The earlier the stage of investment is, the higher the technology risk is. Due to its often binary nature, technology risk is difficult to model but can be effectively managed through adequate diversification.

Regarding the technology risk, the fair value of the 10 largest technology investee companies (based on the last available report) amounted to EUR 107.1m (2020: 61.1m) and represented 7.0% of the fair value of the EIF PE portfolio (2020: 6.2%).

3.3 Portfolio Guarantees and Securitisation ("G&S")

3.3.1 Introduction

The EIF has developed a set of tools for its G&S business to measure credit risk and to analyse and monitor portfolio guarantees and structured finance transactions in line with common market practices.

Assets arising from financial guarantees are included within Financial guarantees. Liabilities arising from financial guarantees are included within Provisions for financial guarantees.

3.3.1.1 Credit risk measurement

The estimation of credit exposure on the G&S portfolio is complex and requires the use of models in which not all input parameters may be observable in the market. In particular, there is a reliance on the estimations for the underlying portfolio of the likelihood of different levels of defaults occurring, the timing of defaults, and their associated losses, which often depend strongly on the correlation between obligors. The exposure can vary with changes in market conditions, expected cash flows and the passage of time.

The EIF measures credit risk on the G&S portfolio using Exposure at Default ("EAD") and an internal rating system based on Expected Loss ("EL") and Weighted Average Life ("WAL").

3.3.1.2 Credit risk grading

EIF uses an internal rating system that reflects its assessment of the Expected Loss of an individual its exposure over the WAL of that exposure. In each case both the EL and WAL are calculated using a probability weighted average of the outcomes of large number of scenarios. Where the internal rating is particularly sensitive to model inputs an override may be applied to cap the rating to ensure the assigned internal rating is robust to small perturbations of the assumptions.

The internal rating models are tailored to each specific transaction with two primary models in use. The principal determinant of which model is used is the granularity of the obligor exposures in the underlying portfolio which then determines whether the EIF considers that reliable estimates of performance can be achieved through a consideration of the characteristics of the aggregated portfolio or whether idiosyncratic risk can play a significant part in the attribution of losses to the EIF exposure.

EIF Risk Management has developed detailed guidelines on the derivation of inputs to the internal models based on transaction experience and benchmarking to industry/literature practises, however, there remains reliance on the use of expert judgement given the range of counterparties, products, structures and jurisdictions that the policy objectives of the EIF can trigger.

The EIF applies a rating scale ranging from iAaa, for the highest investment grade exposures, down to iCaa3, for the weakest non-defaulted positions, and iCa which is considered as a Non Performing Exposure under internal procedures. The EIF scale is calibrated with the intention of mapping directly to the equivalent expected loss rating of Moody's. The risk management activity can be split into two parts: an initial risk assessment and ongoing risk monitoring.

3.3.1.3 Initial risk assessment

In the context of the independent opinion process, RM reviews the investment proposal provided by EIG in accordance with the EIF's internal rules and procedures. This review includes a detailed analysis of the risks related to the new G&S transaction, as well as the independent calculation of the relevant risk parameters (internal rating, PD, RR, EL, etc. as appropriate) following the EIF's internal methodologies. A transaction is only eligible for investment if, at the time the EIF enters into the transaction, the assigned internal rating is in the range of iAaa-iB2 (iAaa and iB2 are mapped to Moody's Aaa and B2, respectively).

The EIF assigns an internal rating to each new transaction to estimate the credit quality based on an expected loss concept. The EIF's internal rating is based on quantitative and qualitative analyses. The following quantitative factors are examples of variables having an impact on the determination of the EIF's internal rating: weighted average rating of the underlying portfolio and volatility of the default rates distribution, weighted average life of transaction, possible loan portfolio performance triggers, available credit enhancement, timing of defaults, expected recovery rates and its volatility, and level of diversification in the underlying pool of assets. The credit risk estimation also takes into account various qualitative factors, such as: reliability and completeness of the available data, size, quality and time horizon of the statistical samples, discontinuity in the origination criteria and servicing procedures, macro-economic effects.

To allocate capital for an EIF guaranteed tranche, EIF computes the economic capital allocation rates based on its internal guidelines, which follow a conservative approach that define a minimum level of capital that needs to be allocated to EIF investments and operations to target a 1-year 99.99% level of confidence that investment/operational losses can be absorbed. The rating used to calculate the economic capital allocation is the EIF internal rating.

3.3.1.4 Ongoing risk monitoring

The performance of a transaction is reviewed regularly – at least on a quarterly basis. Information on the amortisation of the portfolio, realised default levels, recovery rates is gathered for each transaction based on monthly or quarterly external reports. This information is then used to feed the point-in-time credit risk model every quarter, to generate expected losses (for guarantee transactions) and fair value assessments (for cash investments in ABS transactions) used for the IFRS 9 reporting. In addition, the through the cycle model for EIF's Internal Rating is run on trigger breach basis, as detailed below. This latter model review leads to a revision of the risk assumptions for the EIF internal rating going forward, as well as for the point-in-time credit risk model going forward.

EIF's surveillance triggers take into account elements such as the level of cumulative defaults, the credit enhancement and any rating actions by external rating agencies, if applicable.

In case of breach of such triggers and depending on the magnitude and expected consequence(s) of such a breach, a transaction can either change its status (e.g. Under Review, Positive or Negative Outlook) or a model re-run is initiated to reassess EIF's internal rating. Officers within RM submit to the relevant Investment Risk Committee ("IRC") the changes in monitoring status for transactions and/or propose an EIF model re-run. Permission to carry out the EIF's rating model re-run may also be requested from the IRC before an EIF's trigger is breached (upon request by EIG or RM) when other circumstances suggest that the EIF's internal rating may already be affected.

Transactions flagged Under Review, Negative Outlook or Positive Outlook are closely scrutinised for a possible breach of EIF's surveillance triggers, as they have the potential to trigger a model re-run and an internal rating action proposal, which in turn could impact the expected loss.

The following table provides an overview of the status of the EIF's guarantee transactions in terms of Exposure at Risk:

Transaction status	31.12.2021	
	EUR	%
Defaulted	9 685 489	0.1%
Under review	690 596 142	6.4%
Performing	10 008 332 765	92.0%
Positive outlook	163 644 853	1.5%
Total Exposure at Risk	10 872 259 249	100.0%
	31.12.2020	
	EUR	%
Defaulted	17 467 720	0.3%
Under review	885 658 686	16.0%
Performing	4 535 102 395	82.1%
Positive outlook	89 660 262	1.6%
Total Exposure at Risk	5 527 889 063	100.0%

During the year 2020, EIB issued a counter-guarantee in favour of the EIF in order to provide coverage on a certain portion of the credit risk associated with the EIF Senior Tranche of one financial guarantee portfolio and cover any corresponding losses suffered by the EIF during the guarantee period. As at December 31, 2020, the exposure transferred from the EIF to EIB in relation to this counter-guarantee amounted to EUR 6 958.1m. The total exposure at risk in the table above is reflective of this transfer. This was considered as a temporary measure aimed at providing a bridge to the planned EIF capital increase and was terminated in 2021 following the completion of the share capital increase (see note 5.4).

The surveillance activity includes the following tasks:

checking compliance of the counterparties with any relevant contractual covenants and triggers,

assessing the evolution of an operation's performance compared to estimates set prior to its signature (e.g. actual cumulative default rate is compared to a given predetermined threshold level or default base case scenario),

following up on any external rating agencies' actions (if applicable) that might indicate a substantial change in the performance of the underlying portfolio,

monitoring any other element of concern which calls for additional scrutiny (e.g. negative news regarding the servicer or originator),

presenting potential status changes or rating actions to the relevant IRC, if necessary,

assessing the staging and the expected credit loss for financial guarantee transactions,

assessing the expected credit loss and the fair value for ABS investments in line with IFRS 9.

The restructuring activity is carried out by professionals within RM. RM is in charge of proposing, during the IRC, the assignment of a Work Out Case status ("WOC") to a transaction, whenever there is a high likelihood that a loss may arise for the EIF and that specific actions may be taken to avoid or minimise such loss - typically for underperforming deals. The assignment of a WOC status can be also proposed by EIG or decided by the IRC Chairman during the IRC meeting.

The overall goal of a dedicated management of WOC status transactions is to minimise the loss, which may arise from the deterioration of the performance of such transactions.

3.3.1.5 Expected credit loss measurement

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition that leads to change in expected credit loss ("ECL") measurement as summarised below:

Stage 1: not credit impaired on initial recognition – measured using 12-month (12M) ECL;

Stage 2: a significant increase in credit risk ("SICR") since initial recognition but not credit-impaired – measured using lifetime ECL;

Stage 3: instrument is credit-impaired – measured using lifetime ECL.

3.3.1.5.1 SICR – Stage 2 exposures

The following re-staging attributes are used to determine whether an SICR, and hence a transition from stage 1 to stage 2, has occurred and described in further detail thereafter:

ID	Re-staging attribute
1	Re-classification as an Early Warning Signal (EWS) transaction with Red or Amber outlook
2	Watch-listing
3	For guarantees only: guarantee fee payment delinquency > 30 days past due
4	For non-investment grade exposures: 3 notch or higher internal rating downgrade compared to the initial internal rating assigned and the current rating is below iBaa3

<u>EWS transaction with Red or Amber outlook:</u> specific triggers that relate to underperformance (short of a default event) belonging to one of the following categories:

Cash flow

Accounting

Rating action

Event resolution

Business continuity

Examples of EWS events include but are not limited to:

Creation of a Stage 3 provision;

Internal rating downgrade of two or more notches (compared to initial rating) to iBa3 or below, or downgrade of one or more notches (compared to initial rating) to iB1 or below;

Negative credit enhancement of securitisation exposure;

Servicer/originator affected by a recovery plan/ corrective measures or bankruptcy;

Activation of a back-up servicer.

<u>Watch-listing:</u> the following criteria are used for Watch-listing:

Initial Expected Loss	Current Expected Loss	Additional Criteria to be met	Removal from Watch-list
Is 2% or lower	Is higher than 2%	None	Expected loss reduces below 2%
Is higher than 2% and less than 3%	Is higher than or equal to 3%	"Material credit event" diagnosed	Either condition is no longer satisfied.
Is higher than 3% and less than 5%	Is higher than or equal to 5%		
Is higher than 5% and less than 7%	Is higher than or equal to 7%		
Is higher than 7% and less than 10%	Is higher than or equal to 10%		
Is higher than 10% and less than 15%	Is higher than or equal to 15%		
Is higher than 15% and less than 20%	Is higher than or equal to 20%		
Is higher than 20% and less than 25%	Is higher than or equal to 25%		
Is higher than 25%	Is higher than 25%	None	Expected loss reduces below 25%

Whenever the SICR event no longer applies, an exposure can return from Stage 2 to Stage 1.

3.3.1.5.2 Non Performing Exposures – Stage 3 exposures

<u>Transition to stage 3 is governed by the classification as a Non Performing Exposure ("NPE").</u>

<u>NPE transaction</u>: specific triggers that relate to underperformance (short of a default event) belonging to one of the following categories:

1. Cash flow
2. Accounting
3. Rating action
4. Event resolution
5. Business continuity

Examples of NPE criteria include but are not limited to:

Counterparty is overdue more than 90 calendar days on any material credit obligation;

Impairment is made (cash positions);

Internal rating downgrade to iCa or below;

External rating downgraded to default status;

Restructuring of obligation to avoid a default;

In relation to a cash investment, EIF accelerates all or part of its investment following a contractual event of default;

In relation to a guarantee, EIB/EIF purchases (part of) a tranche from the beneficiary in lieu of a future guarantee payment;

Breach of material financial covenant(s) remaining unresolved (or not waived) for more than 12 months;

In relation to a Diversified Payment Rights (DPR) transaction, the Counterparty refers to the bank providing second recourse for the ABS notes. In such case, the Counterparty has sought or has been placed in pre-insolvency/restructuring proceedings, insolvency, administration, receivership, bankruptcy or similar protection. In addition, for banks, this condition occurs when a recovery plan was activated, the bank is under resolution or is required to "bail-in" other creditors;

In relation to a DPR transaction, where the counterparty is a regulated entity, a permanent and full revocation of authorisation to perform regulated activities by the national regulator;

Other triggers as assessed on an individual basis by risk analysts.

Lifetime ECLs are the ECLs that result from all possible NPE over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which EIF is exposed to credit risk. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). Financial instruments for which a 12-month ECL is recognised are referred to as "Stage 1" financial instruments. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as "Stage 2" financial instruments. Financial instruments for which a lifetime ECL is recognised and which are credit-impaired are referred to as "Stage 3" financial instruments. Stage 3 exposures can return to Stage 2 or Stage 1 once no IDE event remains applicable.

3.3.1.5.3 Measuring ECL

The Expected Credit Loss is measured on either a 12M or lifetime basis depending on the staging of the exposure in question determined in accordance with the procedure above.

The G&S portfolio consists predominantly of securitisation exposures with an underlying asset pool of a highly diversified nature in which the EIF position is initially protected by a layer of credit enhancement in the form of subordination or over-collateralisation that provides a buffer to cover some multiple of the expected losses on the portfolio.

Since, under the base case assumptions it would be expected that the ECL 12M and lifetime would generally be zero, for Stage 1 and Stage 2 exposures, EIF calculates the ECL by applying a probability weighted scenario analysis to the performance of these exposures. As losses are often not applied directly as write-downs, or may only be applied sometime after the corresponding assets have defaulted, EIF further calculates ECL values based on a discounted measure of the under-collateralisation of the exposure with a positive ECL being registered if the EIF exposure becomes uncollateralised at any point over the measurement horizon (12M or lifetime).

The cash flow model for ECL calculation is tailored to each specific transaction, projects exposures and cash flows forwards for the transaction lifetime, and is updated on a quarterly basis to reflect current transaction conditions and forward-looking information. Data on current transaction conditions is updated based on information provided in servicer reports and any other information available to EIF from time to time. Fields that can be updated based on servicer reports typically include inter alia:

Outstanding tranche balances;

Outstanding asset balances: bank and reserve accounts, performing collateral, delinquent collateral (30+, 60+ 90+), defaulted balance;

Cumulative default and loss rates;

Status of performance triggers;

Prepayment rates.

Where model input fields related to current transaction conditions cannot be updated based on reported information directly, values are re-normalised from quarter-to-quarter based on the passage of time. This procedure may be applied to portfolio amortisation assumptions in the absence of granular information. Assumptions related to future performance, particularly asset pool mean cumulative default rate and prepayment rates, blend initial assumptions and actual performance, giving greater weight to actual performance as seasoning increases. The cumulative default rate assumption is also influenced by the forward-looking information.

The ECL values are taken directly from the model implying the Exposure at Default ("EaD"), Probability of Default ("PD") and Loss Given Default ("LGD") of each exposure are aggregated in a complex scenario dependent manner.

3.3.1.5.4 Forward-looking information

In addition to reproducing the current transaction conditions, the ECL and determination of a SICR is based on projections, which incorporate certain forward-looking information, which are updated on a quarterly basis.

The following forward-looking information is included in the model:

Macro-economic projection based on GDP – provided by the Economics department of the European Investment Bank on a quarterly basis;

Risk-free interest rate forward curve – updated from Bloomberg on a monthly basis.

GDP projections are provided for EU countries. The EIF also uses a further curve to cater for the limited non-European exposure. The projection most relevant to the exposure jurisdiction is used to determine an adjustment to the mean cumulative default curve based on historical data. Where more than one region is relevant to a transaction the overall adjustment is calculated by weighting the adjustment of each regional share.

The risk-free rate impacts the model through a change on both cash flows due under the structure to which EIF is exposed, since assets and/or liabilities incorporate floating-rate instruments, and through the discounting in the ECL calculation.

Sensitivity Analysis: of these parameters, the GDP is the most significant assumption affecting the ECL allowance due to the direct impact on the performance of the underlying companies.

3.3.2 Credit risk

The maximum principal exposure to credit risk (not including possible guarantee calls on interest shortfalls or foreign currency fluctuations) corresponds to the Exposure at Risk as of 31 December 2021 of EUR 10 872.3m (2020: EUR 5 527.9m).

The credit risk is managed by risk management policies covered by the statutes and the EIF Credit Risk Policy Guidelines.

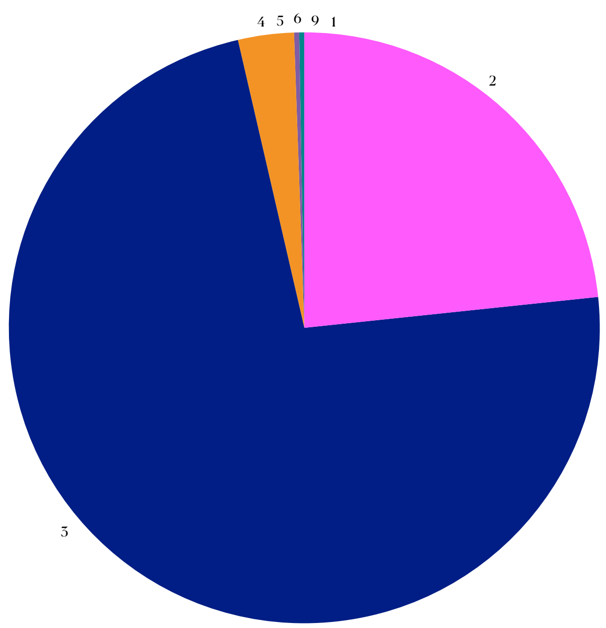
The statutes of the EIF limit guarantee operations to five times the subscribed capital, as per amendment approved by the Board of Directors (2020: three times).This amounted to EUR 7 300m at year-end 2021 (2020: EUR 4 500m). Hence, the EUR 10 872.3m Exposure at Risk at year-end 2021 (2020: EUR 5 527.9m), together with the funded exposure of EUR 381.0m in respect of ABS investments (2020: EUR 323.0m) was below the statutory limit of EUR 36 500m (2020: EUR 13 500m).

The EIF Credit Risk Policy Guidelines ensure that the EIF continues to develop a diversified G&S portfolio with regard to credit quality, geographic coverage, concentration risk, obligor exposure and counterparty risk.

The credit risk is tracked from the outset on a deal-by-deal basis by adopting a different model analysis depending on the granularity and homogeneity of the underlying portfolio.

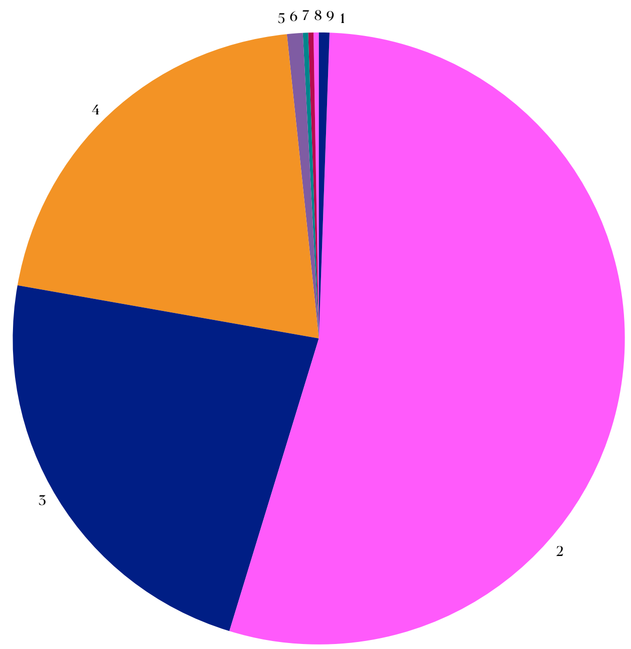
The below tables show the split of the financial guarantees in terms of credit quality using Exposure at Risk (based on the EIF's Internal Rating approach):

% of Exposure at Risk as of 31.12.2021 (EUR 10 872.3m)



1. Aaa 0.1%
2. Aa 23.3%
3. A 73.0%
4. Baa 3.1%
5. Ba 0.3%
6. B 0.1%
7. Caa 0.0%
8. Ca 0.0%
9. C 0.1%

% of Exposure at Risk as of 31.12.2020 (EUR 5 527.9m)



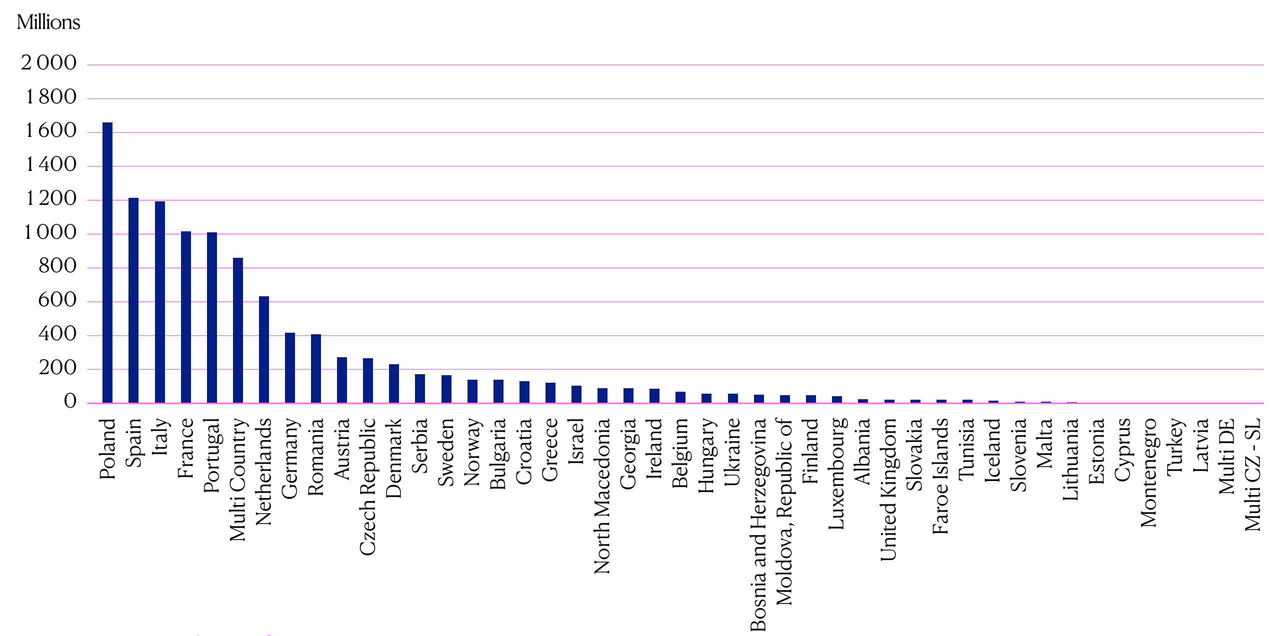
1. Aaa 0.8%
2. Aa 54.1%
3. A 23.0%
4. Baa 20.5%
5. Ba 1.0%
6. B 0.3%
7. Caa 0.1%
8. Ca 0.0%
9. C 0.2%

3.3.2.1 Geographic Coverage

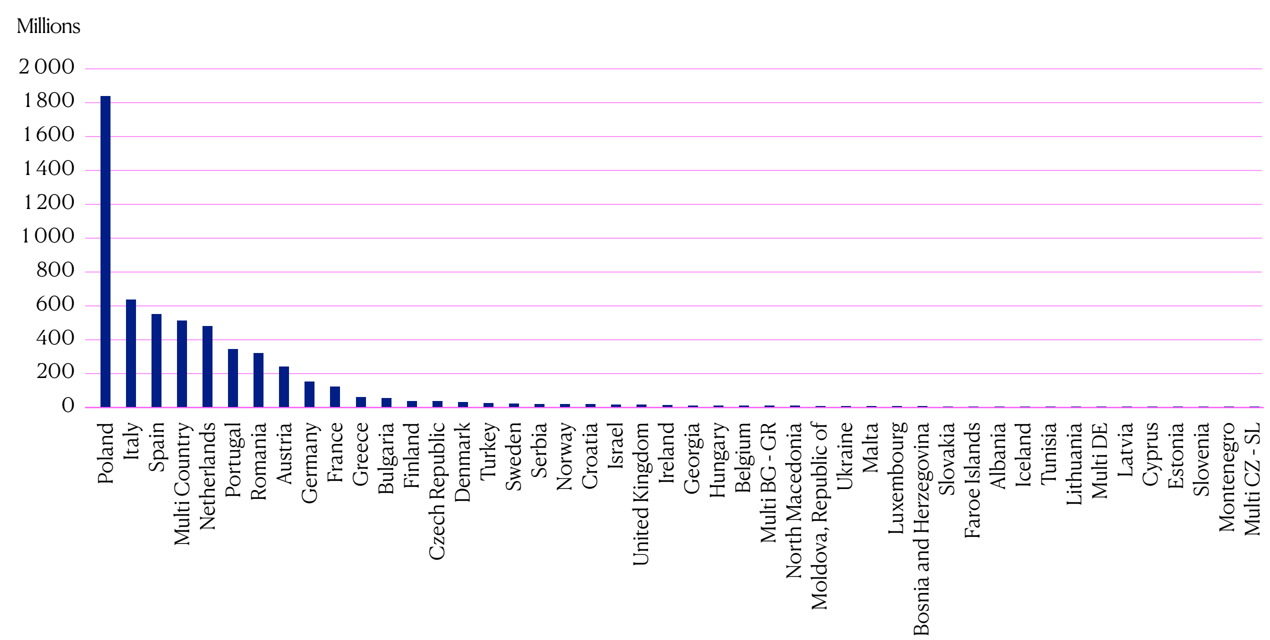
As of 31 December 2021, the EIF's financial guarantees were spread over 42 countries (2020: 43 countries).

The tables below show the geographic distribution of the EIF's financial guarantees for Exposure at Risk (EUR 10 872.3m as of 31 December 2021 and EUR 5 527.9m as of 31 December 2020) showing that the largest weight is to Poland with 15.4% (2020: 33.0%), followed by Spain with 11.2% (2020: 9.8%) and Italy with 11.1% (2020: 11.4%).

Exposure at Risk as of 31.12.2021 (EURm)



Exposure at Risk as of 31.12.2020 (EURm)



3.3.2.2 Concentration risk

To limit the concentration risk in the portfolio, the EIF has internal limits based on maximum exposure and capital allocation both at individual transaction and originator level. Transaction limits define maximum possible exposure dependent on underlying rating and Weighted Average Life ("WAL"). Originator group limits constrain the exposure within the same country per originator group by considering the group rating. Concentration risk on a deal-by-deal basis is also limited because of the granular nature of the EIF's transactions; typically, the underlying portfolios are highly diversified in terms of single obligor concentration, industry sectors and regional diversification.

3.3.2.3 Industry sector exposures

The industry sector exposures are analysed on a deal-by-deal basis through their impact on the ratings assigned by the EIF to each transaction/tranche. For instance, depending on the financial model used to analyse the transaction, industry exposures can be reflected in implicit correlation or can be indirectly captured based on assumption of default rate volatility, as a key model input variable.

3.3.2.4 Counterparty risk

Counterparty risk in the own resources portfolio is mitigated by the quality of the EIF counterparties, which are usually major market players, and by rating triggers on the counterparty which require, in case of breach, actions such as substitution of the counterparty or collateralisation of its obligation. Another key mitigant of the counterparty risk is the general use of structures with a true sale of assets (for the cash flow transactions). Additionally, interruption of servicing is alleviated by the set-up of a back-up servicer agreement in securitisation deals.

3.3.3 Liquidity risk

The nature of the EIF's G&S business implies in general a low level of liquidity risk. Furthermore, the EIF's treasury guidelines (see note 3.4) ensure a high degree of liquidity to cover potential guarantee calls arising from the G&S activity.

The following table shows an analysis of the Exposure at Risk for financial guarantees split by the expected maturity dates of the transactions to which they are related:

	Expected maturity of guarantee			
Exposure at Risk (EUR)	3 months to 1 year	1 year to 5 years	More than 5 years	Total
As of 31.12.2021	459 049 373	2 818 509 610	7 594 700 266	10 872 259 249
As of 31.12.2020	227 048 112	3 498 546 861	1 802 294 090	5 527 889 063

3.3.4 Market risk

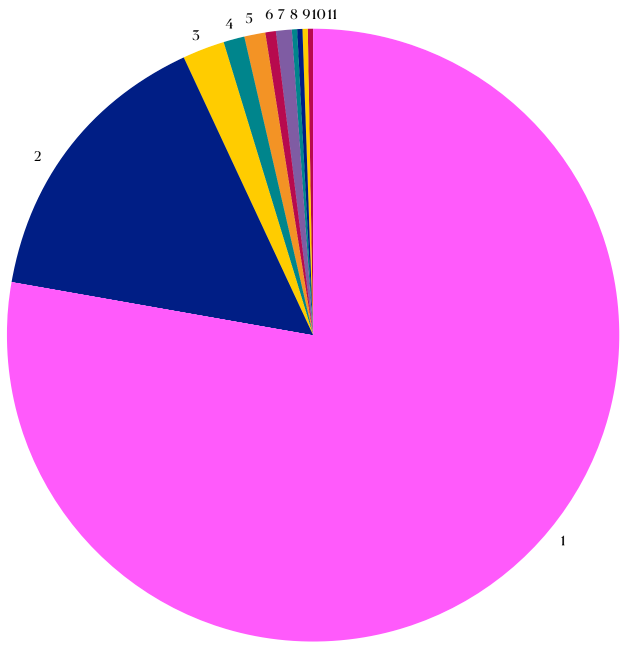
3.3.4.1 Market risk: Interest rate risk

The value of guarantee transactions is not subject to fluctuations with interest rates as long as a transaction is performing. However, transactions for which the EIF is being called on interest are typically generating exposure to short-term interest rates through the coupon definition of the guaranteed tranche.

3.3.4.2 Market risk: Foreign currency risk

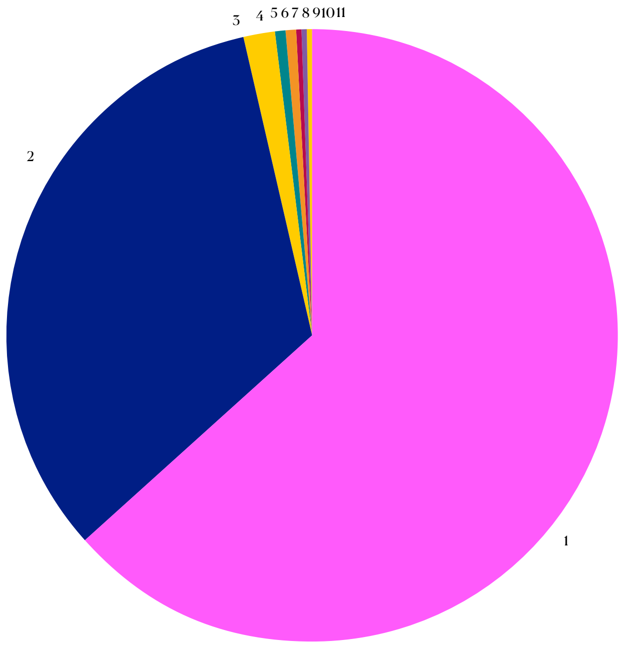
The split by currency for the EIF guarantees using Exposure at Risk is as follows:

% Exposure at Risk as of 31.12.2021 (EUR 10 872.3m)



1. EUR 77.8%
2. PLN 15.4%
3. DKK 2.2%
4. NOK 1.2%
5. SEK 0.9%
6. USD 0.8%
7. RON 0.8%
8. CZK 0.3%
9. GBP 0.2%
10. HUF 0.2%
11. TND 0.2%

% Exposure at Risk as of 31.12.2020 (EUR 5 527.9m)



1. EUR 63.6%
2. PLN 33.0%
3. RON 1.5%
4. USD 0.6%
5. DKK 0.5%
6. NOK 0.3%
7. GBP 0.2%
8. SEK 0.2%
9. CZK 0.1%
10. TND 0.0%
11. HUF 0.0%

The following table shows the impact on the financial guarantees position regarding a 15% increase/decrease in the currency rate for currencies representing more than 5% of the total exposure:

31.12.2021

Currency	Exposure at Risk (EUR)	Impact increase	Impact decrease
PLN	1 670 059 259	(217 833 816)	294 716 340

31.12.2020

Currency	Exposure at Risk (EUR)	Impact increase	Impact decrease
PLN	1 821 826 788	(237 629 581)	321 498 845

The EIF is monitoring its non-euro financial guarantees and performs regular stress tests with regard to currency risk.

3.3.4.3 Market risk: Other price risk

EIF's G&S transactions are not sensitive to price risk.

3.4 Debt investments

Debt investments are classified either at amortised cost, which corresponds to the treasury portfolio and the microfinance loans detailed in sections 3.4.1 and 3.4.2 respectively, or at fair value through profit or loss, which corresponds to the ABS Investments detailed in section 3.4.3.

For debt investments at amortised cost, the expected credit loss allowance is measured using the inputs, assumptions and techniques described below.

Lifetime ECL measurement applies to stage 2 and stage 3 assets, while 12-month ECL measurement applies to stage 1 assets.

The expected credit losses were calculated based on the following variables:

Probability of default ("PD"),

Loss Given default ("LGD"),

Exposure at default ("EAD").

The probability of default represents the likelihood of a counterpart defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation. PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures.

Ratings are the primary input in the determination of the term structure of probability of default for exposures. The EIF collects performance and default information about its credit risk exposures. The collected data are segmented by type of industry and by type of region. Different industries and regions reacting in a homogenous manner to credit cycles are analysed together.

The EIF employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The loss given default represents the EIF's expectation of the ratio of the loss on an exposure due to the default of a counterparty to the amount outstanding at default. Loss given default can be also defined as "1 - Recovery Rate". LGD estimates are determined mainly by geography and by type of counterparty, with five main exposure classes: Sovereigns, Public Institutions, Financial Institutions, Corporate and Project Finance. LGD values can be further adjusted based on the product and contract specific features of the exposure.

The EIF incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of expected credit losses.

For the measurement of ECL, the EIF has developed a conditional modelling approach for calculating PD term structures involving:

the definition of an economically reasonable link function between the credit cycle, and

a set of three macro-economic scenarios (one baseline and two symmetrical ones) with each of them attributed a certain realisation probability and with GDP growth rate as a variable.

The EAD represents the expected exposure in the event of a default EAD and is based on the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract.

3.4.1 Treasury portfolio

3.4.1.1 Introduction

Treasury management of the long-term treasury portfolio has been outsourced to the EIB under a treasury management agreement mandating the EIB services to perform selection, execution, settlement and monitoring of transactions. Management follows treasury guidelines annexed to the agreement, which define the EIF's intention to hold the treasury portfolio to maturity, reflect the investment strategy, and mirror closely the relevant sections of the EIB's own treasury guidelines. Quarterly meetings between the EIB and the EIF take place to review the performance of the treasury portfolio, relevant market events and to discuss any adjustment to be approved by the EIF in relation to the annual investment strategy.

Additionally, the Asset & Liquidity Committee ("ALC") analyse liquidity issues of strategic relevance with the objective of maintaining the balance between risk and return objectives. As part of its responsibilities, the ALC advise on the management of the EIF treasury portfolio entrusted to the EIB for management.

3.4.1.2 Portfolio overview:

The Cash and cash equivalents and the Treasury portfolio are broken down as follows:

	31.12.2021 EUR	31.12.2020 EUR
Current accounts	234 974 564	150 196 170
Money market instruments and short-term securities	49 965 277	78 013 008
Long-term bank deposits	147 948 339	15 002 625
Long-term portfolio	2 297 749 507	1 191 786 403
Total Cash and cash equivalents and Treasury portfolio	2 730 637 687	1 434 998 206

The EIF does not borrow funds.

3.4.1.3 Credit risk

The Fund is mainly exposed to credit risk relating to its assets held in the treasury portfolio. However, the EIF adheres to conservative credit investment guidelines and internal limits by selecting sound counterparties and issuers with a minimum rating at the outset set above investment grade. The EIF considers that the credit risk on treasury portfolio has not increased significantly since initial recognition due to the inherent low credit risk.

Consequently, the loss allowances relating to treasury assets measured at amortised cost are determined at an amount equal to 12-month ECL.

For each portfolio, the eligibility criteria for counterparties are fixed according to their nature, to their credit quality (as measured by their external credit ratings) and to their own funds.

As at 31 December 2021, all investments in the treasury portfolio are made in EUR (2020: EUR).

The following table shows the maximum exposure to credit risk:

	2021 EUR	2020 EUR
Cash and cash equivalents	284 939 841	228 209 178
Treasury portfolio	2 445 697 846	1 206 789 028
Total Credit Risk Exposure	2 730 637 687	1 434 998 206

Cash and cash equivalents include current accounts and money-market instruments and short-term securities. According to the EIF Liquidity Bank Credit Risk Eligibility Guidelines, they are made with financial institutions having a minimum rating of BBB/Baa2/BBB and F2/P-2/A-2 by Moody's, S&P and Fitch as applicable.

The long-term bank deposits are placed using the same guidelines with financial institutions having a minimum rating of BBB/Baa2/BBB and F2/P-2/A-2 by Moody's, S&P and Fitch as applicable.

The following tables outline the credit quality of the Fund's Long-term portfolio (not including long-term bank deposits) as of 31 December 2021 and 2020, based on external ratings and ECL:

Credit Risk Exposures by external rating
(Based on gross carrying amount)

	2021			
(in EUR)	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Long term portfolio				
Aaa	372 975 715	0	0	372 975 715
Aa1	16 028 406	0	0	16 028 406
Aa2	230 536 704	0	0	230 536 704
Aa3	121 678 791	0	0	121 678 791
A1	148 731 347	0	0	148 731 347
A2	336 832 209	0	0	336 832 209
A3	407 421 928	0	0	407 421 928
Baa1	256 246 506	0	0	256 246 506
Baa2	407 474 354	0	0	407 474 354
Baa3	0	0	0	0
Loss allowance	(176 453)	0	0	(176 453)
Carrying amount at 31 December 2021	2 297 749 507	0	0	2 297 749 507

Credit Risk Exposures by external rating

(Based on gross carrying amount)

(in EUR)	2020 12-month ECL	2020 Lifetime ECL not credit-impaired	2020 Lifetime ECL credit-impaired	2020 Total
Long term portfolio				
Aaa	247 220 617	0	0	247 220 617
Aa1	20 331 205	0	0	20 331 205
Aa2	157 439 412	0	0	157 439 412
Aa3	80 428 408	0	0	80 428 408
A1	111 593 761	0	0	111 593 761
A2	185 838 963	0	0	185 838 963
A3	245 896 664	0	0	245 896 664
Baa1	72 234 946	0	0	72 234 946
Baa2	48 225 793	0	0	48 225 793
Baa3	22 820 480	0	0	22 820 480
Loss allowance	(243 845)	0	0	(243 845)
Carrying amount at 31 December 2020	1 191 786 403	0	0	1 191 786 403

A breakdown of the credit risk exposure per country is given in the table below with a distinction between bonds issued by EU sovereigns and bonds issued by corporate entities and non-EU sovereigns.

	31.12.2021	31.12.2020
EU sovereigns		
Austria	0	10 207 150
Bulgaria	41 237 922	0
European Union	5 003 608	5 000 475
France	28 181 036	18 012 897
Germany	9 000 740	19 317 563
Hungary	16 784 352	10 547 074
Italy	0	22 820 480
Lithuania	23 250 531	16 992 693
Poland	62 472 034	40 956 410
Portugal	47 168 681	0
Republic of Latvia	14 997 282	14 984 732
Slovakia	7 985 990	7 978 070
Slovenia	39 446 208	14 929 511
Spain	41 038 259	41 159 566
Total EU sovereigns	336 566 643	222 906 621

	31.12.2021	31.12.2020
Corporate bonds and non-EU sovereign		
Australia	63 658 601	60 533 590
Austria	51 076 341	21 948 183
Belgium	34 039 427	33 330 692
Canada	59 052 021	50 038 140
Chile	51 389 280	0
Denmark	40 113 091	17 017 330
Estonia	3 733 175	0
Finland	18 497 567	18 476 385
France	277 092 660	109 174 896
Germany	179 078 801	113 034 278
Greece	2 834 314	0
Iceland	44 773 096	0
Ireland	20 491 404	2 484 381
Italy	33 899 239	4 986 886
Japan	121 766 435	44 232 561
Lithuania	3 418 570	0
Luxembourg	7 500 667	7 506 230
Mexico	18 240 241	0
Netherlands	48 735 604	49 089 636
New Zealand	2 248 845	0
Norway	40 038 363	29 594 473
Philippines	10 008 308	10 005 604
Poland	0	8 821 281
Republic of Korea	67 501 342	25 159 798
Singapore	12 417 318	0
Spain	205 191 358	106 666 330
Sweden	49 056 852	36 253 629
Switzerland	41 072 214	45 657 428
United Kingdom	177 084 202	70 206 162
United States	207 451 330	65 412 439
Venezuela	69 722 198	39 249 450
Total Corporate bonds and non-EU sovereign	1 961 182 864	968 879 782
Total	2 297 749 507	1 191 786 403

As of 31 December 2021, the EIF long-term treasury portfolio was spread over 37 countries (2020: 28 countries). The highest individual country exposures were France, Spain, United States, Germany, and United Kingdom, which jointly represented 49% of total nominal value (2020: the same countries represented 46% of the long-term treasury portfolio).

As of 31 December 2021, the exposure to Republic of Korea was composed of 2 sovereign bonds and 5 covered bonds issued by financial institutions, in Venezuela, 3 bonds issued by a Venezuelan-based Supranational, and in Chile, 3 sovereign bonds.

3.4.1.4 Liquidity risk

The treasury is managed in such a way as to protect the value of the paid-in capital, ensure an adequate level of liquidity to meet possible guarantee calls, PE undrawn commitments, administrative expenditure and earn a reasonable return on assets invested with due regard to the minimisation of risk.

The treasury funds are available and sufficient to meet the Fund's liquidity needs and the treasury guidelines are designed to ensure funds are available when needed. The guidelines also prescribe the order in which investments would be utilised to meet exceptional liquidity requirements, starting with cash, highly-liquid money-market instruments, then the regular maturities of longer investments as well as the option to sell securities or use them as collateral to generate liquidity if appropriate.

3.4.1.5 Market risk – interest rate risk

In nominal terms, 64.4% of all assets held have a duration of 5 years or less (2020: 83.9%).

Speculative operations are not authorised. Investment decisions are based on the interest rates available in the market at the time of investment.

The following table illustrates the Fund's exposure to interest rate risk at the time they reprice or mature:

At 31.12.2021 (in EUR)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Fixed rate					
Cash and cash equivalents	284 939 841	0	0	0	284 939 841
Treasury portfolio	57 488 492	307 804 639	1 064 552 310	973 116 453	2 402 961 894
Floating rate					
Treasury portfolio	7 500 667	10 002 770	25 232 515	0	42 735 952
Total	349 929 000	317 807 409	1 089 784 825	973 116 453	2 730 637 687
Percentage	12.8%	11.7%	39.9%	35.6%	100.0%

At 31.12.2020 (in EUR)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Fixed rate					
Cash and cash equivalents	228 209 178	0	0	0	228 209 178
Treasury portfolio	29 497 496	246 258 629	645 215 852	230 963 573	1 151 935 550
Floating rate					
Treasury portfolio	0	5 002 398	49 851 080	0	54 853 478
Total	257 706 674	251 261 027	695 066 932	230 963 573	1 434 998 206
Percentage	18.0%	17.5%	48.4%	16.1%	100.0%

The average yield at cost on the securities portfolio in EUR was 0.23% for 2021 (2020: 0.45%).

Sensitivity of earnings

The sensitivity of earnings is an estimate of the change over the next 12 months in the earnings of the EIF treasury portfolio if all interest rates rise by one percentage point or fall by one percentage point. The sensitivity measure is computed by taking into consideration the coupon re-pricings of all the positions present in the EIF treasury portfolio on a deal-by-deal basis. Each fixed rate asset is assumed to be reinvested at maturity in a new asset with the same residual life as the previous one as of 31 December 2021. For the positions in place as of 31 December 2021, the earnings of the EIF treasury portfolio would increase by EUR 1.6m (2020: EUR 1.3m) if interest rates rose by one percentage point and decrease by the same amount if interest rates fell by one percentage point.

Value at Risk

As of 31 December 2021, the Value at Risk of the EIF treasury portfolio was EUR 6.1m (2020: EUR 0.82 m). It was computed on the basis of the RiskMetrics VaR methodology, using a confidence level of 99.0 % and a 1-day time horizon. This means that the VaR figure represents the maximum loss over a one-day horizon such that the probability that the actual loss will be larger is 1.0 %. Given the nature of the EIF treasury positions, the choice of the RiskMetrics methodology is deemed appropriate to measure their exposure to interest rate risk.

3.4.2 Microfinance Loans

The microfinance loans portfolio is made up of 13 transactions (2020: 14 transactions). All deals are in EUR and they are maturing between 2022 and 2028.

As the total amount of the portfolio is non-material, a detailed risk management analysis was not performed.

3.4.3 ABS Investments

Securitisation backed by SME financing is an asset class in which EIF has accumulated considerable and widely recognised experience as part of its core guarantee and securitisation activity. It has, however, been observed that third party investors are not always available for the subscription of guaranteed notes, due to specific tranche features or to the sum of the EIF guarantee fee and the cash investor's return exceeding the tranche market return. EIF therefore envisaged filling the gap through a product consisting in direct investments in asset-backed securities issued out of securitisations focusing on SME assets ("ABS Investments") within a limited scope and as an ancillary activity to the core EIF guarantee business.

The Board of Directors approved that EIF invest directly in asset-backed securities issued out of securitisations focusing on SME assets ("Direct Investments"), using EIF's own resources, initially up to EUR 200m on 17 November 2014 and a further EUR 300m on 30 January 2017, for a total of EUR 500m. The ABS Investments target:

Mainly mezzanine classes of SME securitisations originated by financial intermediaries (i) for which there is a limited purposes and/or (ii) as a way to maximise the funding obtained from their securitisation transactions, in situations where there is limited or no third party investors' demand for EIF guaranteed notes;

Residually and with EIF's own resources only, senior classes of SME focused securitisations (i) for which there is limited or no third party investors' demand for EIF guaranteed notes and (ii) which require a moderate direct investment.

In October 2017, the General Meeting of Shareholders also approved covered bond investments backed by SMEs or residential mortgage assets within the existing envelope for ABS Investments. The General Meeting of Shareholders determined that the maximum amount for any individual ABS or covered bond investment with EIF own resources shall in any event be limited to EUR 50m.

3.4.3.1 Risk assessment and on-going risk monitoring

The EIF's ABS Investments follow the same independent opinion process and on-going risk monitoring as the transactions under EIF's portfolio guarantee and structured business (see note 3.3.1).

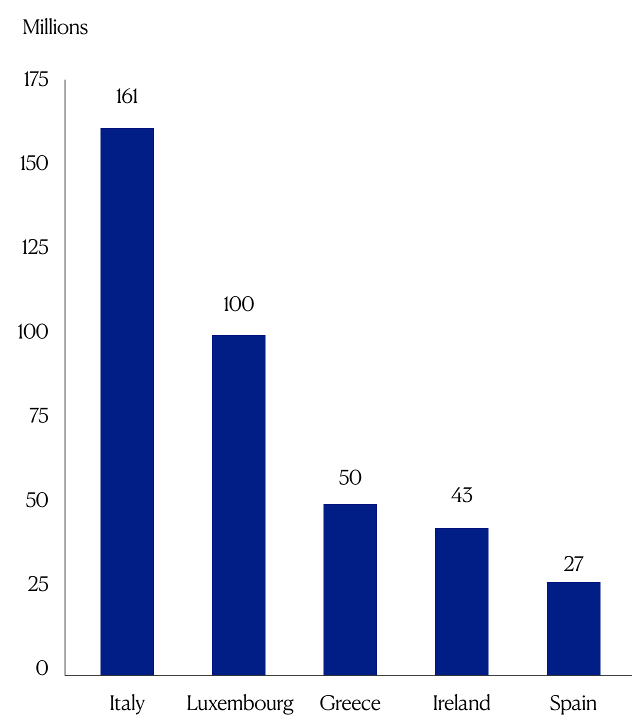
Transaction status	31.12.2021 EUR	31.12.2021 %	31.12.2020 EUR	31.12.2020 %
Performing	381 038 562	100%	322 970 943	100%
Total Exposure at Risk	381 038 562	100%	322 970 943	100%

3.4.3.2 Credit Risk

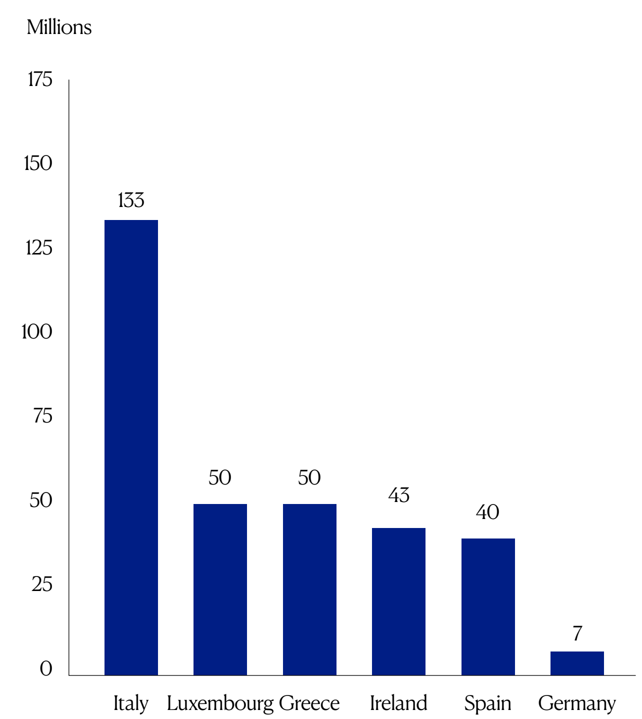
ABS Investments are exposed to credit risk by way of rating downgrade and default risk. EIF manages these risks by adhering to risk management policies laid out in its statutes, EIF Credit Risk Policy Guidelines and internal concentration limits (see note 3.3.2).

A breakdown of the portfolio by country exposure is given in the tables below:

Fair Value as of 31.12.2021 (EUR)

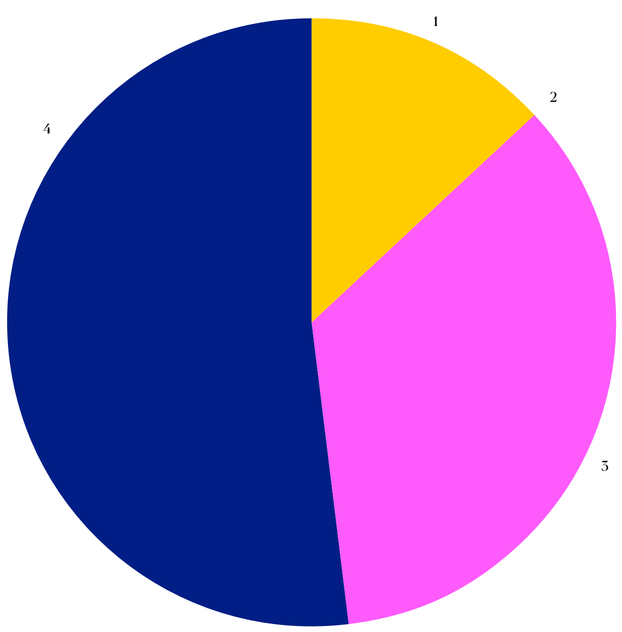


Fair Value as of 31.12.2020 (EUR)



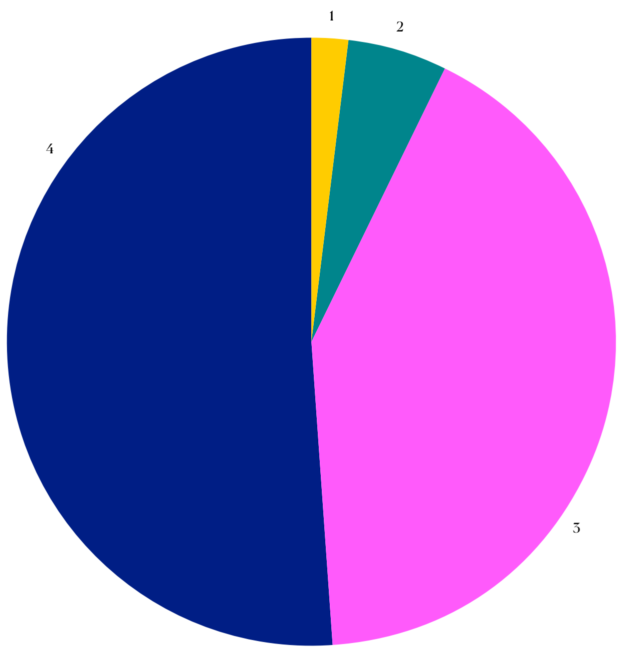
A breakdown of the portfolio per rating is given in the tables below:

% of Fair Value as of 31.12.2021
(EUR 381.0m)



1. Aaa 13.1%
2. Aa 0.0%
3. A 35.1%
4. B 51.8%

% of Fair Value as of 31.12.2020
(EUR 323.0m)



1. Aaa 2.0%
2. Aa 5.4%
3. A 41.7%
4. B 50.9%

3.4.3.3 Liquidity risk

EIF invests in ABS Investments listed on a regulated exchange but without an active and liquid secondary market, implying a potential liquidity risk in case of settlement before maturity. Nevertheless, liquidity risk is limited for these investments as EIF intends to hold them until redemption.

The following table shows an analysis of the ABS portfolio split by the expected maturity dates of the transactions to which they are related:

EUR

	3 months to 1 year	1 year to 5 years	More than 5 years	Total
As of 31.12.2021	90 175 414	267 720 330	23 142 818	381 038 562
As of 31.12.2020	6 542 079	200 936 323	115 492 541	322 970 943

3.4.3.4. Market Risk

3.4.3.4.1. Market risk - Interest rate risk

ABS Investments are debt securities with either a variable interest rate plus a quoted spread or a fixed coupon. Floating-rate securities carry little interest rate risk as its duration is usually close to zero (it converges to zero as reset date approaches), meaning that its price has very low sensitivity to changes in interest rates.

The following table illustrates the Fund's exposure to interest rate risk through the portfolio based on its repricing dates:

EUR 31.12.2021

	Not more than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Fixed rate	93 560	0	92 397 889	0	92 491 449
Floating rate	235 818	90 022 258	175 146 219	23 142 818	288 547 113
Total	329 378	90 022 258	267 544 108	23 142 818	381 038 562

EUR 31.12.2020

	Not more than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Fixed rate	90 145	6 542 079	42 999 869	50 256 422	99 888 515
Floating rate	463 433	0	157 479 234	65 139 761	223 082 428
Total	553 578	6 542 079	200 479 103	115 396 183	322 970 943

3.4.3.4.2. Market risk - Foreign currency risk

As at 31 December 2021 EIF's transactions are invested in EUR only (2020: EUR only).

3.4.4 Other

On 16 September 2019, the EIF entered into a mezzanine-loan facility agreement in relation to the European Union Programme for Employment and Social Innovation (EaSI). As at 31 December 2021 and 2020, the EIF has a commitment of EUR 23 million with no loan disbursed.

3.5 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 EIF 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 ongoing 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 as described in note 2.3. in relation to private equity investments.

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.

PE is an appraised asset class, valued not 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 fair value hierarchy reflects the significance of the inputs used in making the measurements. These levels differ from the category classification mentioned under 2.3.3.1:

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 analyses financial instruments measured solely through fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

At 31.12.2021	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Financial assets				
Financial instruments at Fair Value through Profit and Loss:				
Private equity investments	0	0	1 539 717 710	1 539 717 710
Debt investments	0	381 038 562	0	381 038 562
	0	381 038 562	1 539 717 710	1 920 756 272

At 31.12.2020	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Financial assets				
Financial instruments at Fair Value through Profit and Loss:				
Private equity investments	0	0	982 456 742	982 456 742
Debt investments	0	322 970 943	0	322 970 943
	0	322 970 943	982 456 742	1 305 427 685

The Fund's policy is to recognise the transfers between Levels as of the date of the event or change in circumstances that caused the transfer. Details of the movements of financial assets at fair value through profit or loss are given in note 4.3. There was no transfer of financial assets between Level 1 and Level 3 in 2021 or 2020.

04. Detailed disclosures relating to asset headings

4.1 Cash and cash equivalents

There are no short-term bank deposits as at 31 December 2021 and 2020.

	31.12.2021 EUR	31.12.2020 EUR
Current accounts	234 974 564	150 196 170
Money market instruments	49 965 277	78 013 008
	284 939 841	228 209 178

4.2 Financial instruments at amortised cost

Financial instruments at amortised cost are made up of the treasury portfolio and long-term bank deposits for EUR 2 445 697 846 (2020: EUR 1 206 789 028) and microfinance loans for EUR 3 887 992 (2020: EUR 5 234 233).

4.2.1 Treasury portfolio and long-term bank deposits

The treasury portfolio includes long-term debt instruments i.e. long-term bank deposits, bonds, notes and other obligations.

	31.12.2021 EUR	31.12.2020 EUR
Treasury portfolio	2 437 269 259	1 201 832 169
Accrued interest on treasury portfolio	8 428 587	4 956 859
	2 445 697 846	1 206 789 028

As at 31 December 2021, long-term bank deposits amount to EUR 147 982 528 (2020: EUR 15 000 000). The effective interest rate on long-term bank deposits is -0.47% (2020: 0.05%). These deposits had an average remaining maturity of 54 days (2020: 57).

Movement in treasury portfolio can be analysed as follows:

	31.12.2021 EUR	31.12.2020 EUR
Carrying amount at 1 January	1 206 789 028	1 237 899 381
Additions	1 560 133 272	322 861 621
Disposals / matured	(324 763 574)	(351 092 809)
Expected credit loss allowance	67 392	(81 589)
Accrued interest	3 471 728	(2 797 576)
Carrying amount at 31 December	2 445 697 846	1 206 789 028

As of 31 December 2021, the expected credit loss allowance amounts to EUR 176 453 (2020: EUR 243 845).

As of 31 December 2021, the treasury portfolio is only composed of investments classified under Stage 1 of the ECL model (2020: only stage 1).

The fair value of the treasury portfolio and long-term bank deposits as of 31 December 2021 amounts to EUR 2 439 309 214 (2020: EUR 1 223 207 568).

As of 31 December 2021, EUR 2 411 823 133 is classified as Level 1 and EUR 27 486 081 is classified as Level 2 in the Fair Value hierarchy (2020: EUR 1 194 907 175 and EUR 28 300 393 respectively).

4.2.2 Microfinance Loans

The loan portfolio includes microfinance loans.

	31.12.2021 EUR	31.12.2020 EUR
Loan portfolio	3 882 718	5 226 993
Accrued interest on loan portfolio	5 274	7 240
	3 887 992	5 234 233

Movement in loan portfolio can be analysed as follows:

	31.12.2021 EUR	31.12.2020 EUR
Carrying amount at 1 January	5 234 233	6 167 015
Additions	814 774	965 384
Disposals/matured	(2 165 202)	(1 898 518)
Expected credit loss allowance	6 153	2 955
Accrued interest	(1 966)	(2 603)
Carrying amount at 31 December	3 887 992	5 234 233

The disbursed microfinance loan portfolio is composed of investments classified under Stage 1 of the ECL model as of 31 December 2021 and 2020.

At the year-end, there is no undisbursed microfinance loan (2020: nil).

As of 31 December 2021, the expected credit loss allowance amounts to EUR 980 (2020: EUR 7 133).

The fair value of the microfinance loans as of 31 December 2021 amounts to EUR 3 887 046 (2020: EUR 5 229 117).

4.3 Financial instruments at fair value through profit or loss

4.3.1 Private equity investments

Private equity investments at fair value through profit or loss are analysed as follows:

	2021 EUR	2020 EUR
Investment at cost at 1 January	751 907 855	595 720 771
Disbursements	122 625 434	114 123 481
Disbursements in relation to EFSI EP - SW2	82 213 992	47 725 373
Disbursements in relation to EFSI - Private Credit	122 660 024	84 580 526
Capital repayments	(168 405 772)	(70 727 617)
Capital repayments in relation to EFSI EP - SW2	(15 648 175)	(8 379 835)
Capital repayments in relation to EFSI - Private Credit	(11 687 884)	(4 880 903)
Terminated deals	(937 732)	(18 835)
Fund underwriting - cost de-recognition	0	(123 322)
Foreign exchange	6 114 876	(6 111 784)
Investment at cost at 31 December	888 842 618	751 907 855
Fair value adjustment and foreign exchange adjustment at 1 January	230 548 887	180 455 408
Adjustments to fair value during the financial year:		
Changes in fair value through profit or loss	319 645 259	50 993 400
Increase in fair value in relation to EFSI EP - SW2	78 585 597	1 826 296
Increase in fair value in relation to EFSI - Private Credit	16 725 135	140 476
Terminated transactions - cumulated fair value adjustments until de-recognition	0	(59 949)
Fund underwriting - cumulated fair value adjustments until de-recognition	0	(9 052)
Foreign exchange	5 370 214	(2 797 692)
Value adjustment and foreign exchange adjustment at 31 December	650 875 092	230 548 887
Carrying amount at 31 December	1 539 717 710	982 456 742

As of 31 December 2021 and 2020, the private equity investments are all classified under level 3 of the fair value hierarchy. As highlighted in the accounting policy (note 2.3.3.1) and following the usage of the methodology to derive an estimated fair value of the private equity portfolio, the impact amounts to EUR 114 200 180.

There were no transactions completed under the Fund underwriting activity during 2021 (2020: 2).

This activity involves the transfer of economic interest in a part of the Fund's private equity investments to another entity or entities managed by the Fund. In 2020, an amount of EUR 231 726 was received following the transfer and resulted in a profit of EUR 99 365. See note 7.4.

The fair value as of 31 December 2021 includes an amount of EUR 3 594 683 (2020: EUR 5 450 604) related to investment in joint ventures.

4.3.2 Debt investments

Debt investments at Fair Value through Profit or Loss include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

	31.12.2021 EUR	31.12.2020 EUR
Debt portfolio	380 709 184	322 417 365
Accrued interest on debt portfolio	329 378	553 578
	381 038 562	322 970 943

Movement in debt investments can be analysed as follows:

	2021 EUR	2020 EUR
Carrying amount at 1 January	322 970 943	252 106 004
Additions	96 400 000	148 000 000
Disposals/matured	(36 888 667)	(77 925 228)
Change in fair value	(1 219 514)	384 423
Accrued interest	(224 200)	405 744
Carrying amount at 31 December	381 038 562	322 970 943

As at 31 December 2021, the total debt investments at cost amount to EUR 381 152 951 (2020: EUR 321 641 618) and the accumulated change in fair value on debt investments amounts to EUR (443 767) (2020: EUR 775 747).

4.4 Other assets

Other assets are made up of the following:

	31.12.2021 EUR	31.12.2020 EUR
Accounts receivable relating to pensions managed by the EIB	260 747 748	224 758 463
Accrued commission & other income	195 843 525	222 599 131
Receivables from financial guarantees	20 482 246	17 553 213
Receivables from earn-out agreements	0	58 524
Other debtors	20 112 181	10 595 821
	497 185 700	475 565 152

Following the introduction of a defined benefit pension scheme in 2003 (see note 2.8), contributions from staff and the Fund are set aside to cover future obligations. The assets of the scheme are transferred to the EIB for management on behalf of the Fund. See also note 5.2.

The following table discloses the ageing of other assets:

		Past due but not impaired			
	Neither past due nor impaired EUR	0-6 months EUR	6-12 months EUR	>12 months EUR	Total EUR
2021	497 048 342	0	0	137 358	497 185 700
2020	475 466 494	2 596	3 572	92 490	475 565 152

4.5 Intangible assets

	Internally Generated Software EUR	Purchased Software EUR	Total EUR
Cost	5 653 320	251 578	5 904 898
Accumulated amortisation	(5 653 320)	(251 578)	(5 904 898)
Carrying amount at 01.01.2020	0	0	0
Opening carrying amount	0	0	0
Additions	0	592 875	592 875
Amortisation charge	0	(11 603)	(11 603)
Carrying amount at 31.12.2020	0	581 272	581 272
Cost	5 653 320	844 453	6 497 773
Accumulated amortisation	(5 653 320)	(263 181)	(5 916 501)
Carrying amount at 01.01.2021	0	581 272	581 272
Opening carrying amount	0	581 272	581 272
Additions	0	653 145	653 145
Amortisation charge	0	(15 400)	(15 400)
Carrying amount at 31.12.2021	0	1 219 017	1 219 017
31.12.2021			
Cost	5 653 320	1 497 598	7 150 918
Accumulated amortisation	(5 653 320)	(278 581)	(5 931 901)
Carrying amount at 31.12.2021	0	1 219 017	1 219 017

There were no indications of impairment of intangible assets in either 2021 or 2020.

04. Detailed disclosures relating to asset headings

4.6 Property and Equipment

	Other properties EUR	Office Equipment EUR	Computer Equipment EUR	Total Equipment EUR
Cost	530 652	202 401	818 355	1 020 756
Accumulated depreciation	(197 153)	(202 228)	(818 355)	(1 020 583)
Carrying amount at 01.01.2020	333 499	173	0	173
Opening carrying amount	333 499	173	0	173
Depreciation charge	(45 821)	-173	0	-173
Carrying amount at 31.12.2020	287 678	0	0	0
Cost	530 652	202 401	818 355	1 020 756
Accumulated depreciation	(242 974)	(202 401)	(818 355)	(1 020 756)
Carrying amount at 01.01.2021	287 678	0	0	0
Opening carrying amount	287 678	0	0	0
Depreciation charge	(45 822)	0	0	0
Carrying amount 31.12.2021	241 856	0	0	0
31.12.2020				
Cost	530 652	202 401	818 355	1 020 756
Accumulated depreciation	(288 796)	(202 401)	(818 355)	(1 020 756)
Carrying amount	241 856	0	0	0

There were no indications of impairment of equipment or investment property in either 2021 or 2020.

05. Detailed disclosures relating to liabilities and equity headings

5.1 Financial guarantees

Financial guarantees, depending on whether the measurement of a financial guarantee contract results in a net asset or net liability position (see note 2.4), are presented as follows:

	31.12.2021 EUR	31.12.2020 EUR
Financial guarantees	(32 688 191)	(33 923 129)
Provisions for financial guarantees	11 413 583	11 893 983
	(21 274 608)	(22 029 146)

Movement in financial guarantees can be analysed as follows:

2021 - in EUR	Stage 1	Stage 2	Stage 3	Foreign exchange	Total
Financial guarantees as at 1 January	(31 974 771)	(14 787)	9 763 800	196 612	(22 029 146)
Transfer from Stage 2 to Stage 3	0	0	0		0
Transfer from Stage 3 to Stage 2	0	0	0		0
Amortisation of the payer leg	(72 728 156)	(53 199)	(506 356)		(73 287 711)
Adjustment of the receiver leg	75 252 811	114 127	64 339		75 431 277
Expected credit loss allowance	0	(11 911)	(46 259)		(58 170)
Amortisation of financial guarantees de-recognised due to termination	(1 319 264)	(467)	(988)		(1 320 719)
Foreign exchange impact				(10 139)	(10 139)
Financial guarantees as at 31 December	(30 769 380)	33 763	9 274 536	186 473	(21 274 608)

2020 - in EUR	Stage 1	Stage 2	Stage 3	Foreign exchange	Total
Financial guarantees as at 1 January	(24 887 838)	(107 544)	9 984 460	69 181	(14 941 741)
Transfer from Stage 2 to Stage 3	0	(309 390)	309 390		0
Transfer from Stage 3 to Stage 2	0	14 486	(14 486)		0
Amortisation of the payer leg	(65 042 229)	(72 381)	(85 085)		(65 199 695)
Adjustment of the receiver leg	62 424 117	539 595	71 769		63 035 481
Expected credit loss allowance	0	(27 122)	(502 141)		(529 263)
Amortisation of financial guarantees de-recognised due to termination	(4 468 821)	(52 431)	(107)		(4 521 359)
Foreign exchange impact				127 431	127 431
Financial guarantees as at 31 December	(31 974 771)	(14 787)	9 763 800	196 612	(22 029 146)

During the year 2021, no financial guarantee was transferred from Stage 2 to Stage 3 (2020: two) and no financial guarantee was transferred from Stage 3 to Stage 2 (2020: one).

The adjustment of the receiver leg corresponds to guarantee fees received and accrued during the year and value adjustments due to changes in credit ratings.

The change in the fair value of the receiver leg of financial guarantees amounts to EUR 74 074 (2020: EUR (591 997)).

As of 31 December 2021, the receiver leg and the payer leg offset for a total amount of EUR (21 274 608) (2020: EUR (22 029 146)) as follows:

	Receiver leg EUR	Payer leg EUR	Total EUR
31.12.2021			
Financial guarantees	(234 826 078)	202 137 887	(32 688 191)
Provisions for financial guarantees	(24 284 817)	35 698 400	11 413 583
	(259 110 895)	237 836 287	(21 274 608)
31.12.2020			
Financial guarantees	(301 597 452)	267 674 323	(33 923 129)
Provisions for financial guarantees	(32 275 674)	44 169 657	11 893 983
	(333 873 126)	311 843 980	(22 029 146)

5.2 Retirement benefit obligations

The retirement benefit obligation comprises the pension scheme and the health insurance scheme as follows:

Retirement benefit obligations	31.12.2021 EUR	31.12.2020 EUR
Pension scheme	598 423 823	711 505 823
Health insurance scheme	69 109 000	92 137 000
	667 532 823	803 642 823

Commitments in respect of retirement benefits as of 31 December 2021 have been valued by an independent actuary. The calculations are based on the following main assumptions:

Principal Assumptions	2021	2020
Discount rate for obligations	1.35%	0.75%
Rate of future compensation increases	3.50%	3.50%
Rate of pension increases	1.75%	1.75%
Actuarial tables	ICSLT	ICSLT

The discount rate is based on the IBOXX index extrapolated at the average duration of EIF post-retirement obligations (approximately 26.3 years) using an estimated slope determined with ECB EURO Spot yield curve.

Regarding the inflation and indexation of pensions, the long-term consensus forecast of inflation in the Eurozone remained the basis. However, as ECB aims at inflation rates of below, but close to 2% over the medium-term, a 1.75% rate was retained.

In the current low growth macroeconomic situation, compensation increases in the European institutions and in the financial sector are likely to remain subdued. In this respect, a 3.5% assumption was retained.

The defined benefit obligation for pensions as valued in the independent actuary report dated 28 January 2022 amounts to EUR 598 423 823 (2020: EUR 711 505 823). As of December 2021 the Fund allocated EUR 178 035 333 (2020: EUR 153 851 485) to pension assets.

Amounts recognised in comprehensive income as at 31.12.2021	EIF Pension	Health Insurance	Total 2021
	EUR	EUR	EUR
Current net service cost	49 882 000	13 755 000	63 637 000
Special termination benefits	70 000	0	70 000
Net interest cost	5 331 000	691 000	6 022 000
Net benefit expense recognised in profit or loss	55 283 000	14 446 000	69 729 000
Re-measurement on the defined benefit obligation:			
Experience loss/(gain)	5 063 000	4 693 000	9 756 000
Gain due to assumption changes	(177 848 000)	(42 154 000)	(220 002 000)
Defined benefit obligation recognised in other comprehensive income	(172 785 000)	(37 461 000)	(210 246 000)
Total	(117 502 000)	(23 015 000)	(140 517 000)

Amounts recognised in comprehensive income as at 31.12.2020	EIF Pension	Health Insurance	Total 2020
	EUR	EUR	EUR
Current net service cost	37 163 000	11 407 000	48 570 000
Special termination benefits	0	0	0
Net interest cost	6 850 000	958 000	7 808 000
Net benefit expense recognised in profit or loss	44 013 000	12 365 000	56 378 000
Re-measurement on the defined benefit obligation:			
Experience loss/(gain)	19 479 000	(11 281 000)	8 198 000
Gain due to assumption changes	114 366 000	17 377 000	131 743 000
Defined benefit obligation recognised in other comprehensive income	133 845 000	6 096 000	139 941 000
Total	177 858 000	18 461 000	196 319 000

The movements in the DBO rounded to the nearest EUR 1 000 are as follows:

Changes in Defined Benefit Obligation as at 31.12.2021	EIF Pension	Health insurance	Total 2021
	EUR	EUR	EUR
Defined benefit obligation, Beginning of year	711 505 823	92 137 000	803 642 823
Net service cost	49 882 000	13 755 000	63 637 000
Net interest cost	5 331 000	691 000	6 022 000
Employee contributions	5 803 000	8 000	5 811 000
Benefits paid	(1 383 000)	(21 000)	(1 404 000)
Special termination benefits	70 000	0	70 000
Experience loss/(gain)	5 063 000	4 693 000	9 756 000
Gain due to assumption changes	(177 848 000)	(42 154 000)	(220 002 000)
Defined benefit obligation, End of year	598 423 823	69 109 000	667 532 823

Changes in Defined Benefit Obligation as at 31.12.2020	EIF Pension	Health Insurance	Total 2020
	EUR	EUR	EUR
Defined benefit obligation, Beginning of year	525 431 823	73 685 000	599 116 823
Net service cost	37 163 000	11 407 000	48 570 000
Net interest cost	6 850 000	958 000	7 808 000
Employee contributions	5 305 000	8 000	5 313 000
Benefits Paid	2 911 000	(17 000)	2 894 000
Special termination benefits	0	0	0
Experience Loss/ (gain)	19 479 000	(11 281 000)	8 198 000
Loss due to assumption changes	114 366 000	17 377 000	131 743 000
Defined benefit obligation, End of year	711 505 823	92 137 000	803 642 823

The sensitivity of the DBO to possible changes at the reporting date to key actuarial assumptions, holding other assumptions constant, is shown below:

31 December 2021		Effect on the defined benefit obligation	
		EIF Pension	Health Insurance
Discount rate	0.5% increase	-14%	-14%
Discount rate	0.5% decrease	17%	20%
Life expectancy	1 year increase	3%	5%
Life expectancy	1 year decrease	-3%	-5%
Inflation	1% increase	27%	
Inflation	1% decrease	-20%	
Salary rate	1% increase	8%	
Salary rate	1% decrease	-7%	
Medical cost	1% increase		51%
Medical cost	1% decrease		-33%

31 December 2020		Effect on the defined benefit obligation	
		EIF Pension	Health Insurance
Discount rate	0.5% increase	-14%	-17%
Discount rate	0.5% decrease	18%	21%
Life expectancy	1 year increase	4%	6%
Life expectancy	1 year decrease	-3%	-5%
Inflation	1% increase	25%	
Inflation	1% decrease	-19%	
Salary rate	1% increase	11%	
Salary rate	1% decrease	-9%	
Medical cost	1% increase		51%
Medical cost	1% decrease		-34%

05. Detailed disclosures relating to liabilities and equity headings

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the DBO at the reporting date were as follows:

31 December 2021	EIF Pension	Health Insurance
	years	years
Duration of active members	32.9	36.5
Duration of deferred members*	31.3	28.3
Duration of retired members	18.9	22

Life expectancy at age 60 for a Male using ICSLT (year 2021) mortality tables: 26.9 years

Life expectancy at age 60 for a Female using ICSLT (year 2021) mortality tables: 29.4 years

**Staff members who have left the Fund before retirement age and have a right to a deferred pension.*

31 December 2020	EIF Pension	Health Insurance
	years	years
Duration of active members	32.9	36.5
Duration of deferred members*	30.2	28.3
Duration of retired members	19.6	22

Life expectancy at age 60 for a Male using ICSLT (year 2020) mortality tables: 26.8 years

Life expectancy at age 60 for a Female using ICSLT (year 2020) mortality tables: 29.3 years

**Staff members who have left the Fund before retirement age and have a right to a deferred pension.*

5.3 Other liabilities and provisions

	31.12.2021 EUR	31.12.2020 EUR
Related parties payables	27 879 849	32 094 310
Employee benefit payables	118 028 319	103 227 176
Trade creditors	352 758 323	317 882 887
Provision for risks and liabilities	34 954 653	8 548 857
	533 621 144	461 753 230

Employee benefit payables mostly include staff-related costs such as the performance award, the optional supplementary provident scheme (OSPS) and the severance grant.

Trade creditors include EUR 286 005 448 of contract liabilities (2020: EUR 276 548 681). Contract liabilities represent accumulated income to be amortised over the expected life of the mandates under management.

In 2021, provision for risks and liabilities include two provisions amounting respectively to EUR 19.2m and EUR 10m. These provisions relate to EIF management fees received under two mandate agreements and in accordance to their terms. As at 31 December 2021, EIF Management assessed the likelihood that, because of specific circumstances related to these mandates, EIF may have to reimburse partially or fully management fees previously received and concluded on the need to prudently provide for corresponding provisions in case such reimbursements materialise.

Movements in contract liabilities are as follows:

	31.12.2021 EUR	31.12.2020 EUR
Contract liabilities at 1 January	276 548 681	192 271 903
Additions	70 056 301	143 661 987
Transfer to profit or loss	(79 799 534)	(59 385 209)
Transfer to provision	19 200 000	0
	286 005 448	276 548 681

Additions represent management fees invoiced during the year on existing mandates and new mandates signed during the year, which were not recognised in the profit or loss because of the deferral mechanism.

As at 31 December 2021, the aggregate amount of the transaction price allocated to the unsatisfied part of the performance obligation amounts to EUR 746 744 665 (2020: EUR 874 283 411) of which EUR 286 005 448 (2020: EUR 276 548 681) has already been invoiced and deferred in contract liabilities. The Fund expects to recognise such revenue over the remaining expected life of the mandates under management.

5.4 Share capital

The authorised capital amounts to EUR 7 370 000 000 (2020: EUR 4 500 000 000), of which EUR 70 000 000 is not yet subscribed. The authorised and subscribed capital amounts to EUR 7 300 000 000 (2020: EUR 4 500 000 000), divided into 7 300 shares (2020: 4 500 shares) with a nominal value of EUR 1 000 000 each. The shares confer rights of ownership of the assets of the Fund as described in Article 8 of its Statutes. Shareholders are entitled to any distribution of net profits, which is limited by the requirements of the statutory reserve.

On 12 February 2021, the General Meeting of Shareholders approved an increase of the Fund's subscribed share capital from EUR 4 500 000 000 to EUR 7 370 000 000, resulting in a total of 7 370 authorised shares of a nominal value of EUR 1 000 000. In 2021, the capital increase of EUR 2 870 000 000 was effected by issuing 2 870 shares of a nominal value of EUR 1 000 000 each. 1 689 shares were acquired by the EIB, 853 shares were acquired by the European Union represented by the European Commission and EUR 258 shares were acquired by other Financial Institutions. Following the end of the capital increase on 30 September 2021, 70 shares are not yet allocated as of 31 December 2021.

As at 31 December 2021, the authorised and subscribed share capital of EUR 7 300 000 000 (2020: EUR 4 500 000 000) representing 7 300 shares (2020: 4 500 shares) is called and paid in for an amount of EUR 1 460 000 000 (2020: EUR 900 000 000) representing 20 % of the authorised and subscribed share capital.

The subscribed share capital is detailed as follows:

	31.12.2021 EUR	31.12.2020 EUR
Subscribed and paid in (20%)	1 460 000 000	900 000 000
Subscribed but not yet called (80%)	5 840 000 000	3 600 000 000
	7 300 000 000	4 500 000 000

	31.12.2021 EUR	31.12.2020 EUR
European Investment Bank	4 336	2 647
European Commission	2 190	1 337
Financial Institutions	774	516
	7 300	4 500

5.5 Statutory reserve and retained earnings

Under the terms of Article 27 of its Statutes, the Fund is required to appropriate to a statutory reserve at least 20 % of its annual net profit until the aggregate reserve amounts to 10 % of subscribed capital. Such reserve is not available for distribution.

A minimum amount of EUR 112 871 476 is required to be appropriated in 2022 with respect to the financial year ended 31 December 2021.

No dividend was distributed following the approval of the General Meeting of Shareholders on 21 April 2021 (2020: no dividend). Dividends are distributed in line with Article 27 of the Fund's Statutes.

Under the terms of Article 26 of its Statutes, the Fund defines commitment ceilings in relation to its capital as follows:

For guarantee operations and ABS investments, commitments are limited to three times the amount of subscribed capital.

Private equity net commitments may not exceed 50% of equity, excluding the fair value reserve as per decision of the Annual General Meeting.

06. Interest in unconsolidated structured entities and in investment entities

The EIF has interests in entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements. The Fund has interests in unconsolidated structured entities as described below.

Structured entities are used either to meet statutory obligations or to provide mandators with access to EIF expertise in relation to its primary activities. Structured entities or investment entities may be established as corporations, trusts or partnerships. Structured entities or investment entities generally:

subscribe to equity issued by SMEs in the context of private equity transactions; or

issue debt securities guaranteed either directly by the Fund or by a structured entity managed by the EIF on behalf of a mandator.

The table below describes the types of structured entities in which the EIF concluded that the Fund has an interest and no control:

Type of structured entity	Nature and purpose	Interest held by the Fund
Limited Partnership in relation to PE operations (see section 6.1)	Acquisition, holding, managing and disposal of participations in any enterprise subject to the conditions laid down in paragraph 2 (i) of Article 12 of the EIF Statutes	• Investments in shares issued by the Limited Partnership • Capital and revenues repayments
Special Purpose Vehicles ("SPV") in relation to financial guarantee operations (see section 6.2)	Provision of guarantees as well as of other comparable instruments for loans and other financial obligations in whatever form	• Fees for financial guarantee servicing
Special Purpose Vehicles ("SPV") in relation to ABS investments (see section 6.3)	Acquisition of ABS investments	• Interest income from ABS investments
Mandates in relation to management of facilities by the Fund on behalf of a mandator (see section 6.4 and section 6.5)	To deploy the resources allocated to the mandate by any Managing Authority and according to each individual agreement and to the EIF expertise	• Fees for mandates servicing

Below is a description of the Fund's involvement in unconsolidated structured entities by type. The Fund concluded that it does not control and therefore should not consolidate any entity described in sections 6.1, 6.2, 6.3, 6.4 and 6.5, as the Fund does not have power over the relevant activities of the entities.

6.1 Interest in structured entities in relation to private equity operations

Operations are typically structured as follows:

An investment fund is setup with a General Partner (hereafter "GP") and with a number of Limited Partners (hereafter "LPs"), who form together the Limited Partnership. In addition, the Limited Partnership Agreement discloses the investment strategy foreseen within the entity and agreed between the GP and the LPs;

When financing is brought by the LPs, full authority and power is given to the GP, which could delegate the investment part to an investment manager;

The use of voting rights by the LPs is often foreseen to revoke the GP either with a cause or without cause. Even if an investment board within the entity is setup, such an investment board has a consultative role only and is not therefore one of the decision-making bodies of the Limited Partnership.

The Fund is an LP, it does not act as a GP and is from time to time a member of the consultative investment board. The Fund's interest typically ranges from 0.1% to 50%.

Maximum loss exposure from PE structured entities is limited to the amount of committed investment as disclosed in note 3.2.

For more quantitative details on PE operations, please refer to note 3.2.

6.2 Interest in structured entities in relation to financial guarantee operations

When the Fund enters into a securitisation transaction in the context of its activity of financial guarantee provided to the European financial institutions, the Fund could be exposed to a special purpose vehicle (hereafter "SPV") as follows:

In the context of a bilateral guarantee

Under this type of financial guarantee, even if the Fund provides a bilateral guarantee for the benefit of the holder of the mezzanine/senior notes, the Fund is not a direct party to the securitisation transactions agreement to benefit from the operation. The Fund enters into a financial guarantee agreement directly with the beneficiary, which is typically the beneficiary of the securitisation transaction agreement. Through the financial guarantee agreement, the Fund has no negotiating power and no voting rights within the structure and the role of the Fund is to guarantee one of the tranches of a more global transaction.

In the context of such transactions, a SPV could be established to initially purchase a pool of receivables from the originator and to issue consequently several classes of notes, which will be guaranteed. On the other hand, if no SPV is established, the originator will issue the notes and will retain the pool of receivables.

In the context of an embedded guarantee

Under this type of operation and contrary to a bilateral guarantee, a SPV shall be established to issue the notes and to be the owner of the pool of receivables. In such operations, the Fund, as guarantor, will be part of the structure of the transaction and will be part of the agreement without having any control over the SPV.

Maximum loss exposure from guarantee operations structured entities is limited to the total Exposure at Risk as disclosed in note 3.3.

As at December 31, 2021, the Fund is exposed to 70 bilateral guarantees (2020: 82) and to 1 embedded guarantees (2020: 2), which represent respectively EUR 10 863m (2020: EUR 5 516m) and EUR 10m (2020: EUR 12m) of the EIF's guarantees in terms of Exposure at Risk.

For more quantitative details on the guarantee portfolio, please refer to note 3.3.

6.3 Interest in structured entities in relation to ABS investments

When the Fund enters into a securitisation backed by SME financing, the Fund could be exposed to a SPV, which may be established to issue the ABS investment. In such operations, the Fund will make a direct investment in the ABS issued out by the SPV.

As at December 31, 2021, the Fund invested in 11 ABS investments issued by SPVs (2020: 11) for a total amount of EUR 381.0m, which are classified into the caption "Debt investments at fair value through profit or loss" (2020: EUR 323.0m).

For more quantitative details on ABS investments, please refer to note 3.4.

6.4 Interest in structured entities in relation to management of facilities by the Fund on behalf of a mandator

The Fund acts as an integrated operational platform for SME finance, deploying resources mandated for management by its related parties (EIB and EC see note 8.1 and 8.2, respectively) and other third parties (public and private entities) depending on the nature of the investment but also in relation to the Fund's expertise and in compliance with its Statutes. When the Fund manages a facility on behalf of a mandator, the management will be performed by the Fund either through a trusteeship or partnership depending on the requirements of the mandator, which have been classified as follows:

The EIB, which means EIB resources managed by the Fund according to a defined scope;

The European Commission, which means European Commission contributions managed by the Fund according to the financial regulation and to dedicated agreements;

Other third parties: the Fund has sought to further enhance its market impact by establishing joint investment facilities with public and private entities through trust accounts and country, multi-country or sector-specific funds-of-funds.

The EIF is entrusted with the management of the funds, operating under clear rules defined in an agreement, investing in entities whose maximum risk is defined in the agreement and performing the treasury asset management under guidelines defined in the agreement. The Fund is remunerated for its services through management fees (or on a cost recovery basis for some mandates) which are defined upfront in the agreement. In that context, the Fund classifies the mandates as follows and according to the nature of financial instruments foreseen under each individual agreement:

Mandator	Nature and purpose of the structured entity	Interest held by the Fund	Resources[1]	Committed transactions[2]
Services offered in the context of financial guarantee operations				
European Investment Bank	On behalf of the mandator and according to the Fund's expertise: - To originate financial guarantee transactions; - To monitor the financial guarantee transactions; - To report to the mandator accordingly.	Management fees for servicing	14 470 834 154	10 127 680 574
European Commission			7 371 921 816	6 667 832 075
Other third parties			2 666 396 620	1 970 579 855
Services offered in the context of private equity operations				
European Investment Bank	On behalf of the mandator and according to the Fund's expertise: - To originate private equity transactions; - To monitor the private equity transactions; - To report to the mandator accordingly.	Management fees for servicing	14 551 380 375	17 863 431 147
European Commission			5 449 420 989	4 999 064 549
Other third parties			8 959 988 254	4 256 887 668
Services offered in the context of microfinance operations				
European Investment Bank	On behalf of the mandator and according to the Fund's expertise: - To originate microfinance transactions; - To monitor microfinance transactions; - To report to the mandator accordingly.	Management fees for servicing	185 535 000	125 400 000
European Commission			45 000 000	39 064 056
Services offered in the context of multi-products structured entities				
European Investment Bank	On behalf of the mandator and according to the Fund's expertise: - To originate multi products transactions; - To monitor the multi products transactions; - To report to the mandator accordingly.	Management fees for servicing	13 331 000 000	9 060 873 141
European Commission			146 866 328	0
Other third parties			1 164 141 605	1 184 045 375

(1) "Resources" means the net amount of the contribution already paid by the mandator to the Fund or the amount committed to be paid by the mandator.

(2) "Committed transactions" corresponds to the transactions committed by the Fund for the purpose of managing the mandate on behalf of the mandator.

6.5 Interest in investment entities in relation to management of facilities by the Fund on behalf of a mandator

Under certain circumstances and depending on the requirements of a mandator, the EIF could establish a legal entity from which the EIF will act as an integrated operational platform for SME finance, deploying resources mandated for management by its related parties and other third parties.

The EIF is entrusted with the management of the funds, operating under clear rules defined in an agreement, investing in entities whose maximum risk is defined in the agreement and performing the treasury asset management under guidelines defined in the agreement. The Fund is remunerated for its services through management fees (or on a cost recovery basis for some mandates) which are defined upfront in the agreement. In that context, the Fund classifies the mandates as follows and according to the nature of financial instruments foreseen under each individual agreement:

Mandator	Country	Nature and purpose of the structured entity	Interest held by the Fund	Resources[1]	Committed transactions[2]
European Investment Bank	Multicountry with a focus on European Microfinance	On behalf of the mandator and according to the Fund's expertise: - To act as investment adviser and to propose private equity transaction for the approval of governing bodies of the fund of funds; - To originate private equity transactions; - To monitor the private equity transactions; - To report to the mandator accordingly.	Management fees for servicing	210 000 000	63 896 268
European Commission	Multicountry with a focus on Global Energy Efficiency and Renewable Energy Fund			484 679 409	227 569 028
Other third parties	Portugal			111 330 000	102 319 018
	Spain			183 000 000	166 088 389
	The Netherlands			402 500 000	387 000 000
	The United Kingdom			238 015 899	231 767 796
	Turkey			360 000 000	341 241 973
	Multi-country			1 335 486 785	955 075 703

(1) "Resources" means the net amount of contribution already paid by the mandator to the Fund or the amount committed to be paid by the mandator.
(2) "Committed transactions" corresponds to the transactions committed by the Fund for the purpose of managing the mandate on behalf of the mandator.

As at 31 December 2021, total assets under management defined as the initial resources and contributions allocated to each mandate amounts to EUR 71.67 billion (2020: EUR 53.41 billion).

07. Detailed disclosures related to the statement of comprehensive income

7.1 Interest and similar income

Interest and similar income comprises:

	31.12.2021 EUR	31.12.2020 EUR
Interest income on debt investments	8 684 195	10 988 223
Interest (expense)/income on money-market instruments	(329 041)	2 218
Interest expense on bank current accounts	(2 195 807)	(1 068 665)
Other interest income	4 448 256	4 919 774
	10 607 603	14 841 550

Interest income on debt investments includes discounts of EUR 488 304 (2020: EUR 480 027) and premiums amount to EUR (9 681 763) (2020: EUR (4 727 370)).

7.2 Net result from financial guarantee operations

Net result from guarantee operations comprises:

	31.12.2021 EUR	31.12.2020 EUR
Amortisation of the payer leg	74 608 430	69 792 682
Intermediation and risk cover fees	11 413	(128 499)
Guarantee calls net of recoveries	(173 253)	25 324
	74 446 590	69 689 507

7.3 Commission income

Commission income is detailed as follows:

	31.12.2021 EUR	31.12.2020 EUR
Commissions on EIB mandates	64 988 351	56 309 820
Commissions on EC mandates	52 165 878	55 737 634
Commissions on Regional and Funds of Funds mandates	90 240 665	54 687 549
Other commissions	328 632	265 372
	207 723 526	167 000 375

Commission income include EUR 79 799 534 (2020: EUR 59 385 209), which was previously recognised in contract liabilities. See note 5.3.

7.4 Net result on financial operations

Net result on financial operations includes:

EUR (83 438) of realised losses on debt investments at amortised cost (2020: gains of EUR 110 958). See note 4.2.1.

There were no realised gains or losses in the context of the Fund underwriting activity during the year (2020: realised gains of EUR 99 365 on the disposal of private equity investments following the completion of a Sale and Purchase Agreement). Additional details of these transactions are given in note 4.3, and

unrealised results arising from transactions or cash positions denominated in currency for a total of EUR 13 012 600 (2020: EUR (10 000 298)).

7.5 Other operating income

Other operating income includes mainly attendance fees and commitment fees.

7.6 General administrative expenses

The number of persons employed at the year-end, including 1 EIF secondee to EIB (2020: 1), is as follows:

	31.12.2021	31.12.2020
Chief Executive/Deputy Chief Executive	2	2
Employees	597	551
	599	553

The Fund has identified the members of the Board of Directors, the members of the Audit Board and the members of the EIF Management as key management personnel.

Key management compensation for the period is disclosed as follows:

	31.12.2021	31.12.2020
Short-term benefits [1]	2 765 049	2 800 614
Post-employment benefits [2]	448 707	449 630
	3 213 756	3 250 244

(1) Short-term employee benefits comprise salaries and allowances, performance awards and social security contributions of key management personnel

(2) Post-employment benefits comprise pensions and expenses for post-employment health insurance paid to key management personnel

Other administrative expenses include contributions under the service level agreement with the EIB for the use of office space amounting to EUR 10 487 523 (2020: EUR 9 625 043).

08. Related party transactions

EIB is the majority owner of the Fund with 59.4% (2020: 58.8%) of the subscribed shares. The remaining percentage is held by the European Commission 30.0% (2020: 29.7%) and the Financial Institutions 10.6% (2020: 11.5%).

Information relating to general administrative expenses and key management is disclosed in the note 7.6.

8.1 European Investment Bank

Related party transactions with the EIB concern mainly the management by the Fund of the activities as described in note 6. In addition and according to the service level agreement between the EIF and the EIB, the EIB manages the EIF treasury, IT, the pension fund and other services on behalf of the EIF. Related expenses are taken into account in the general administrative expenses.

The amounts included in the financial statements and relating to the EIB are disclosed as follows:

	31.12.2021 EUR	31.12.2020 EUR
Assets		
Other assets	335 342 702	291 385 706
Liabilities and equity		
Other liabilities and provisions	24 570 171	9 771 302
Share capital (subscribed and paid-in)	867 200 000	529 400 000
Income		
Commission income	64 988 351	56 466 551
Interest income on pensions	4 448 257	4 919 774
Expenses		
General administrative expenses	19 937 547	19 126 522

8.2 European Commission

Related party transactions with the European Union represented by the European Commission concern mainly the management by the Fund of private equity and guarantee activities as described in the note 6. The amounts included in the financial statements and relating to the European Union represented by the European Commission are disclosed as follows:

	31.12.2021 EUR	31.12.2020 EUR
Assets		
Other assets	75 251 756	130 318 060
Liabilities and equity		
Other liabilities and provisions	148 301 096	148 757 915
Share capital (subscribed and paid-in)	438 000 000	267 400 000
Income		
Commission income	52 165 878	55 737 634

09. Taxation

The Protocol on the Privileges and Immunities of the European Union, appended to the Treaty on the Functioning of the European Union, applies to the Fund, which means that the assets, revenues and other property of the Fund are exempt from all direct and indirect taxes.

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