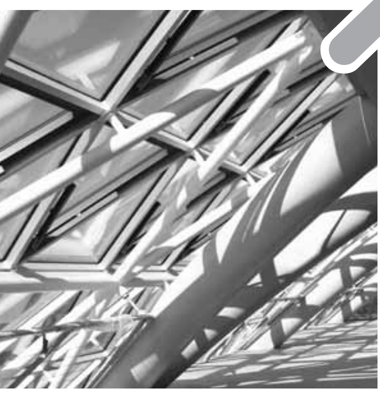
European Investment Bank

The EU bank



2014

Financial Statements

on EIB activity in Africa, the Caribbean and Pacific, and the overseas territories

Financial Statements

Report of the Réviseur d'Entreprise Agréé

To the Chairman of the Audit Committee of EUROPEAN INVESTMENT BANK
98-100 Boulevard Konrad Adenauer
L-2950 LUXEMBOURG

We have audited the accompanying financial statements of the Investment Facility, which comprise the statement of financial position as at 31 December 2014 and the statements of profit or loss and other comprehensive income, changes in contributors' resources and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

EUROPEAN INVESTMENT BANK Management's responsibility for the financial statements

The EUROPEAN INVESTMENT BANK's Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the EUROPEAN INVESTMENT BANK's Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the EUROPEAN INVESTMENT BANK's Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Investment Facility as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Luxembourg, 12 March 2015

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé

E. Dollé

Statement of the Audit Committee

The Financial Regulation applicable to the 10th European Development Fund in Article 134 with regard to the operations managed by the European Investment Bank states that these operations shall be subject to the audit and discharge procedures laid down in the Statute of the Bank for all of its operations. On this basis, the Audit Committee issues this statement.

Statement by the Audit Committee on the Investment Facility's financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS)

The Committee, instituted in pursuance of Article 12 of the Statute and Chapter V of the Rules of Procedure of the European Investment Bank for the purpose of verifying that the operations of the Bank are conducted and its books kept in a proper manner, having

– designated KPMG as external auditors, reviewed their audit planning process, examined and discussed their reports,

– noted that the opinion of KPMG on the financial statements of the Investment Facility for the year ended 31 December 2014 is unqualified,

– convened on a regular basis with the Heads of Directorates and relevant services, and studied the documents which it deemed necessary to examine in the discharge of its duties,

– received assurance from the Management Committee concerning the effectiveness of the internal control structure and internal administration,

and considering

– the financial statements for the financial year ended 31 December 2014 as drawn up by the Board of Directors at its meeting on 12 March 2015,

– that the foregoing provides a reasonable basis for its statement and,

– Articles 24, 25 and 26 of the Rules of Procedure,

to the best of its knowledge and judgement:

– confirms that the activities of the Investment Facility are conducted in a proper manner, in particular with regard to risk management and monitoring;

– has verified that the operations of the Investment Facility have been conducted and its books kept in a proper manner and that to this end, it has verified that the Investment Facility's operations have been carried out in compliance with the formalities and procedures laid down by the Statute and Rules of Procedure;

– confirms that the financial statements, comprising the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in contributors' resources, the statement of cash flows and a summary of significant accounting policies and other explanatory information give a true and fair view of the financial position of the Investment Facility as at 31 December 2014 in respect of its assets and liabilities, and of the results of its financial performance and its cash flows for the year then ended, in accordance with IFRS.

Luxembourg, 12 March 2015

The Audit Committee

M. MATEJ   M. ÜÜRIKE   B. JAKOBSEN

J. N SCHAUS   D. PITTA FERRAZ   J. SUTHERLAND

Statement of financial position

as at 31 December 2014 (in EUR'000)

	Notes	31.12.2014	31.12.2013
ASSETS			
Cash and cash equivalents	5	545 399	599 515
Derivative financial instruments	6	448	1 024
Loans and receivables	7	1 331 918	1 222 199
Available-for-sale financial assets	8	403 085	331 699
Amounts receivable from contributors	9/15	42 590	-
Held-to-maturity financial assets	10	99 988	102 562
Other assets	11	5 522	148
Total Assets		2 428 950	2 257 147
LIABILITIES AND CONTRIBUTORS' RESOURCES			
LIABILITIES			
Derivative financial instruments	6	14 632	3 545
Deferred income	12	31 310	35 083
Amounts owed to third parties	13	68 824	331 235
Other liabilities	14	2 591	2 572
Total Liabilities		117 357	372 435
CONTRIBUTORS' RESOURCES			
Member States Contribution called	15	2 057 000	1 661 309
Fair value reserve		156 122	78 191
Retained earnings		98 471	145 212
Total Contributors' resources		2 311 593	1 884 712
Total Liabilities and Contributors' resources		2 428 950	2 257 147

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

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2014 (in EUR'000)

	Notes	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Interest and similar income	17	77 240	69 593
Interest and similar expenses	17	-1 522	-1 175
Net interest and similar income		**75 718**	**68 418**
Fee and commission income	18	1 163	2 728
Fee and commission expenses	18	-37	-43
Net fee and commission income		**1 126**	**2 685**
Fair value change of derivative financial instruments		-11 663	4 399
Net realised gains on available-for-sale financial assets	19	8 109	5 294
Net foreign exchange loss		-222	-6 925
Net result on financial operations		**-3 776**	**2 768**
Change in impairment on loans and receivables net of reversal	7	-75 756	-27 334
Impairment on available-for-sale financial assets	8	-6 262	-8 176
Other income	21	337	-
General administrative expenses	20	-38 128	-37 851
(Loss)/profit for the year		-46 741	510
Other comprehensive income:			
Items that are or may be reclassified to profit or loss:			
Available-for-sale financial assets – Fair value reserve	8		
1. Net change in fair value of available-for-sale financial assets		87 230	12 350
2. Net amount transferred to profit or loss		-9 299	-2 593
Total available-for-sale financial assets		**77 931**	**9 757**
Total other comprehensive income		**77 931**	**9 757**
Total comprehensive income for the year		31 190	10 267

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

Statement of changes in contributors' resources

For the year ended 31 December 2014 (in EUR'000)

	Notes	Contribution called	Fair value reserve	Retained earnings	Total
At 1 January 2014		1 661 309	78 191	145 212	1 884 712
Member States contribution called during the year	15	105 691	-	-	105 691
Unused interest subsidies and technical assistance	15	290 000	-	-	290 000
Loss for the year 2014		-	-	-46 741	-46 741
Total other comprehensive income for the year		-	77 931	-	77 931
Changes in contributors' resources		**395 691**	**77 931**	**-46 741**	**426 881**
At 31 December 2014		2 057 000	156 122	98 471	2 311 593

	Notes	Contribution called	Fair value reserve	Retained earnings	Total
At 1 January 2013		1 561 309	68 434	144 702	1 774 445
Member States contribution called during the year	15	100 000	-	-	100 000
Profit for the year 2013		-	-	510	510
Total other comprehensive income for the year		-	9 757	-	9 757
Changes in contributors' resources		**100 000**	**9 757**	**510**	**110 267**
At 31 December 2013		1 661 309	78 191	145 212	1 884 712

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

Statement of cash flows

For the year ended 31 December 2014 (in EUR'000)

	Notes	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
OPERATING ACTIVITIES			
(Loss)/profit for the financial year		-46 741	510
Adjustments made for :			
Impairment on available-for-sale financial assets	8	6 262	8 176
Other income	21	-337	-
Net change in impairment on loans and receivables	7	75 756	27 334
Interest capitalised on loans and receivables	7	-11 915	-10 363
Change in accrued interest and amortised cost on loans and receivables		895	-249
Change in accrued interest and amortised cost on held-to-maturity financial assets	10	12	733
Change in deferred income		-3 773	-2 725
Effect of exchange rate changes on loans	7	-92 707	30 402
Effect of exchange rate changes on available-for-sale financial assets		-449	-1 154
Effect of exchange rate changes on cash held		-9 362	-378
(Loss)/profit on operating activities before changes in operating assets and liabilities		-82 359	52 286
Loan disbursements	7	-248 326	-242 203
Repayments of loans	7	166 578	119 160
Change in accrued interest on cash and cash equivalent	5	7	-1
Fair value changes on derivatives		11 663	-4 399
Increase in held-to-maturity financial assets	10	-1 610 057	-680 635
Maturities of held-to-maturity financial assets	10	1 612 619	676 369
Increase in available-for-sale financial assets	8	-42 646	-34 700
Repayments/Sales of available-for-sale financial assets	8	43 378	38 737
Increase/(Decrease) in other assets		-5 374	76
Increase in other liabilities		19	1 419
Decrease in amounts payable to the European Investment Bank		-175	-6 539
Net cash flows used in operating activities		-154 673	-80 430
FINANCING ACTIVITIES			
Contribution received from Member States	15	105 691	187 310
Amounts received from Member States with regard to interest subsidies and technical assistance		7 410	50 000
Amounts paid on behalf of Member States with regard to interest subsidies and technical assistance		-21 899	-24 312
Net cash flows from financing activities		91 202	212 998
Net (decrease)/increase in cash and cash equivalents		-63 471	132 568
Summary statement of cash flows:			
Cash and cash equivalents at the beginning of financial year		599 507	466 561
Net cash from:			
Operating activities		-154 673	-80 430
Financing activities		91 202	212 998
Effects of exchange rate changes on cash and cash equivalents		9 362	378
Cash and cash equivalents at the end of the financial year		545 398	599 507
Cash and cash equivalents are composed of:			
Cash in hand	5	9 642	194 107
Term deposits (excluding accrued interest)		415 756	405 400
Commercial paper	5	120 000	-
		545 398	599 507

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

Notes to the financial statements as at 31 December 2014

1 General information

The Investment Facility ("the Facility" or "IF") has been established within the framework of the Cotonou Agreement (the "Agreement") on co-operation and development assistance negotiated between the African, Caribbean and Pacific Group of States (the "ACP States") and the European Union and its Member States on 23 June 2000, revised on 25 June 2005 and 23 June 2010.

The Facility is not a separate legal entity and the European Investment Bank ("EIB" or "the Bank") manages the contributions on behalf of the Member States ("Donors") in accordance with the terms of the Agreement and acts as an administrator of the Facility.

Financing under the Agreement is provided from EU Member States' budgets. EU Member States contribute with the amounts allocated to finance the IF and grants for the financing of the interest subsidies as provided for under the multi-annual financial frameworks (First Financial Protocol covering the period 2000 - 2007 and referred to as the 9th European Development Fund (EDF), Second Financial Protocol covering the period 2008 - 2013 and referred to as the 10th EDF as well as the "Bridging Facility" covering the period from 1 January 2014 until the entry into force of the Third Financial Protocol covering the period 2014 - 2020 referred to as the 11th EDF). The EIB is entrusted with the management of:

- the Facility, a EUR 3 185.5 million risk-bearing revolving fund geared to fostering private sector investment in ACP countries of which EUR 48.5 million are allocated to Overseas Countries and territories ("OCT countries");
- grants for the financing of interest subsidies worth max. EUR 586.85 million for ACP countries and max. EUR 3.5 million for OCT countries. Up to 15% of these subsidies can be used to fund project-related technical assistance ("TA");
- the "Bridging Facility" covering the grants to finance the interest subsidies and project-related technical assistance and being composed of un- and de-committed balances from previous EDFs.

The present financial statements cover the period from 1 January 2014 to 31 December 2014.

On a proposal from the Management Committee of EIB, the Board of Directors of EIB adopted the Financial Statements on 12 March 2015, and authorised their submission to the Board of Governors for approval by 28 April 2015.

2 Significant accounting policies

2.1 Basis of preparation – Statement of compliance

The Facility's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2.2 Reclassification of prior year figures

The presentation of commitment fees under fee and commission income changed to interest and similar income.

The impact of the reclassification on the 2013 comparatives amounts to EUR 1 323k.

2.3 Significant accounting judgments and estimates

The preparation of financial statements requires the use of accounting estimates. It also requires the European Investment Bank's Management to exercise its judgment in the process of applying the Investment Facility's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed hereafter.

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

Measurement of fair values of financial instruments

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations. Where the fair values cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The valuations are categorised into different levels in the fair value hierarchy based on the inputs used in the valuation techniques as described and disclosed in Notes 2.5.3 and 4.

These valuation techniques may include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Facility uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require limited management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Facility uses own valuation models, which are developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs includes certain loans and guarantees for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability or counterparty default and prepayments and selection of appropriate discount rates.

The Facility has an established control framework with respect to the measurement of fair values. This framework includes the EIB's Investment Bank's Risk Management and Market Data Management functions. These functions are independent of front office management and are responsible for verifying significant fair value measurements. Specific controls include:

- Verification of observable pricing;
- A review and approval process for new valuation models and changes to existing models;
- Calibration and back testing of models against observed market transactions;
- Analysis and investigation of significant valuation movements;
- Review of significant unobservable inputs and valuation adjustments.

Where third-party information such as broker quotes or pricing services are used to measure fair value, the Facility verifies that such valuations meet the requirements of IFRS. This includes the following:

- Determining where broker quote or pricing service pricing is appropriate;
- Assessing whether a particular broker quote or pricing service is reliable;
- Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- When prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement.

Impairment losses on loans and receivables

The Facility reviews its loans and receivables at each reporting date to assess whether an allowance for impairment should be recorded in the statement of profit or loss and other comprehensive income. In particular, judgment by the European Investment Bank's Management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. In addition to specific allowances against individually significant loans and receivables, the Facility may also book a collective impairment allowance against exposures which have not been individually identified as impaired and have a greater risk of default than when originally granted.

In principle, a loan is considered as impaired when payment of interest and principal are past due by 90 days or more and, at the same time, the European Investment Bank's Management considers that there is an objective indication of impairment.

Valuation of unquoted available-for-sale equity investments

Valuation of unquoted available-for-sale equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics;
- adjusted net assets method; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted available-for-sale equity investments requires significant estimation. The Facility calibrates the valuation techniques periodically and tests them for validity using either price from observable current market transactions in the same instrument or from other available observable market data.

Impairment of available-for-sale financial assets

The Facility treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Facility treats "significant" generally as 30% or more and "prolonged" greater than 12 months. In addition, the Facility evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Consolidation of entities in which the Facility holds interest

The Facility made significant judgements that none of the entities in which it holds interest, are controlled by the Facility. This is due to the fact that in all such entities, either the General Partner or the Fund Manager or the Management Board have the sole responsibility for the management and control of the activities and affairs of the partnership and have the power and authority to do all things necessary to carry out the purpose and objectives of the partnership complying with the investment and policy guidelines.

2.4 Changes in accounting policies

Except for the changes below, the Facility has consistently applied the accounting policies set out in Note 2.5 to all periods presented in these financial statements. The Facility has adopted the following new standards and amendments to standards.

Standards adopted

The following standards, amendments to standards and interpretations were adopted in the preparation of these financial statements:

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the part of IAS 27 'Consolidated and Separate Financial Statements' that deals with consolidated financial statements and SIC 12 'Consolidation-Special Purpose Entities'. Under IFRS 10, there is a new definition of control, providing a single basis for consolidation for all entities. This basis is built on the concept of power over the investee, variability of returns from the involvement with the investee and their linkage, replacing thus focus on legal control or exposure to risks and rewards, depending on the nature of the entity. The adoption of IFRS 10 had no impact on the consolidation of investments held by the Facility. Therefore no restatements are necessary on application of IFRS 10.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 'Interests in Joint Ventures' and SIC-13 'Jointly Controlled Entities - Non – Monetary Contributions by Ventures' and establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.

Under IFRS 11, there are only two types of joint arrangements, joint operations and joint ventures and their classification is based on the parties' rights and obligations arising from the arrangement, rather than its legal form. The adoption of this standard had no impact on the Facility's financial statements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 specifies the disclosures required in annual financial statements to enable users of financial statements to evaluate the nature of and risks associated with the reporting entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The disclosure requirements of IFRS 12 do not require comparative information to be provided for periods prior to initial application. New disclosures are provided in Note 22.

IFRS 10, 11 and 12 Amendments - Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

The amendments clarify the transition guidance in IFRS 10 and provide additional transition relief in IFRS 10, 11 and 12, requiring adjusted comparative information to be limited only to the preceding comparative period. In addition, for disclosures related to unconsolidated structured entities, the requirement to present comparative information for periods before IFRS 12 is first applied, is removed. The adoption of the amendment had no impact on the Facility's financial statements.

IAS 36 Amendment - Recoverable Amount Disclosures for Non-Financial Assets

The amendments restrict the requirement to disclose the recoverable amount of an asset or cash generating unit only to periods in which an impairment loss has been recognized or reversed.

They also include detailed disclosure requirements applicable when an asset or cash generating unit's recoverable amount has been determined on the basis of fair value less costs of disposal and an impairment loss has been recognized or reversed during the period.

The adoption of the amendment had no impact on the Facility's financial statements.

Standards issued but not yet effective

The following standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. Those which may be relevant for the Facility are set out below.

IFRS 9 Financial instruments

The standard was issued on 24 July 2014 and replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 has not yet been adopted by the EU. The Facility has not yet determined the extent of the impact of this standard.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. IFRS 15 has not yet been adopted by the EU. The Facility has not yet determined the extent of the impact of this standard.

2.5 Summary of significant accounting policies

The statement of financial position represents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items.

2.5.1 Foreign currency translation

The Facility uses the Euro (EUR) for presenting its financial statements, which is also the functional currency. Except as otherwise indicated, financial information presented in EUR has been rounded to the nearest thousand.

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

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

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

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in the statement of profit or loss and other comprehensive income.

The elements of the statement of profit or loss and other comprehensive income are translated into Euro on the basis of the exchange rates prevailing at the end of each month.

2.5.2 Cash and cash equivalents

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

2.5.3 Financial assets other than derivatives

Financial assets are accounted for using the settlement date basis.

Fair value of financial instruments

Fair value is 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 in the principal, or in its absence, the most advantageous market to which the Facility has access at that date.

When applicable, the EIB on behalf of the Facility measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The EIB measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are unadjusted quoted market prices in active markets for identical instruments to which the Facility has access.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are not observable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Facility recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Held-to-maturity financial assets

Held-to-maturity financial assets comprise quoted bonds with the intention of holding them to maturity, and commercial paper with original maturities of more than three months.

Those bonds and commercial paper are initially recorded at their fair value plus any directly attributable transaction cost. The difference between entry price and redemption value is amortised in accordance with the effective interest method over the remaining life of the instrument.

The Facility assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or event) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Impairment loss is recognised in profit and loss and the amount of the loss is measured as the difference between the carrying value and the present value of estimated future cash flows discounted at the instrument's original effective interest rate.

Loans

Loans originated by the Facility are recognised in the assets of the Facility when cash is advanced to borrowers. They are initially recorded at cost (net disbursed amounts), which is the fair value of the cash given to originate the loan, including any transaction costs, and are subsequently measured at amortised cost, using the effective yield method, less any provision for impairment or uncollectability.

Available-for-sale financial assets

Available-for-sale financial assets are those which are designated as such or do not qualify to be classified as designated at fair value through profit or loss, held-to-maturity or loans and receivables. They include direct equity investments and investments in venture capital funds.

After initial measurement, available-for-sale financial assets are subsequently carried at fair value. Note the following details for the fair value measurement of equity investments, which cannot be derived from active markets:

a. Venture capital funds

The fair value of each venture capital fund is based on the latest available Net Asset Value (NAV), reported by the fund, if calculated based on international valuation guidelines recognised to be in line with IFRS (for example: the International Private Equity and Venture Capital Valuation guidelines, IPEV Guidelines, as published by the European Venture Capital Association). The Facility may however decide to adjust the NAV reported by the fund if there are issues that may affect the valuation.

b. Direct equity investments

The fair value of the investment is based on the latest set of financial statements available, re-using, if applicable, the same model as the one used at the acquisition of the participation.

Unrealised gains or losses on venture capital funds and direct equity investments are reported in contributors' resources until such investments are sold, collected or disposed of, or until such investments are determined to be impaired. If an available-for-sale investment is determined to be impaired, the cumulative unrealised gain or loss previously recognised in equity is transferred to the statement of profit or loss and other comprehensive income.

For unquoted investment, the fair value is determined by applying recognised valuation techniques (for example adjusted net assets, discounted cash flows or multiple). These investments are accounted for at cost when the fair value cannot be reliably measured. To be noted that in the first 2 years of the investments, they are recognised at cost.

The participations acquired by the Facility typically represent investments in private equity or venture capital funds. According to industry practice, such investments are generally investments jointly subscribed by a number of investors, none of whom is in a position to individually influence the daily operations and the investment activity of such fund. As a consequence, any membership by an investor in a governing body of such fund does not in principle entitle such 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 dividends 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 Facility's investments are executed in line with the above stated industry practice, ensuring that the Facility neither controls nor exercises any form of significant influence within the meaning of IFRS 10 and IAS 28 over any of these investments, including those investments in which the Facility holds over 20% of the voting rights.

Guarantees

At initial recognition, the financial guarantees are recognised at fair value corresponding to the Net Present Value (NPV) of expected premium inflows. This calculation is performed at the starting date of each transaction and is recognised on balance sheet as "Financial guarantees" under "other assets" and "other liabilities".

Subsequent to initial recognition, the Facility's liabilities under such guarantees are measured at the higher of:

- the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee, which is estimated based on all relevant factors and information existing at the date of the statement of financial position.
- the amount initially recognised less cumulative amortisation. The amortisation of the amount initially recognised is done using the actuarial method.

Any increase or decrease in the liability relating to financial guarantees is taken to the statement of profit or loss and other comprehensive income under "fee and commission income".

The Facility's assets under such guarantee are subsequently amortized using the actuarial method and tested for impairment.

In addition, when a guarantee agreement is signed, it is presented as a contingent liability for the Facility and when the guarantee is engaged, as a commitment for the Facility.

2.5.4 Impairment of financial assets

TThe Facility assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans outstanding at the end of the financial year and carried at amortised cost, impairments are made when presenting objective evidence of risks of non-recovery of all or part of their amounts according to the original contractual terms or the equivalent value. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

The Facility conducts the credit risk assessments based on each individual operation and does not consider a collective impairment.

For the available-for-sale financial assets, the Facility assesses at each balance sheet date whether there is objective evidence that an investment is impaired. Objective evidence would include a significant or prolonged decline in the fair value of the investment below its costs. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss and other comprehensive income) is removed from contributors' resources and recognised in the statement of profit or loss and other comprehensive income. Impairment losses on available-for-sale financial assets are not reversed through the statement of profit or loss and other comprehensive income; increases in their fair value after impairment are recognised directly in contributors' resources.

The European Investment Bank's Risk Management reviews financial assets for impairment at least once a year. Resulting adjustments include the unwinding of the discount in the statement of profit or loss and other comprehensive income over the life of the asset, and any adjustments required in respect of a reassessment of the initial impairment.

2.5.5 Derivative financial instruments

Derivatives include cross currency swaps, cross currency interest rate swaps, short term currency swaps ("FX swaps") and interest rate swaps.

In the normal course of its activity, the Facility may enter into swap contracts with a view to hedge specific lending operations or into currency forward contract with a view to hedge its currency positions, denominated in actively traded currencies other than the Euro, in order to offset any gain or loss caused by foreign exchange rate fluctuations.

The Facility does not use any of the hedge possibilities under IAS 39. All derivatives are measured at fair value through the profit or loss and are reported as derivative financial instruments. Fair values are derived primarily from discounted cash-flow models, option-pricing models and from third party quotes.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivative financial instruments are shown in the statement of profit and loss and other comprehensive income under "Fair value change of derivative financial instruments".

Derivatives are initially recognised using the trade date basis.

2.5.6 Contributions

Contributions from Member States are recognised as receivables in the statement of financial position on the date of the Council Decision fixing the financial contribution to be paid by the Member States to the Facility.

The Member States contributions meet the following conditions and are consequently classified as equity:

- as defined in the contribution agreement, they entitle the Member States to decide on the utilisation of the Facility's net assets in the events of the Facility's liquidation;
- they are in the class of instruments that is subordinated to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinated to all other classes of instruments have identical features;
- the instrument does not include any features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Facility over the life of the instrument.

2.5.7 Interest income on loans

Interest on loans originated by the Facility is recorded in the statement of profit or loss and other comprehensive income ('Interest and similar income') and on the statement of financial position ('Loans and receivables') on an accrual basis using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the loan to the net carrying amount of the loan. Once the recorded value of a loan has been reduced due to impairment, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Commitment fees are deferred and recognised in income using the effective interest method over the period from disbursement to repayment of the related loan, and are presented in the statement of profit or loss and other comprehensive income within interest and similar income.

2.5.8 Interest subsidies and technical assistance

As part of its activity, the Facility manages interest subsidies and technical assistance on behalf of the Member States.

The part of the Member States contributions allocated to the payment of interest subsidies and TA is not accounted for in the Facility's contributors' resources but is classified as amounts owed to third parties. The Facility operates the disbursement to the final beneficiaries and then decreases the amounts owed to third parties.

When amounts contributed with regard to interest subsidies and TA are not fully granted, they are reclassified as contribution to the Facility.

2.5.9 Interest income on cash and cash equivalents

Interest income on cash and cash equivalents is recognised in the statement of profit or loss and other comprehensive income of the Facility on an accrual basis.

2.5.10 Fees, commissions and dividends

Fees received in respect of services provided over a period of time are recognised as income as the services are provided, while fees that are earned on the execution of a significant act are recognised as income when the significant act has been completed. These fees are presented in the statement of profit or loss and other comprehensive income within fee and commission income.

Dividends relating to available-for-sale financial assets are recognised when received and presented in the statement of profit or loss and other comprehensive income within net realised gains on available-for-sale financial assets.

2.5.11 Taxation

The Protocol on the Privileges and Immunities of the European Union, appended to the treaty on the European Union and the treaty of the functioning of the European Union, stipulates that the assets, revenues and other property of the Institutions of the Union are exempt from all direct taxes.

3 Risk Management

This note presents information about the Facility's exposure to and its management and control of credit and financial risks, in particular the primary risks associated with its use of financial instruments. These are:

- credit risk – the risk of loss resulting from client or counterparty default and arising on credit exposure in all forms, including settlement risk;
- liquidity risk – the risk that an entity is not to able to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses;
- market risk – the risk that changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates will affect an entity's income or the value of its holdings in financial instruments.

3.1 Risk management organisation

The European Investment Bank adapts its risk management on an ongoing basis.

The Risk Management of EIB independently identifies, assesses, monitors and reports the risks to which the Facility is exposed. Within a framework whereby the segregation of duties is preserved, the Risk Management is independent of the Front Offices. The Director General of Risk Management reports for risk matters, to the designated Vice-President of the European Investment Bank. The designated Vice-President meets regularly with the Audit Committee to discuss topics relating to risks. He is also responsible for overseeing risk reporting to the European Investment Bank's Management Committee and the Board of Directors.

3.2 Credit risk

Credit risk is the potential loss that could result from client or counterparty default and arising on credit exposure in all forms, including settlement.

3.2.1. Credit risk policy

In carrying out the credit analysis on loan counterparts, EIB assesses credit risk with a view to quantify and pricing it. The Facility has developed an Internal Rating Methodology (IRM) for corporates or financial institutions to determine the Internal Ratings of its main borrower/guarantor beneficiary counterparts. The methodology is based on a system of scoring sheets tailored for each major credit counterpart type (e.g. Corporates, Banks, Public Sector Entities, etc). Taking into consideration both, Best Banking Practice and the principles set under the Basel International Capital Accord (Basel II), all counterparts that are material to the credit profile of a specific transaction are classified into internal rating categories using the IRM for the specific counterpart type. Each counterpart is initially assigned to an Internal Rating reflecting the counterpart's long-term foreign currency rating following an in-depth analysis of the counterpart's risk profile and its country risk operating context.

The credit assessment of project finance and other structured limited recourse operations is using credit risk tools relevant for the sector, focused mainly on cash flow availability and debt service capacity. These tools include the analysis of projects' contractual framework, counterpart's analysis and cash flow simulations. Similarly to corporates and financial institutions, each project is assigned to an internal risk rating and an expected loss.

All non-sovereign (or non sovereign guaranteed/assimilated) operations are subject to specific transaction-level and counterpart size limits. The maximum nominal amount of transactions are capped by a limit which depends on the transaction expected loss. Counterpart limits are applied to consolidated exposures. Such limits typically reflect the size of counterparts own funds as well as their total external long-term funding.

In order to mitigate credit risk the Facility uses various credit enhancements which are:

- project-related securities (e.g., pledge over the shares; pledge over the assets; assignment of rights; pledge over the accounts); and/or
- guarantees, generally provided by the sponsor of the financed project (e.g., completion guarantees, first demand guarantees).

In addition, the Facility uses sometimes credit enhancements which are not immediately correlated to the project risk, like collaterals or bank guarantees.

The Facility does not use any credit derivatives to mitigate credit risk.

3.2.2. Maximum exposure to credit risk without taking into account any collateral and other credit enhancements

The following table shows the maximum exposure to credit risk for the components of the statement of financial position, including derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral.

Maximum exposure (in EUR'000)	31.12.2014	31.12.2013
ASSETS		
Cash and cash equivalents	545 399	599 515
Derivative financial instruments	448	1 024
Loans and receivables	1 331 918	1 222 199
Amounts receivable from contributors	42 590	-
Held-to-maturity financial assets	99 988	102 562
Other assets	5 522	148
Total assets	**2 025 865**	**1 925 448**
OFF BALANCE SHEET		
Contingent liabilities		
- Signed non-issued guarantees	25 000	25 000
Commitments		
- Un-disbursed loans	1 161 859	889 866
- Issued guarantees	2 298	4 414
Total off balance sheet	**1 189 157**	**919 280**
Total credit exposure	**3 215 022**	**2 844 728**

3.2.3. Credit risk on loans and receivables

3.2.3.1 Credit risk measurement for loans and receivables

Each and every lending transaction undertaken by the Facility benefits from a comprehensive risk assessment and quantification of expected loss estimates that are reflected in a Loan Grading ("LG"). LGs are established according to generally accepted criteria, based on the quality of the borrower, the maturity of the loan, the guarantee and, where appropriate, the guarantor.

The loan grading (LG) system comprises the methodologies, processes, databases and IT systems supporting the assessment of credit risk in lending operations and the quantification of expected loss estimates. It summarises a large amount of information with the purpose of offering a relative ranking of loans' credit risks. LGs reflect the present value of the estimated level of the "expected loss", this being the product of the probability of default of the main obligors, the exposure at risk and the loss severity in the case of default. LGs are used for the following purposes:

- as an aid to a finer and more quantitative assessment of lending risks;
- as help in distributing monitoring efforts;
- as a description of the loan's portfolio quality at any given date;
- as one input in risk-pricing decisions based on the expected loss.

The following factors enter into the determination of an LG::

i) The borrower's creditworthiness: Risk Management independently reviews borrowers and assesses their creditworthiness based on internal methodologies and external data. In line with the Basel II Advanced Approach chosen, the Bank has developed an internal rating methodology (IRM) to determine the internal ratings of borrowers and guarantors. This is based on a set of scoring sheets specific to defined counterparty types.

ii) The default correlation: it quantifies the chances of simultaneous financial difficulties arising for both the borrower and the guarantor. The higher the correlation between the borrower and the guarantor's default probabilities, the lower the value of the guarantee and therefore the lower the LG.

iii) The value of guarantee instruments and of securities: this value is assessed on the basis of the combination of the issuer's creditworthiness and the type of instrument used.

iv) The contractual framework: a sound contractual framework will add to the loan's quality and enhance its internal grading

v) The loan's duration: all else being equal, the longer the loan, the higher the risk of incurring difficulties in the servicing of the loan.

A loan's expected loss is computed by combining the five elements discussed above. Depending on the level of this loss, a loan is assigned to one of the following LG classes listed below:

A Prime quality loans: there are three sub-categories. A comprises all EU sovereign risks, i.e. loans granted to or fully, explicitly and unconditionally guaranteed by Member States, where no repayment difficulties are expected and for which an unexpected loss of 0% is allocated. A+ denotes loans granted to (or guaranteed by) entities other than Member States, with no expectation of deterioration over their duration. A- includes those lending operations where there is some doubt about the maintenance of their current status (for instance because of a long maturity, or for the high volatility of the future price of an otherwise excellent collateral), but where any downside is expected to be quite limited.

B High quality loans: these represent an asset class with which the bank feels comfortable, although a minor deterioration is not ruled out in the future. B+ and B- are used to denote the relative likelihood of the possibility of such deterioration occurring.

C Good quality loans: an example could be unsecured loans to solid banks and corporates with a 7-year bullet, or equivalent amortising, maturity at disbursement.

D This rating class represents the borderline between "acceptable quality" loans and those that have experienced some difficulties. This watershed in loan grading is more precisely determined by the sub-classifications D+ and D-. Loans rated D- require heightened monitoring.

E This LG category includes loans with a risk profile greater than generally accepted. It also includes loans which in the course of their lives have experienced severe problems and their sliding into a situation of loss cannot be excluded. For this reason, the loans are subject to close and high monitoring. The sub-classes E+ and E- differentiate the intensity of this special monitoring process, with those operations graded E- being in a position where there is a strong possibility that debt service cannot be maintained on a timely basis and therefore some form of debt restructuring is required, possibly leading to an impairment loss.

F F (fail) denotes loans representing unacceptable risks. F-graded loans can only arise out of outstanding transactions that have experienced, after signature, unforeseen, exceptional and dramatic adverse circumstances. All operations where there is a loss of principal to the Facility are graded F and a specific provision is applied.

Generally, loans internally graded D- or below are placed on the Watch List. However, if a loan was originally approved with a risk profile of D- or weaker, it will only be placed on the Watch List as a result of a material credit event causing a further deterioration of its LG classification.

The table in section 3.2.3.3 shows the credit quality analysis of the Facility's loan portfolio based on the various LG classes as described above.

3.2.3.2 Analysis of lending credit risk exposure

The following table shows the maximum exposure to credit risk on loans signed and disbursed by nature of borrower taking into account guarantees provided by guarantors:

At 31.12.2014 (in EUR'000)	Guaranteed	Other credit enhancements	Not guaranteed	Total	% of Total
Banks	16 457	106 667	571 609	694 733	52%
Corporates	23 494	93 731	310 396	427 621	32%
Public institutions	33 279	-	31	33 310	3%
States	-	4 815	171 439	176 254	13%
Total disbursed	73 230	205 213	1 053 475	1 331 918	100%
Signed not disbursed	121 826	117 758	922 275	1 161 859	

At 31.12.2013 (in EUR'000)	Guaranteed	Other credit enhancements	Not guaranteed	Total	% of Total
Banks	18 341	112 178	338 464	468 983	38%
Corporates	26 315	94 365	417 990	538 670	44%
Public institutions	29 120	-	31	29 151	2%
States	-	5 322	180 073	185 395	16%
Total disbursed	73 776	211 865	936 558	1 222 199	100%
Signed not disbursed	14 966	117 758	757 142	889 866	

Transaction Management and Restructuring is tasked with the responsibility of performing borrower and guarantor monitoring, as well as project-related financial and contractual monitoring. Thus, the creditworthiness of the Facility's loans, borrowers and guarantors are continually monitored, at least annually but more frequently on an as-needed basis and as a function of credit events taking place. In particular, Transaction Management and Restructuring reviews if contractual rights are met and, in case of a rating deterioration and/or contractual default, remedy action is taken. Mitigation measures are pursued, whenever necessary in accordance with the credit risk guidelines. Also, in case of renewals of bank guarantees received for its loans, it is ensured that these are replaced or action is taken in a timely manner.

3.2.3.3 Credit quality analysis per type of borrower

The tables below show the credit quality analysis of the Facility's loan portfolio as at 31 December 2014 and 31 December 2013 by the Loan Grading applications, based on the exposure signed (disbursed and un-disbursed):

At 31.12.2014 (in EUR'000)		High Grade	Standard Grade	Min. Accept. Risk	High Risk	No grading	Total	% of Total
		A to B-	C	D+	D- and below			
Borrower	Banks	75 268	7 074	307 049	879 420	336 318	1 605 129	65%
	Corporates	102 974	7 964	16 713	456 210	-	583 861	23%
	Public institutions	-	-	33 279	40 031	-	73 310	3%
	States	-	-	4 815	226 662	-	231 477	9%
Total		178 242	15 038	361 856	1 602 323	336 318	2 493 777	100%

At 31.12.2013 (in EUR'000)		High Grade	Standard Grade	Min. Accept. Risk	High Risk	No grading	Total	% of Total
		A to B-	C	D+	D- and below			
Borrower	Banks	65 571	15 434	97 478	689 905	404 129	1 272 517	60%
	Corporates	6 773	15 970	5 691	520 048	-	548 482	26%
	Public institutions	-	-	-	69 151	-	69 151	3%
	States	-	-	-	221 915	-	221 915	11%
Total		72 344	31 404	103 169	1 501 019	404 129	2 112 065	100%

3.2.3.4 Risk concentrations of loans and receivables

3.2.3.4.1 Geographical analysis

Based on the country of borrower, the Facility's loan portfolio can be sub-divided into the following geographical regions (in EUR'000):

Country of borrower	31.12.2014	31.12.2013
Uganda	161 657	144 816
Kenya	155 168	131 384
Nigeria	137 832	73 469
Regional-ACP	136 182	101 863
Mauritania	95 319	93 455
Jamaica	77 272	68 000
Ethiopia	68 614	75 962
Dominican Republic	64 614	64 015
Tanzania	62 916	26 121
Cameroon	61 067	70 154
Togo	45 780	50 319
Congo (Democratic Republic)	39 786	39 047
Mauritius	35 811	108 511
Mozambique	29 139	26 202
Cape Verde	26 101	27 470
Ghana	16 130	6 365
Rwanda	14 854	6 439
French Polynesia	14 622	13 994
Senegal	12 046	13 063
Malawi	9 945	3 999
Samoa	7 595	8 872
Burkina Faso	7 456	8 944
Haiti	7 379	5 511
Mali	7 207	7 717
Congo	6 919	8 649
Zambia	5 761	6 412
Vanuatu	3 835	5 028
Angola	3 623	6 380
New Caledonia	3 211	3 708
Niger	2 581	3 020
Saint Lucia	2 363	2 102
Palau	2 254	2 224
Grenada	1 996	2 243
Trinidad and Tobago	1 180	-
Micronesia	1 141	-
Liberia	821	364
Tonga	681	1 416
Gabon	528	512
Fiji	474	1 032
Burundi	40	-
Chad	18	-
Lesotho	-	3 417
Total	1 331 918	1 222 199

3.2.3.4.2 Industry sector analysis

The table below analyses the Facility's loan portfolio by industry sector of the borrower. Operations which are first disbursed to a financial intermediary before being disbursed to the final beneficiary are reported under global loans (in EUR'000):

Industry sector of borrower	31.12.2014	31.12.2013
Global loans and agency agreements	541 600	337 482
Urban development renovation and transport	209 849	216 244
Electricity, coal and others	198 604	234 106
Tertiary and other	168 689	148 875
Basic material and mining	108 367	176 909
Roads and motorways	43 993	38 880
Airports and air traffic management systems	33 310	29 116
Materials processing, construction	16 243	20 884
Telecommunications	6 089	11 746
Paper chain	5 156	4 540
Food chain	18	-
Investment goods/consumer durables	-	3 417
Total	1 331 918	1 222 199

3.2.3.5 Arrears on loans and impairments

Amounts in arrears are identified, monitored and reported according to the procedures defined into the bank wide "Finance Monitoring Guidelines and Procedures". These procedures are in line with best banking practices and are adopted for all loans managed by the EIB.

The monitoring process is structured in order to make sure that (i) potential arrears are detected and reported to the services in charge; (ii) critical cases are promptly escalated to the right operational and decision level; (iii) regular reporting to management and to relevant external institutions (EU Commission and Member States) is provided on the overall status of arrears and on the recovery measures already taken or to be taken.

The arrears and impairments on loans can be broken down as follows (in EUR'000):

	Notes	Loans and receivables 31.12.2014	Loans and receivables 31.12.2013
Carrying amount		1 331 918	1 222 199
Individually impaired			
Gross amount		210 338	227 007
Allowance for impairment	7	-152 137	-70 791
Carrying amount individually impaired		58 201	156 216
Collectively impaired			
Gross amount		-	-
Allowance for impairment		-	-
Carrying amount collectively impaired		-	-
Past due but not impaired			
Past due comprises			
0-30 days		2 558	1 561
30-60 days		528	-
60-90 days		5	-
90-180 days		-	-
more 180 days		-	-
Carrying amount past due but not impaired		3 091	1 561
Carrying amount neither past due nor impaired		1 270 626	1 064 422
Total carrying amount loans and receivables		1 331 918	1 222 199

3.2.4. Credit risk on cash and cash equivalents

Available funds are invested in accordance with the Facility's schedule of contractual disbursement obligations. As of 31 December 2014 and 31 December 2013, investments were in the form of bank deposits, certificates of deposit and commercial paper.

The authorised entities have a rating similar to the short- and long-term ratings required for the EIB's own treasury placements. The minimum short term rating required for authorised entities is P-1/A-1/F1 (Moody's, S&P, Fitch). In case of different ratings being granted by more than one credit rating agency, the lowest rating governs. The maximum authorised limit for each authorised bank (excluding the operational cash accounts of the Facility) is currently EUR 50 000 000 (fifty million euro).

All investments have been done with authorised entities with a maximum tenor of three months from trading date and up to the credit exposure limit. As at 31 December 2014 and 31 December 2013 all bank deposits, certificates of deposit, commercial paper and cash in hand held by the treasury portfolio of the Facility had a minimum rating of P-1 (Moody's equivalent) at settlement day.

The following table shows the situation of cash and cash equivalents including accrued interest (in EUR'000):

Minimum short-term rating (Moody's term)	Minimum long-term rating (Moody's term)	31.12.2014		31.12.2013	
P-1	Aaa	47 937	9%	-	0%
P-1	Aa1	-	0%	48 130	8%
P-1	Aa2	38	0%	48	0%
P-1	Aa3	-	0%	50 000	8%
P-1	A1	137 820	25%	106 572	18%
P-1	A2	359 604	66%	394 765	66%
Total		545 399	100%	599 515	100%

3.2.5. Credit risk on derivatives

3.2.5.1 Credit risk policy of derivatives

The credit risk with respect to derivatives is represented by the loss which a given party would incur where the other counterparty to the deal would be unable to honour its contractual obligations. The credit risk associated with derivatives varies according to a number of factors (such as interest and exchange rates) and generally corresponds to only a small portion of their notional value.

In the normal course of its activity, the Facility may enter into swap contracts with a view to hedge specific lending operations or into currency forward contracts, with a view to hedge its currency positions denominated in actively traded currencies other than the Euro. All the swaps are executed by the European Investment Bank with an external counterpart. The swaps are arranged by the same Master Swap Agreements and Credit Support Annexes signed between the European Investment Bank and its external counterparts.

3.2.5.2 Credit risk measurement for derivatives

All the swaps executed by the European Investment Bank that are related to the Facility are treated within the same contractual framework and methodologies applied for the derivatives negotiated by the European Investment Bank for its own purposes. In particular, eligibility of swap counterparts is determined by the European Investment Bank based on the same eligibility conditions applied for its general swap purposes.

The European Investment Bank measures the credit risk exposure related to swaps and derivatives transactions using the Net Market Exposure ("NME") and Potential Future Exposure ("PFE") approach for reporting and limit monitoring. The NME and the PFE fully include the derivatives related to the Investment Facility.

The following table shows the maturities of cross currency swaps and cross currency interest rate swaps, sub-divided according to their notional amount and fair value:

Swap contracts at 31.12.2014 (in EUR'000)	less than 1 year	1 year to 5 years	5 years to 10 years	more than to 10 years	Total 2014
Notional amount	-	11 606	-	-	11 606
Fair Value (i.e. net discounted value)	-	-3 219	-	-	-3 219

Swap contracts at 31.12.20123(in EUR'000)	less than 1 year	1 year to 5 years	5 years to 10 years	more than to 10 years	Total 2013
Notional amount	2 453	2 584	13 491	-	18 528
Fair Value (i.e. net discounted value)	19	-62	-1 892	-	-1 935

The Facility enters into foreign exchange short term currency swaps ("FX swaps") contracts in order to hedge currency risk on loan disbursements in currencies other than EUR. FX swaps have a maturity of maximum three months and are regularly rolled over. The notional amount of FX swaps stood at EUR 1 059 million at 31 December 2014 against EUR 700 million at 31 December 2013. The fair value of FX swaps amounts to EUR -10.8 million at 31 December 2014 against EUR -1.5 million at 31 December 2013.

The Facility enters into interest rate swap contracts in order to hedge the interest rate risk on loans disbursed. As at 31 December 2014 there are two interest rate swaps outstanding with a notional amount of EUR 44.7 million (2013: EUR 43.3 million) and a fair value of EUR -0.1 million (2013: EUR 0.9 million).

3.2.6. Credit risk on held-to-maturity financial assets

The following table shows the situation of the held-to-maturity portfolio entirely composed of treasury bills issued by Belgium, France, Italy, Portugal and Spain with remaining maturities of less than three months. EU Member States are eligible issuers. The maximum authorised limit for each authorised issuer is EUR 50 000 000 (fifty million euro). Investments in medium and long-term bonds could also be eligible, according to the investment guidelines and depending on liquidity requirements:

Minimum short-term rating (Moody's term)	Minimum long-term rating (Moody's term)	31.12.2014		31.12.2013	
P-1	Aa2	-	0%	16 199	16%
P-1	Aa3	-	0%	39 399	38%
NP	Ba2	49 994	50%	-	0%
P-3	Baa3	49 994	50%	46 964	46%
Total		99 988	100%	102 562	100%

3.3 Liquidity risk

Liquidity risk refers to an enitity's ability to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. It can be split into funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that an entity will not be able to meet efficiently both expected and unexpected current and future cash flow needs without affecting its daily operations or its financial condition. Market liquidity risk is the risk that an entity cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption.

3.3.1 Liquidity risk management

The Facility is primarily funded by annual contributions from Member States (9th and 10th EDF resources) as well as by reflows stemming from the Facility's operations. The Facility manages its funding liquidity risk primarily by planning of its net liquidity needs and the required Member States annual contributions.

Each year, the EC, taking into account EIB's forecasts concerning the management and operations of the Facility, shall establish and communicate to the Council by 15 October a statement of the commitments, payments and the annual amount of the calls for contributions (interest subsidies included) to be made in the current and the following budget years.

In order to calculate Member States' annual contributions, disbursement patterns of the existing and pipelined portfolio is analysed and followed up throughout the year. Special events, such as early reimbursements, sales of shares or default cases are taken into account to correct annual liquidity requirements.

To further minimise the liquidity risk, the Facility maintains a liquidity reserve sufficient to cover at any point in time forecasted cash disbursements, as communicated periodically by EIB's Lending Department. Funds are invested on the money market and bond markets in the form of interbank deposits and other short term financial instruments by taking into consideration the Facility's cash disbursement obligations. The Facility's liquid assets are managed by the Bank's Treasury Department with a view to maintain appropriate liquidity to enable the Facility to meet its obligations.

In accordance with the principle of segregation of duties between the Front and Back Office, settlement operations related to the investment of these assets are under the responsibility of the EIB's Planning and Settlement of Operations Department. Furthermore, the authorisation of counterparts and limits for treasury investments, as well as the monitoring of such limits, are the responsibility of the Bank's Risk Management Directorate.

3.3.2 Liquidity risk measurement

TThe tables in this section analyse the financial liabilities of the Facility by maturity on the basis of the period remaining between the balance sheet date and the contractual maturity date (based on undiscounted cash flows).

In terms of non-derivative financial liabilities, the Facility holds commitments in form of un-disbursed portions of the credit under signed loan agreements, of un-disbursed portions of signed capital subscription/investment agreements, of loan guarantees granted, or of committed interest subsidies and TA.

Loans under the IF have a disbursement deadline. However, disbursements are made at times and in amounts reflecting the progress of underlying investment projects. Moreover, the IF's loans are transactions performed in a relatively volatile operating environment, hence their disbursement schedule is subject to a significant degree of uncertainty.

Capital investments become due when and as soon as equity fund managers issue valid calls for capital, reflecting the progress in their investment activities. The drawdown period is usually of 3 years, frequently extended by one or two years. Some disbursement commitments usually survive the end of the drawdown period until full disposal of the fund's underlying investments, as the fund's liquidity may be insufficient from time to time to meet payment obligations arising in respect of fees or other expenses.

Guarantees are not subject to specific disbursement commitments unless a guarantee is called. The amount of guarantees outstanding is reduced alongside the repayment schedule of guaranteed loans.

Committed interest subsidies' cash outflows occur in the case of subsidised loans financed by the Bank's own resources. Therefore, reported outflows represent only commitments related to these loans rather than the total amount of committed un-disbursed interest subsidies. As in the case of loans, their disbursement schedule is uncertain.

Committed TA "gross nominal outflow" in the "Maturity profile of non-derivative financial liabilities" table refers to the total undisbursed portion of signed TA contracts. The disbursement time pattern is subject to a significant degree of uncertainty. Cash outflows classified in the "3 months or less" bucket represent the amount of outstanding invoices received by the reporting date.

Commitments for non-derivative financial liabilities for which there is no defined contractual maturity date are classified under "Maturity Undefined". Commitments, for which there is a recorded cash disbursement request at the reporting date, are classified under the relevant time bucket.

In terms of derivative financial liabilities, the maturity profile represents the contractual undiscounted gross cash flows of swap contracts including cross currency swaps (CCS), cross currency interest rate swaps (CCIRS), short term currency swaps and interest rate swaps.

Maturity profile of non-derivative financial liabilities in EUR'000 as at 31.12.2014	3 months or less	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Maturity Undefined	Gross nominal outflow
Outflows for committed but un-disbursed loans	1 576	-	-	-	1 160 283	1 161 859
Outflows for committed investment funds and share subscription	4 584	-	-	-	196 053	200 637
Others (signed non-issued guarantees, issued guarantees)	-	-	-	-	27 298	27 298
Outflows for committed interest subsidies	-	-	-	-	241 890	241 890
Outflows for committed TA	595	-	-	-	18 978	19 573
Total	6 755	-	-	-	1 644 502	1 651 257

Maturity profile of non-derivative financial liabilities in EUR'000 as at 31.12.2013	3 months or less	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Maturity Undefined	Gross nominal outflow
Outflows for committed but un-disbursed loans	363	-	-	-	889 503	889 866
Outflows for committed investment funds and share subscription	1 689	-	-	-	175 132	176 821
Others (signed non-issued guarantees, issued guarantees)	-	-	-	-	29 414	29 414
Outflows for committed interest subsidies	-	-	-	-	191 760	191 760
Outflows for committed TA	759	-	-	-	14 707	15 466
Total	2 811	-	-	-	1 300 516	1 303 327

Maturity profile of derivative financial liabilities In EUR'000 as at 31.12.2014	3 months or less	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Gross nominal inflow/ outflow
CCS and CCIRS – Inflows	6	2 218	10 036	-	12 260
CCS and CCIRS – Outflows	-	-3 202	-12 809	-	-16 011
Short-term currency swaps – Inflows	1 059 000	-	-	-	1 059 000
Short-term currency swaps – Outflows	-1 070 677	-	-	-	-1 070 677
Interest Rate Swaps – Inflows	371	1 103	6 495	3 619	11 588
Interest Rate Swaps - Outflows	-	-2 143	-6 373	-3 022	-11 538
Total	-11 300	-2 024	-2 651	597	-15 378

Maturity profile of derivative financial liabilities In EUR'000 as at 31.12.2013	3 months or less	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Gross nominal inflow/ outflow
CCS and CCIRS – Inflows	506	5 183	11 476	2 731	19 896
CCS and CCIRS – Outflows	-539	-5 858	-12 894	-2 819	-22 110
Short-term currency swaps – Inflows	700 000	-	-	-	700 000
Short-term currency swaps – Outflows	-701 490	-	-	-	-701 490
Interest Rate Swaps – Inflows	232	1 053	6 341	5 720	13 346
Interest Rate Swaps - Outflows	-	-1 874	-6 385	-3 773	-12 032
Total	-1 291	-1 496	-1 462	1 859	-2 390

3.4 Market risk

Market risk represents the risk that changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates will affect an entity's income or the value of its holdings in financial instruments.

3.4.1. Interest rate risk

Interest rate risk arises from the volatility in the economic value of, or in the income derived from, the Facility's interest rate bearing positions due to adverse movements in interest rates.

The Facility's exposure to interest rate risk arises from the volatility in the economic value of its interest bearing assets and micro-hedging swaps.

The Facility measures the sensitivity of its loan portfolio and micro hedging swaps to interest rate risk via a Basis Point Value (BPV) calculation. Micro hedging swaps include CCS, CCIRS and interest rate swaps which are associated with the hedging of specific lending operations.

The BPV measures the gain or loss in the net present value of the relevant portfolio, due to a 1 basis point (0.01%) increase in interest rates tenors ranging within a specified time bucket "money market – up to one year", "very short – 2 to 3 years", "short – 4 to 6 years", "medium – 7 to 11 years", "long – 12 to 20 years" or "extra-long – more than 21 years".

To determine the net present value (NPV) of the loans' cash flows denominated in EUR, the Facility uses the EIB's EUR base funding curve (EUR swap curve adjusted with EIB's global funding spread). The EIB's USD funding curve is used for the calculation of the NPV of loan's cash flows denominated in USD. The NPV of the loans' cash flows denominated in currencies for which a reliable and sufficiently complete discount curve is not available, is determined by using EIB's EUR base funding curve as a proxy.

To calculate the net present value of the micro hedging swaps, the facility uses the EUR swap curve for cash flows denominated in EUR and the USD swap curve for cash flows denominated in USD.

As shown in the following table the net present value of the loan portfolio including related micro-hedging swaps as at 31 December 2014 would decrease by EUR 419k (as at 31 December 2013: decrease by EUR 344k) if all relevant interest rates curves are simultaneously shifted upwards in parallel by 1 basis point.

Basis point value in EUR'000 as at 31.12.2014	Money Market 1 year	Very Short 2 to 3 years	Short 4 to 6 year	Medium 7 to 11 years	Long 12 to-20 years	Extra Long 21 years	Total
Total sensitivity of loans and micro hedging swaps	-33	-70	-126	-146	-44	-	-419

Basis point value in EUR'000 as at 31.12.2013	Money Market 1 year	Very Short 2 to 3 years	Short 4 to 6 year	Medium 7 to 11 years	Long 12 to-20 years	Extra Long 21 years	Total
Total sensitivity of loans and micro hedging swaps	-25	-57	-90	-124	-48	-	-344

3.4.2. Foreign exchange risk

Foreign exchange ("FX") risk is the volatility in the economic value of, or in the income derived from, the Facility's positions due to adverse movements of foreign exchange rates.

Given a reference accounting currency (EUR for the IF), there is an exposure to FX risk whenever there is a mismatch between assets and liabilities denominated in a non-reference accounting currency. Foreign exchange risk also includes the effect of changes in the value of future cash flows denominated in non-reference accounting currency, e.g. interest and dividend payments, due to fluctuations in exchange rates.

3.4.2.1 Foreign exchange risk and treasury assets

The IF's treasury assets are denominated either in EUR or USD.

FX risk is hedged by means of FX cross currency spot or forward transactions FX swaps or cross-currency swaps. The EIB's Treasury Department can where deemed necessary and appropriate use any other instrument in line with the Bank's policy that provide protection against market risks incurred in connection with the IF's financial activities.

3.4.2.2 Foreign exchange risk and operations financed or guaranteed by the IF

Member States' IF contributions are received in EUR. The operations financed or guaranteed by the IF as well as interest subsidies can be denominated in EUR, USD or any other authorised currency.

A foreign exchange risk exposure (against the EUR reference currency) arises whenever transactions denominated in currencies other than the EUR are left un-hedged. The IF's foreign exchange risk hedging guidelines are set out below.

3.4.2.2.1. Hedging of operations denominated in USD

The total outstanding amount of all IF Operations (loans and equity) denominated in USD shall be hedged by means of USD/EUR FX swaps, rolled over on a periodic basis. At the beginning of each period, the cash flows to be received or paid in USD during the next period shall be estimated on the basis of planned or expected reflows/disbursements. Subsequently, the maturing FX swaps shall be rolled over, their amount being adjusted to cover at least the USD liquidity needs projected over the next period.

- A periodic calculation of the overall USD exposure as per the accounting records is performed to adjust, when necessary, the hedge on the next FX swap roll.
- If deemed operationally convenient by the Treasury Department, cross-currency swaps can also be used to hedge specific USD Loans.
- Within a roll-over period, unexpected USD liquidity deficits shall be covered by means of ad hoc FX swap operations while liquidity surpluses shall either be invested in treasury assets or swapped into EUR.

3.4.2.2.2. Hedging of operations denominated in currencies other than EUR or USD

- IF loans denominated in currencies other than EUR and USD shall be hedged through cross-currency swap contracts with the same financial profile as the underlying Loan, provided that a swap market is operational.
- Operations denominated in currencies for which there is no efficient market and FX hedging cannot be undertaken by the Treasury Department are left un-hedged and therefore the IF is exposed to the FX risk incurred thereby. This principle is applied to operations denominated in local currencies (LCs) but settled in EUR or USD.

3.4.2.3 Foreign exchange position

The foreign exchange position is presented according to the new financial risk framework that the Risk Management of EIB developed during 2014. Under this framework, which was approved by the IF Committee on 22 January 2015, the net reported FX position is based on accounting figures and defined as the balance between selected assets and liabilities. The assets and liabilities defined in the net reported foreign exchange position are selected so as to ensure that the earnings will only be converted into the reporting currency (EUR) when received.

Under the new framework, the unrealised gains/losses and impairment on available-for-sale financial assets are included in the net reported FX position, as well as impairments on loans and receivables. Derivatives included in the reported FX position are considered at their nominal value instead of their fair value, in order to be aligned with the retained value of the assets, considered also at their nominal value adjusted by the impairment for loans.

The FX position as at 31 December 2013, as presented in these financial statements, has been restated accordingly.

The following tables show the Facility's foreign exchange position (in EUR'000):

At 31 December 2014 (in EUR'000)	EUR	USD	KES	DOP	TZS	UGX	ACP/OCT Currencies	Total
ASSETS								
Cash and cash equivalents	446 872	98 526	-	-	-	-	-	545 398
Loans and receivables	393 296	697 247	97 921	26 317	52 799	27 029	25 243	1 319 852
Available-for-sale financial assets	65 979	329 472	-	4 949	-	-	2 685	403 085
Amounts receivable from contributors	42 590	-	-	-	-	-	-	42 590
Held-to-maturity financial assets	99 988	-	-	-	-	-	-	99 988
Total assets in the reported FX position	1 048 725	1 125 245	97 921	31 266	52 799	27 029	27 928	2 410 913
Total assets out of the reported FX position	6 085	6 639	2 481	1 273	613	503	443	18 037
Total assets	1 054 810	1 131 884	100 402	32 539	53 412	27 532	28 371	2 428 950
LIABILITIES AND CONTRIBUTORS' RESOURCES								
Liabilities								
Derivative financial instruments	-1 070 606	1 083 166	-	-	-	-	-	12 560
Amount owed to third parties	68 824	-	-	-	-	-	-	68 824
Other liabilities	1 944	29	-	-	-	1	75	2 049
Total liabilities in the reported FX position	-999 838	1 083 195	-	-	-	1	75	83 433
Total liabilities out of the reported FX position	31 282	2 642	-	-	-	-	-	33 924
Total liabilities	-968 556	1 085 837	-	-	-	1	75	117 357
Net reported FX Position	2 048 563	42 050	97 921	31 266	52 799	27 028	27 853	2 327 480
Contributors' resources								
Member States Contribution called	2 057 000	-	-	-	-	-	-	2 057 000
Fair value reserve	156 122	-	-	-	-	-	-	156 122
Retained earnings	98 471	-	-	-	-	-	-	98 471
Total contributors' resources	2 311 593	-	-	-	-	-	-	2 311 593
Total liabilities and contributors' resources	1 343 037	1 085 837	-	-	-	1	75	2 428 950

As at 31 December 2014:								
COMMITMENTS								
Un-disbursed loans and available-for-sale financial assets	1 124 509	237 987	-	-	-	-	-	1 362 496
Issued guarantees	-	-	-	-	-	-	2 298	2 298
Interest subsidies and TA	285 239	-	-	-	-	-	-	285 239
CONTINGENT LIABILITIES								
Signed non-issued guarantees	25 000	-	-	-	-	-	-	25 000

At 31 December 2013 (in EUR'000)	EUR	USD	KES	DOP	TZS	UGX	ACP/OCT Currencies	Total
ASSETS								
Cash and cash equivalents	542 365	57 142	-	-	-	-	-	599 507
Derivative financial instruments	3 250	-3 060	-	-	-	-	-	190
Loans and receivables	483 066	567 294	64 488	28 117	25 966	25 133	14 138	1 208 202
Available-for-sale financial assets	70 299	252 668	-	6 427	-	-	2 305	331 699
Held-to-maturity financial assets	102 562	-	-	-	-	-	-	102 562
Total assets in the reported FX position	1 201 542	874 044	64 488	34 544	25 966	25 133	16 443	2 242 160
Total assets out of the reported FX position	5 109	5 968	1 623	1 336	155	438	358	14 987
Total assets	1 206 651	880 012	66 111	35 880	26 121	25 571	16 801	2 257 147
LIABILITIES AND CONTRIBUTORS' RESOURCES								
Liabilities								
Derivative financial instruments	-715 278	717 012	-	-	-	-	-	1 734
Amount owed to third parties	331 235	-	-	-	-	-	-	331 235
Other liabilities	1 827	-	-	-	-	-	142	1 969
Total liabilities in the reported FX position	-382 216	717 012	-	-	-	-	142	334 938
Total liabilities out of the reported FX position	34 814	2 683	-	-	-	-	-	37 497
Total liabilities	-347 402	719 695	-	-	-	-	142	372 435
Net reported FX Position	1 583 758	157 032	64 488	34 544	25 966	25 133	16 301	1 907 222
Contributors' resources								
Member States Contribution called	1 661 309	-	-	-	-	-	-	1 661 309
Fair value reserve	78 191	-	-	-	-	-	-	78 191
Retained earnings	145 212	-	-	-	-	-	-	145 212
Total contributors' resources	1 884 712	-	-	-	-	-	-	1 884 712
Total liabilities and contributors' resources	1 537 310	719 695	-	-	-	-	142	2 257 147

As at 31 December 2013:								
COMMITMENTS								
Un-disbursed loans and available-for-sale financial assets	896 655	170 032	-	-	-	-	-	1 066 687
Issued guarantees	-	-	-	-	-	-	4 414	4 414
Interest subsidies and TA	222 588	-	-	-	-	-	-	222 588
CONTINGENT LIABILITIES								
Signed non-issued guarantees	25 000	-	-	-	-	-	-	25 000

3.4.2.3 Foreign exchange sensitivity analysis

As at 31 December 2014 a 10 percent depreciation of EUR versus all non-EUR currencies would result in an increase of the contributors' resources amounting to EUR 32.0 million (31 December 2013: EUR 36.7 million). A 10 percent appreciation of the EUR versus all non-EUR currencies would result in a decrease of the contributors' resources amounting to EUR 26.2 million (31 December 2013: EUR 30.0 million).

3.4.2.4 Conversion rates

The following conversion rates were used for establishing the balance sheet at 31 December 2014 and 31 December 2013:

	31.12.2014	31.12.2013
Non-EU currencies		
Dominican Republic Pesos (DOP)	53.1988	58.3329
Fiji Dollars (FJD)	2.376	2.5655
Haitian Gourde (HTG)	55.23	60.1459
Kenya Shillings (KES)	109.86	118.73
Mauritania Ouguiyas (MRO)	350.61	398.7
Mauritius Rupees (MUR)	38.46	41.27
Rwanda Francs (RWF)	831.04	926.86
Tanzania Shillings (TZS)	2 096.58	2 179.05
Uganda Shillings (UGX)	3 354.00	3 476.00
United States Dollars (USD)	1.2141	1.3791
Franc CFA Francs (XAF/XOF)	655.957	655.957
South Africa Rand (ZAR)	14.0353	14.566
Mozambican Metical (MZN)	40.04	40.94

3.4.3. Equity price risk

Equity price risk refers to the risk that the fair values of equity investments decrease as the result of changes in the levels of equity prices and/or the value of equity investments.

The IF is exposed to equity price risk via its investments in direct equity and venture capital funds.

The value of non-listed equity positions is not readily available for the purpose of monitoring and control on a continuous basis. For such positions, the best indications available include prices derived from any relevant valuation techniques.

The effects on the Facility's contributors' resources (as a result of a change in the fair value of the available-for-sale equity portfolio) due to a +/-10% change in the value of individual direct equity and venture capital investments, with all other variables held constant, is EUR 40.3 million respectively EUR -40.3 million as at 31 December 2014 (EUR 33.2 million respectively EUR -33.2 million as at 31 December 2013).

4 Fair values of financial instruments

4.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. These do not include fair value information for financial assets and financial liabilities not carried at fair value if the carrying amount is a reasonable approximation of fair value.

At 31 December 2014 In EUR'000	Carrying amount						Fair value			
	Held for trading	Available-for-sale	Loan and receivables	Held to maturity	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:										
Derivative financial instruments	448	-	-	-	-	448	-	448	-	448
Venture Capital Funds	-	385 245	-	-	-	385 245	-	-	385 245	385 245
Direct Equity Investments	-	17 840	-	-	-	17 840	1 159	-	16 681	17 840
Total	448	403 085	-	-	-	403 533	1 159	448	401 926	403 533
Financial assets not measured at fair value:										
Cash and cash equivalents	-	-	545 399	-	-	545 399				
Loans and receivables	-	-	1 331 918	-	-	1 331 918	-	1 488 215	-	1 488 215
Amounts receivable from contributors	-	-	42 590	-	-	42 590				
Bonds	-	-	-	99 988	-	99 988	-	99 985	-	99 985
Other assets	-	-	5 522	-	-	5 522				
Total	-	-	1 925 429	99 988	-	2 025 417	-	1 588 200	-	1 588 200
Total financial assets	448	403 085	1 925 429	99 988	-	2 428 950				
Financial liabilities measured at fair value:										
Derivative financial instruments	-14 632	-	-	-	-	-14 632	-	-14 632	-	-14 632
Total	-14 632	-	-	-	-	-14 632	-	-14 632	-	-14 632
Financial liabilities not measured at fair value:										
Amounts owed to third parties	-	-	-	-	-68 824	-68 824				
Other liabilities	-	-	-	-	-2 591	-2 591				
Total	-	-	-	-	-71 415	-71 415				
Total financial liabilities	-14 632	-	-	-	-71 415	-86 047				

At 31 December 2013 In EUR'000	Carrying amount						Fair value			
	Held for trading	Available-for-sale	Loan and receivables	Held to maturity	Other financial liabilities	Total	Level 1	Level 2	Level 3	Level 4
Financial assets measured at fair value:										
Derivative financial instruments	1 024	-	-	-	-	1 024	-	1 024	-	1 024
Venture Capital Funds	-	305 642	-	-	-	269 252	-	-	305 642	269 252
Direct Equity Investments	-	26 057	-	-	-	62 447	6 844	-	19 213	62 447
Total	1 024	331 699	-	-	-	332 723	6 844	1 024	324 855	332 723
Financial assets not measured at fair value:										
Cash and cash equivalents	-	-	599 515	-	-	599 515				
Loans and receivables	-	-	1 222 199	-	-	1 222 199	-	1 351 244	-	1 351 244
Bonds	-	-	-	102 562	-	102 562	102 549	-	-	102 549
Other assets	-	-	148	-	-	148	-	-	-	-
Total	-	-	1 821 862	102 562	-	1 924 424	102 549	1 351 244	-	1 453 793
Total financial assets	1 024	331 699	1 821 862	102 562	-	2 257 147				
Financial liabilities measured at fair value:										
Derivative financial instruments	-3 545	-	-	-	-	-3 545	-	-3 545	-	-3 545
Total	-3 545	-	-	-	-	-3 545	-	-3 545	-	-3 545
Financial liabilities not measured at fair value:										
Amounts owed to third parties	-	-	-	-	-331 235	-331 235				
Other liabilities	-	-	-	-	-2 572	-2 572				
Total	-	-	-	-	-333 807	-333 807				
Total financial liabilities	-3 545	-	-	-	-333 807	-337 352				

4.2 Measurement of fair values

4.2.1 Valuation techniques and significant unobservable inputs

The table below sets out information about the valuation techniques and significant unobservable inputs used in measuring financial instruments, categorised as level 2 and 3 in the fair value hierarchy:

	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value measurement
Financial instruments carried at fair value			
Derivative financial instruments	Discounted cash flow: Future cash flows are estimated based on forward exchange/interest rates (from observable forward exchange rates and yield curves at the end of the reporting period) and contract forward/interest rates, discounted at a rate that reflects the credit risk of various counterparties.	Not applicable.	Not applicable.
Venture Capital Fund (VCF)	Adjusted net assets method: The fair value is determined by applying either the Facility's percentage ownership in the underlying vehicle to the net asset value reflected in the most recent report adjusted for cash flows or, where available, the precise share value at the same date, submitted by the respective Fund Manager. In order to bridge the interval between the last available Net assets value (NAV) and the year-end reporting, a subsequent event review procedure is performed and if necessary the reported NAV is adjusted.	Adjustment for time elapsed between the last reporting date of the VCF and the measurement date, taking into account: operating expenses and management fees, subsequent changes in the fair value of the VCF's underlying assets, additional liabilities incurred, market changes or other economic condition changes.	The longer the period between the fair value measurement date and the last reporting date of the VCF, the higher the adjustment for time elapsed.
Direct Equity Investment	Adjusted net assets.	Adjustment for time elapsed between the last reporting date of the investee and the measurement date, taking into account: operating expenses, subsequent changes in the fair value of the investee's underlying assets, additional liabilities incurred, market changes or other economic condition changes, capital Increase, sale/change of control.	The longer the period between the fair value measurement date and the last reporting date of the investee, the higher the adjustment for time elapsed.
		Discount for lack of marketability (liquidity) determined by reference to previous transaction prices for similar equities in the country/region, ranging from 5 to 30%.	The higher the marketability discount, the lower the fair value.

	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value measurement
Financial instruments not measured at fair value			
Loans and receivables	Discounted cash flows: The valuation model uses contractual cash flows that are conditional upon the non-occurrence of default by the debtor and do not take into account any collateral values or early repayments' scenarios. To obtain the Net Present Value (NPV) of the loans, the model retained discounts the contractual cash flows of each loan using an adjusted market discount curve. The individual loan NPV is then adjusted to take into consideration the relevant associated Expected Loss. The results are then summed to obtain the fair value of Loans and receivables.	Not applicable.	Not applicable.
Amounts owed to third parties	Discounted cash flows.	Not applicable.	Not applicable.
Other liabilities	Discounted cash flows.	Not applicable.	Not applicable.

With the application of IFRS 13, valuation adjustments are included in the fair value of derivatives at 31 December 2014 and 2013, namely:

- Credit valuation adjustments (CVA), reflecting counterparty credit risk on derivative transactions, amounting to EUR -184k as at 31 December 2014 and to EUR -184k as at 31 December 2013.
- Debit valuation adjustments (DVA), reflecting own credit risk on derivative transactions, amounting to EUR +30k as at 31 December 2014 and EUR nil as at 31 December 2013.

The Facility's policy is to recognise the transfers between Levels as of the date of the event or change in circumstances that caused the transfer.

4.2.2 Transfers between Level 1 and 2

In both 2014 and 2013 the Facility did not make transfers from Level 1 to 2 or Level 2 to 1 of the fair value hierarchy.

4.2.3 Level 3 fair values

Reconciliation of Level 3 fair values

The following tables present the changes in Level 3 instruments for the year ended 31 December 2014 and 31 December 2013:

In EUR'000	Available-for-sale financial assets
Balance at 1 January 2014	324 855
Gains or losses included in profit or loss:	
- net realised gains on available-for-sale financial assets	8 109
- impairment on available-for-sale financial assets	-2 084
Total	6 025
Gains or losses included in other comprehensive income:	
- net change in fair value of available-for-sale financial assets	71 778
Total	71 778
Disbursements	42 646
Repayments	-43 378
Balance at 31 December 2014	401 926

In EUR'000	Available-for-sale financial assets
Balance at 1 January 2013	324 855
Gains or losses included in profit or loss:	
- net realised gains on available-for-sale financial assets	5 294
- impairment on available-for-sale financial assets	-2 701
Total	2 593
Gains or losses included in other comprehensive income:	
- net change in fair value of available-for-sale financial assets	4 299
Total	4 299
Disbursements	34 700
Repayments	-38 737
Balance at 31 December 2014	324 855

In both 2014 and 2013 the Facility did not make transfers out of or to Level 3 of the fair value hierarchy.

Sensitivity analysis

A +/- 10 percent change at the reporting date to one of the significant unobservable inputs used to measure the fair values of the Venture Capital Funds and Direct Equity Investments, holding other inputs constant, would have the following effects on the other comprehensive income:

At 31 December 2014 (in EUR'000)	Increase	Decrease
Direct Equity Investments	31	-31
Total	31	-31

At 31 December 2013 (in EUR'000)	Increase	Decrease
Venture Capital Funds	20	-20
Direct Equity Investments	141	-141
Total	161	-161

5 Cash and cash equivalents (In EUR'000)

The cash and cash equivalents are composed of:

	31.12.2014	31.12.2013
Cash in hand	9 642	194 107
Term deposits	415 757	405 408
Commercial paper	120 000	-
Cash and cash equivalents in the statement of financial position	545 399	599 515
Accrued interest	-1	-8
Cash and cash equivalents in the cash flow statement	545 398	599 507

6 Derivative financial instruments (In EUR'000)

The main components of derivative financial instruments, classified as held for trading, are as follows:

At 31 December 2014	Fair Value		Notional amount
	Assets	Liabilities	
Cross currency interest rate swaps	-	-3 219	11 606
Interest rate swaps	448	-564	44 749
FX swaps	-	-10 849	1 059 000
Total derivative financial instruments	448	-14 632	1 115 355

At 31 December 2013	Fair Value		Notional amount
	Assets	Liabilities	
Cross currency swaps	56	-	2 067
Cross currency interest rate swaps	44	-2 035	16 461
Interest rate swaps	924	-	43 335
FX swaps	-	-1 510	700 000
Total derivative financial instruments	1 024	-3 545	761 863

7 Loans and receivables (In EUR'000)

The main components of loans and receivables are as follows:

	Global loans (*)	Senior loans	Subordinated loans	Total
Nominal as at 1 January 2014	342 113	806 007	131 632	1 279 752
Disbursements	216 672	31 654	-	248 326
Repayments	-58 417	-107 794	-367	-166 578
Interest capitalised	-	-	11 915	11 915
Foreign exchange rates differences	42 138	52 696	3 463	98 297
Nominal as at 31 December 2014	542 506	782 563	146 643	1 471 712
Impairment as at 1 January 2014	-7 675	-12 734	-50 382	-70 791
Impairment recorded in statement of profit or loss and other comprehensive income	-	-	-79 249	-79 249
Reversal of impairment	2 586	907	-	3 493
Foreign exchange rates differences	-662	-1 664	-3 264	-5 590
Impairment as at 31 December 2014	-5 751	-13 491	-132 895	-152 137
Amortised Cost	-2 562	-5 125	28	-7 659
Interest	7 407	11 930	665	20 002
Loans and receivables as at 31 December 2014	541 600	775 877	14 441	1 331 918

	Global loans (*)	Senior loans	Subordinated loans	Total
Nominal as at 1 January 2013	254 686	789 970	133 780	1 178 436
Disbursements	150 513	91 690	-	242 203
Repayments	-51 595	-55 865	-11 700	-119 160
Interest capitalised	-	-342	10 705	10 363
Foreign exchange rates differences	-11 491	-19 446	-1 153	-32 090
Nominal as at 31 December 2013	342 113	806 007	131 632	1 279 752
Impairment as at 1 January 2013	-6 494	-14 296	-24 355	-45 145
Impairment recorded in statement of profit or loss and other comprehensive income	-1 341	-	-27 081	-28 422
Reversal of impairment	-	1 088	-	1 088
Foreign exchange rates differences	160	474	1 054	1 688
Impairment as at 31 December 2013	-7 675	-12 734	-50 382	-70 791
Amortised Cost	-2 109	-3 883	-66	-6 058
Interest	5 154	10 536	3 606	19 296
Loans and receivables as at 31 December 2013	337 483	799 926	84 790	1 222 199

(*) including agency agreements

8 Available-for-sale financial assets (In EUR'000)

The main components of available-for-sale financial assets are as follows:

	Venture Capital Fund	Direct Equity Investment	Total
Cost as at 1 January 2014	256 161	23 620	279 781
Disbursements	41 990	656	42 646
Repayments / sales	-38 535	-4 843	-43 378
Foreign exchange rates differences on repayments / sales	168	281	449
Cost as at 31 December 2014	259 784	19 714	279 498
Unrealised gains and losses as at 1 January 2014	71 931	6 260	78 191
Net change in unrealised gains and losses	78 064	-133	77 931
Unrealised gains and losses as at 31 December 2014	149 995	6 127	156 122
Impairment as at 1 January 2014	-22 450	-3 823	-26 273
Impairment recorded in statement of profit or loss and other comprehensive income during the year	-2 084	-4 178	-6 262
Impairment as at 31 December 2014	-24 534	-8 001	-32 535
Available-for-sale financial assets as at 31 December 2014	385 245	17 840	403 085

	Venture Capital Fund	Direct Equity Investment	Total
Cost as at 1 January 2013	258 426	24 238	282 664
Disbursements	33 600	1 100	34 700
Repayments / sales	-37 361	-1 376	-38 737
Foreign exchange rates differences on repayments / sales	1 496	-342	1 154
Cost as at 31 December 2013	256 161	23 620	279 781
Unrealised gains and losses as at 1 January 2013	59 234	9 200	68 434
Net change in unrealised gains and losses	12 697	-2 940	9 757
Unrealised gains and losses as at 31 December 2013	71 931	6 260	78 191
Impairment as at 1 January 2013	-14 345	-3 752	-18 097
Impairment recorded in statement of profit or loss and other comprehensive income during the year	-8 105	-71	-8 176
Impairment as at 31 December 2013	-22 450	-3 823	-26 273
Available-for-sale financial assets as at 31 December 2013	305 642	26 057	331 699

9 Amounts receivable from contributors (In EUR'000)

The main components of amounts receivable from contributors are as follows:

	31.12.2014	31.12.2013
Member States contribution called but not paid	42 590	-
Total amounts receivable from contributors	-	87 310

10 Held-to-maturity financial assets (In EUR'000)

The held-to-maturity portfolio is composed of quoted bonds which have a remaining maturity of less than three months at reporting date. The following table shows the movements of the held-to-maturity portfolio:

Balance as at 1 January 2014	102 562
Acquisitions	1 610 057
Maturities	-1 612 619
Change in amortisation of premium/discount	-12
Balance as at 31 December 2014	99 988
Balance as at 1 January 2013	99 029
Acquisitions	680 635
Maturities	-676 369
Change in amortisation of premium/discount	228
Change in accrued interest	-961
Balance as at 31 December 2013	102 562

11 Other assets (In EUR'000)

The main components of other assets are as follows:

	31.12.2014	31.12.2013
Amount receivable from EIB	5 447	6
Financial guarantees	75	142
Amounts receivable with regard to TA disbursements (Note 21)	-	337
Impairment on amounts receivable with regard to TA disbursements (Note 21)	-	-337
Total other assets	5 522	148

12 Deferred income (In EUR'000)

The main components of deferred income are as follows:

	31.12.2014	31.12.2013
Deferred interest subsidies	30 750	34 787
Deferred commissions on loans and receivables	560	296
Total deferred income	31 310	35 083

13 Amounts owed to third parties (In EUR'000)

The main components of amounts owed to third parties are as follows:

	31.12.2014	31.12.2013
Net general administrative expenses payable to EIB	38 348	37 851
Other amounts payable to EIB	44	716
Interest subsidies and TA not yet disbursed owed to Member States	30 432	292 668
Total amounts owed to third parties	68 824	331 235

14 Other liabilities (In EUR'000)

The main components of other liabilities are as follows:

	31.12.2014	31.12.2013
Loan repayments received in advance	1 973	1 827
Deferred income from interest subsidies	542	603
Financial guarantees	76	142
Total other liabilities	2 591	2 572

15 Member States Contribution called (In EUR'000)

Member States	Contribution to the Facility	Contribution to interest subsidies and technical assistance (*)	Total	Called and not paid (*)
Austria	54 511	3 808	58 319	1 205
Belgium	80 634	5 633	86 267	1 765
Bulgaria	-	-	-	70
Cyprus	-	-	-	45
Czech Republic	-	-	-	255
Denmark	44 020	3 075	47 095	1 000
Estonia	-	-	-	25
Finland	30 444	2 127	32 571	735
France	499 851	34 917	534 768	9 775
Germany	480 515	33 566	514 081	10 250
Greece	25 713	1 796	27 509	735
Hungary	-	-	-	275
Ireland	12 753	891	13 644	455
Italy	257 948	18 019	275 967	6 430
Latvia	-	-	-	35
Lithuania	-	-	-	60
Luxembourg	5 965	417	6 382	135
Malta	-	-	-	15
Netherlands	107 375	7 500	114 875	2 425
Poland	-	-	-	650
Portugal	19 953	1 394	21 347	575
Romania	-	-	-	185
Slovakia	-	-	-	105
Slovenia	-	-	-	90
Spain	120 129	8 391	128 520	3 925
Sweden	56 156	3 923	60 079	1 370
United Kingdom	261 033	18 234	279 267	-
Total as at 31 December 2014	2 057 000	143 691	2 200 691	42 590
Total as at 31 December 2013	1 661 309	433 691	2 095 000	-

(*) During 2014 Member States' contributions to interest subsidies and TA of EUR 290 000 under the 9th EDF, earmarked as pre-financing the interest subsidies and TA under the 10th EDF, were reallocated to contribution to the Facility.

(**) On 10 November 2014, the Council fixed the amount of financial contributions to be paid by each Member State by 21 January 2015.

16 Contingent liabilities and commitments (In EUR'000)

	31.12.2014	31.12.2013
COMMITMENTS		
Un-disbursed loans	1 161 859	889 866
Un-disbursed commitment in respect of available-for-sale financial assets	200 637	176 821
Issued guarantees	2 298	4 414
Interest subsidies and technical assistance	285 239	222 588
CONTINGENT LIABILITIES		
Signed non-issued guarantees	25 000	25 000
Total contingent liabilities and commitments	1 675 033	1 318 689

17 Interest and similar income and expenses (In EUR'000)

The main components of interest and similar income are as follows:

	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Cash and cash equivalents	543	273
Held-to-maturity financial assets	276	461
Loans and receivables	72 135	64 512
Interest subsidies	4 286	4 347
Total interest and similar income	77 240	69 593

The main component of interest and similar expenses is as follows:

	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Derivative financial instruments	-1 522	-1 175
Total interest and similar expense	-1 522	-1 175

18 Fee and commission income and expenses (In EUR'000)

The main components of fee and commission income are as follows:

	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Fee and commission on loans and receivables	316	2 573
Fee and commission on financial guarantees	78	145
Other	769	10
Total fee and commission income	1 163	2 728

The main component of fee and commission expenses is as follows:

	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Commission paid to third parties with regard to available-for-sale financial assets	-37	-43
Total fee and commission expenses	-37	-43

19 Net realised gains on available-for-sale financial assets (In EUR'000)

The main components of net realised gains on available-for-sale financial assets are as follows:

	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Net proceeds from available-for-sale financial assets	3 179	2 688
Dividend income	4 930	2 606
Net realised gains on available-for-sale financial assets	8 109	5 294

20 General administrative expenses (In EUR'000)

General administrative expenses represent the actual costs incurred by the EIB for managing the Facility less income generated from standard appraisal fees directly charged by the EIB to clients of the Facility.

	From 01.01.2014 to 31.12.2014	From 01.01.2013 to 31.12.2013
Actual cost incurred by the EIB	-40 912	-40 966
Income from appraisal fees directly charged to clients of the Facility	2 784	3 115
Total general administrative expenses	-38 128	-37 851

Following the entry in force of the revised Cotonou Partnership Agreement on 1 July 2008, general administrative expenses are no longer covered by the Member States.

21 Impairment on other assets (In EUR'000)

During 2012 the Facility made a technical assistance payment amounting to EUR 638 which due to fraudulent behaviour of the counterparty did not reach the final beneficiary. Following legal interventions, the Facility could recover EUR 301 and the remaining amount outstanding of EUR 337 was recorded as impairment in the Facility's comprehensive income.

In 2014 the outstanding amount of EUR 337 was allocated to the interest rate subsidies and technical assistance envelope of the Facility and was recorded as other income in the Facility's statement of profit or loss and other comprehensive income.

22 Involvement with unconsolidated structured entities (in EUR'000)

Definition of a structured entity

A structured entity is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. IFRS 12 observes that a structured entity often has some or all of the following features:

- Restricted activities;
- A narrow and well-defined objective, such as to effect a tax-efficient lease, carry out research and development activities, provide a source of capital or funding to an entity or provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support;
- Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

Unconsolidated structured entities

The term 'unconsolidated structured entities' refers to all structured entities that are not controlled by the Facility and includes interests in structured entities that are not consolidated.

Definition of Interests in structured entities:

IFRS 12 defines "interests" broadly to include any contractual or non-contractual involvement that exposes the reporting entity to variability in returns from the performance of the entity. Examples of such interests include the holding of equity interests and other forms of involvement such as the provision of funding, liquidity support, credit enhancements, commitments and guarantees to the other entity. IFRS 12 states that a reporting entity does not necessarily have an interest in another entity solely because of a typical customer supplier relationship.

The table below describes the types of structured entities that the Facility does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Facility
Project Finance - lending to Special Purposes Vehicles ("SPV")	Project Finance Transactions (PF Operations) are transactions where the Facility relies for the servicing of its debt on a borrower whose sole or main source of revenue is generated by a single or limited number of assets being financed by such debt or other pre-existing assets contractually linked to the project. PF operations are often financed through SPV.	Net disbursed amounts Interest income
Venture capital operations	The Facility finances venture capital and investment funds. Venture capital and investment funds pool and manage money from investors seeking private equity stakes in small and medium-size enterprises with strong growth potential as well as financing infrastructure projects.	Investments in units/shares issued by the venture capital entity; Dividends received as dividend income;

The table below shows the carrying amounts of unconsolidated structured entities in which the Facility has an interest at the reporting date, as well as the Facility's maximum exposure to loss in relation to those entities. The maximum exposure to loss includes the carrying amounts and the related un-disbursed commitments.

Type of structured entity	Caption	Carrying amount at 31.12.2014	Maximum exposure to loss at 31.12.2014
Project finance operations	Loans and receivables	7 225	7 225
Venture capital funds	Available-for-sale financial assets	385 245	555 629
Total		392 470	562 854

23 Subsequent events

There have been no material post-balance sheet events which could require disclosure or adjustment to the 31 December 2014 financial statements.

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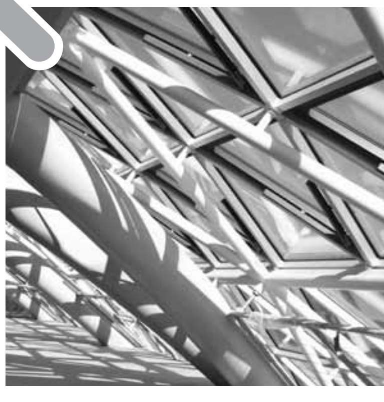

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