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COVER NOTE

From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 14 September 2016

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of
the European Union

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Subject: ANNEX Calculation of the additional provisioning needs for the guarantee
fund on the basis of an increase of the overall ceiling of EUR 5,3 billion to
the REPORT FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT AND THE COUNCIL on the mid-term review of the
application of the Decision N° 466/2014/EU as regards the EU guarantee
to the European Investment Bank against losses under financing
operations supporting investment projects outside the Union

Delegations will find attached document COM(2016) 584 final Annex 1.

Encl.: COM(2016) 584 final Annex 1



Brussels, 14.9.2016
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ANNEX 1

ANNEX

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an increase of the overall ceiling of EUR 5,3 billion**

to the

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**on the mid-term review of the application of the Decision N° 466/2014/EU as regards the
EU guarantee to the European Investment Bank against losses under financing
operations supporting investment projects outside the Union**

{SWD(2016) 294 final}

{SWD(2016) 295 final}

ANNEX I

Calculation of the additional provisioning needs for the guarantee fund on the basis of an increase of the overall ceiling of EUR 5,3 billion

The Guarantee Fund for external actions is currently provisioned by the Union budget in order to maintain the level of the Fund at its target amount set out by Regulation (EC, Euratom) No 480/2009 at 9% of the total outstanding of EIB, macro-financial assistance ('MFA') and Euratom loans.

As regards the impact of the activation of the EUR 3 billion and the impact of the Resilience initiative on the provisioning of the Guarantee Fund, rules governing the functioning of the Fund have been applied in accordance with Regulation (EC, Euratom) No 480/2009 of 25 May 2009 establishing the Guarantee Fund for external actions. In line with that Regulation, loans are provisioned on the basis of the total outstanding guaranteed amounts, as follows:

- The provisioning amount into the Guarantee Fund is calculated at the beginning of the year t1 as the difference between the target amount of the Fund (9% of the total outstanding guaranteed amounts plus accrued interest) and the value of the Fund's net assets at the end of the year t0. The value of the Fund's net asset at the end of every year includes the revenues of the invested liquidity of the Fund and the continuation of Syria default effect.
- In the context of the budgetary planning process in year t1, the respective provisioning amount is introduced in the preliminary budget for t2 and inscribed in the final budget.
- The Fund is provisioned by one single payment transaction at the beginning of the year t2 from budget line 01.03.06.