**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 16 December 2013
(OR. en)**

**17877/13**

**FIN 957**

**COVER NOTE**

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| From: | Secretary-General of the European Commission,<br>signed by Mr Jordi AYET PUIGARNAU, Director |
| date of receipt: | 12 December 2013 |
| To: | Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union |
| No. Cion doc.: | COM(2013) 871 final |
| Subject: | Report from the Commission to the European Parliament and the Council on guarantees covered by the general budget Situation at 31 December 2012 |

Delegations will find attached document COM(2013) 871 final.

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Encl.: COM(2013) 871 final

EUROPEAN
COMMISSION

Brussels, 12.12.2013
[…]
COM(2013) 871 final

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

**on guarantees covered by the general budget**
**Situation at 31 December 2012**

{SWD(2013) 504 final}

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## 1. INTRODUCTION

The objective of this report is to monitor the credit risks borne by the EU Budget resulting from the guarantees given and the lending operations implemented directly by the European Union or indirectly through the guarantee granted for EIB financing projects outside the Union.

This report is submitted pursuant to the Financial Regulation[1] which requires the Commission *to report to the European Parliament and to the Council on EU Budget guarantees and the corresponding risks*[2]. It is completed by a Commission Staff Working Document with a set of detailed tables and explanatory notes (the "SWD").

## 2. TYPES OF OPERATIONS COVERED BY THE EU BUDGET

The risks covered by the EU Budget (the "EU Budget") derive from a variety of lending and guarantee operations which can be divided into two categories:

– loans granted by the European Union with macroeconomic objectives, i.e. macro-financial assistance[3] ("MFA") loans to third countries in conjunction with the Bretton Woods institutions, balance-of-payments[4] ("BOP") loans granting support to non-euro Member States experiencing balance-of-payments difficulties, loans under the European financial stabilisation mechanism ("EFSM")[5] granting support to all Member States experiencing or seriously threatened with a severe economic financial disturbance caused by exceptional occurrences beyond their control; and

– loans with microeconomic objectives, i.e. Euratom loans and most importantly European Investment Bank ("EIB") financing of operations in non-Member States ("EIB external financing") that are covered by EU guarantees[6].

The guaranteed EIB external financing, the Euratom and MFA loans to third countries have since 1994 been covered by the Guarantee Fund for external actions ("the Fund"),[7] while BOP and EFSM loans are directly covered by the EU Budget.

The Fund covers defaults on loans and loan guarantees granted to non-Member States or for projects in non-Member States. It was established:

[1] Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

[2] COM(2013)211 final and SWD(2013)130 final make up the previous report on the guarantees covered by the Budget at 30 June 2012.

[3] MFA may also take the form of grants to third countries.

[4] Council Regulation (EC) N° 332/2002 of 18 February 2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments (OJ L 53, 23.2.2002, p.1).

[5] Council Regulation (EU) No 407/2010 of 11 May 2010 (OJ L 118, 12.5.2010, p.1).

[6] References to legal bases are listed in Table A4 of the SWD.

[7] Council Regulation (EC, Euratom) No 480/2009 of 25 May 2009 establishing a Guarantee Fund for external actions (codified version), the "Guarantee Fund Regulation" (OJ L 145, 10.6.2009, p.10).

- to provide a 'liquidity cushion' in order to avoid calling on the EU Budget every time a default or late payment on a guaranteed loan arises; and

- to create an instrument of budgetary discipline by laying down a financial framework for the development of the EU policy on guarantees for Commission and EIB loans to EU non-member countries[8].

If third countries become Member States, loans relating to such countries are no longer covered by the Fund and the risk has to be directly borne by the EU Budget. The Fund is provisioned from the EU Budget and has to be maintained at a certain percentage of the outstanding amount of the loans and loan guarantees covered by the Fund. This percentage, known as the target rate, is currently 9%[9]. If resources of the Fund are not sufficient, the EU Budget will provide the necessary funds.

## 3. EVENTS SINCE THE LAST REPORT AT 30 JUNE 2012

### 3.1. Balance of payments support to non-euro Member States

No new operations took place during the second semester 2012. The precautionary EU medium-term financial assistance for Romania has not been activated. The expiry date for request for funds was 31 March 2013.

### 3.2. Macro-financial assistance

There were no disbursements during this period but 64.5 million were repaid by the beneficiary countries (Romania EUR 12.5 million, BiH: EUR 2 million, fYRoM EUR 5 million, Serbia EUR 44.8 million and Montenegro EUR 0.2 million).

### 3.3. Euratom

No loan disbursements took place during the reported period. Repaid amounts consisted of EUR 6.5 million from Bulgaria and EUR 4.8 million from Ukraine.

### 3.4. European Financial Stabilisation Mechanism

Disbursements to Ireland and Portugal amounted respectively to EUR 3.3 billion and EUR 2 billion during the last six months of 2012.

Outstanding amounts at 31 December 2012 for the four facilities are presented in table 1.

Additional Facilities implemented:

As part of the response to the crisis, several other mechanisms have been established which, however, do not imply any risk to the EU Budget:

8 Although external risks are covered *in fine* by the EU budget, the Guarantee Fund acts as an instrument to protect the EU budget against the risk of payment defaults. For the latest annual report on the Fund and its management, see COM(2013)661 final and the accompanying Staff Working Document (SWD(2012)217 final).

9 For a comprehensive report on the functioning of the Fund and the provisioning target rate, see COM(2010)418 final and the accompanying Staff Working Document (SEC(2010)968 final).

- *European Financial Stability Facility (EFSF)*[10]: the EFSF was created by the euro area Member States following the decisions taken on 9 May 2010 within the framework of the Ecofin Council. The EFSF's mandate is to safeguard financial stability in Europe by providing financial assistance to euro area Member States within the framework of a macro-economic adjustment programme. EFSF was created as a temporary rescue mechanism and was a stakeholder in loans granted to Greece (together with the IMF and some Member States) as well as to Ireland and Portugal (together with the IMF, some Member States and EU/EFSM)[11]. In October 2010, it was decided to create a permanent rescue mechanism, the European Stability Mechanism.

- *European Stability Mechanism (ESM)*[12]: The ESM Treaty entered into force on 27 September 2012. From this date onwards, the ESM became a permanent crisis mechanism and the main instrument to finance new programmes. In parallel to the ESM, the EFSF will continue with its ongoing programmes for Greece, Portugal and Ireland. **As of 1 July 2013**, the EFSF may no longer engage in new financing programmes or enter into new loan facility agreements. The ESM is an intergovernmental organisation under public international law, based in Luxembourg. Its shareholders are the 17 euro area Member States. The total subscribed capital is €700 billion of which paid-in capital is EUR 80 billion (the last of 5 tranches is due to be paid by first half of 2014) and committed callable capital is EUR 620 billion. Its effective lending capacity is EUR 500 billion

- *the Greek Loan Facility (GLF)*[13] which is financed via bilateral loans from the other euro area Member States, centrally administered by the Commission.

### 3.5. EU Budget guarantee for EIB external financing

Under the 2007-2013 external mandate, the loan signatures increased by 16% during the second semester 2012 and amounted to EUR 3,163 million. The amount of loans disbursed was EUR 1,736 million (+ 18% compared to 30 June 2012). Thus, the cumulative amount of loans signed and loans disbursed under the mandate reached - respectively – EUR 23,161 million and EUR 11,362 million at 31 December 2012. For previous EIB external mandates, see Annex to Table A1 of the SWD.

## 4. DATA ON RISKS COVERED BY THE EU BUDGET

### 4.1. Definition of risk

The risk borne by the EU Budget derives from the outstanding amount of capital and interest in respect of guaranteed operations.

For the purpose of this report, two methods are used for evaluating the risks borne by the EU Budget (either directly or indirectly via the Fund):

[10] About the EFSF: http://www.efsf.europa.eu
[11] the loans granted under the EU/EFSM are guaranteed by the EU Budget
[12] About the ESM : http://esm.europa.eu
[13] About the GLF: http://ec.europa.eu/economy_finance/assistance_eu_ms/greek_loan_facility/

– "The total risk covered" is based on the sum of the total amount of capital outstanding for the operations concerned on a given date including accrued interest[14].

– The budgetary approach defined as "the annual risk borne by the EU Budget" is based on the calculation of the maximum amount of annual payments due which the EU would have to pay out in a financial year assuming that all payments of the guaranteed loans are in default[15].

### 4.2. Risk composition

Until 2010 the maximum risk in terms of total outstanding amounts covered was mainly linked to loans granted to third countries. Since 2011 the financial crisis has impacted heavily on the public finances of the Member States leading to an increase in the lending activity of the EU to support higher sovereign financing needs in Member States.

As a consequence the composition of risk has changed. At 31 december 2012:

- 72% of the total outstanding amount guaranteed concerns borrowing operations linked to loans to Member States which are directly covered by the EU Budget (compared to 45% at 31.12.2010).

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14 See Table 1 of the Report.

15 For the purpose of this calculation, it is assumed that defaulting loans are not accelerated, i.e. only payments due are taken into account (see also Tables 2 and 3 of the Report and Table A2 of the SWD).

The total risk covered by the EU Budget at 31 December 2012 is presented in the following table 1.

Table 1: Total outstanding amounts covered by the EU Budget at 31 December 2012 in EUR million

| | **Outstanding Capital** | **Accrued Interest** | **Total** | **%** |
|---|---|---|---|---|
| **Member States*** | | | | |
| **MFA** | 13 | 0 | 13 | <1% |
| **Euratom** | 387 | 2 | 389 | <1% |
| **BOP** | 11,400 | 223 | 11,623 | 14% |
| **EIB***** | 2,653 | 23 | 2,676 | 3% |
| **EFSM** | 43,800 | 677 | 44,477 | 54% |
| **Sub-total Member States** | 58,253 | 925 | 59,178 | 72% |
| **Third Countries**** | | | | |
| **MFA** | 533 | 4 | 537 | 1% |
| **Euratom** | 36 | 0 | 36 | <1% |
| **EIB***** | 22,367 | 159 | 22,526 | 27% |
| **Sub-total third countries** | 22,936 | 163 | 23,099 | 28% |
| **Total** | **81,189** | **1,088** | **82,277** | **100%** |

* This risk is directly covered by the EU Budget. This also includes MFA, Euratom and EIB loans granted to countries prior to their accession to the EU.

** This risk is covered by the Fund.

***About 82% of EIB lending operations (sovereign and sub-sovereign lending operations) are covered by a comprehensive guarantee while on the remaining operations the EIB benefits from a political risk coverage only.

Tables A1, A2, A3 and A4 of the SWD provide more detailed information on these outstanding amounts, in particular in terms of ceiling, disbursed amounts or guarantee rates.

The total outstanding amount of capital and interest covered by the EU Budget continued to increase mainly because of the amounts granted under the EFSM.

## 4.3. Annual risk covered by the EU Budget

For 2013, the maximum amount which the EU would have to pay out (directly and via the Fund) - *assuming* that *all* guaranteed loans would be in default - was EUR 1,871 million. This represents the capital and interest payments from guaranteed loans falling due during 2013 (out of the total outstanding at 31 December 2012), assuming that defaulting loans are not accelerated (for details see Table A2 in SWD).

### *4.3.1. Risk linked to Member States*

The risk linked to Member States concerns:

(a) EIB lending and/or MFA and/or Euratom loans granted before the accession to the EU

(b) the loans granted under the BOP facility, and

(c) the loans granted under the EFSM scheme.

Table 2: Ranking of the Member States according to the annual risk borne by the EU Budget in 2013 (EUR million)

| Ranking | Country | Loans | Max annual risk | Weight of the country vis-à-vis annual risk of Member States (MS) | Weight of the country vis a vis total annual risk (MS and non-MS) |
|---|---|---|---|---|---|
| 1 | Ireland | c) | 665.5 | 30.0% | 15.3% |
| 2 | Portugal | c) | 648.3 | 29.2% | 14.9% |
| 3 | Romania | a)+b) | 392.5 | 17.7% | 9.0% |
| 4 | Hungary | a)+b) | 133.3 | 6.0% | 3.1% |
| 5 | Latvia | a)+b) | 96.6 | 4.4% | 2.2% |
| 6 | Bulgaria | a) | 85.8 | 3.9% | 2.0% |
| 7 | Poland | a) | 72.5 | 3.3% | 1.7% |
| 8 | Czech Republic | a) | 68.4 | 3.1% | 1.6% |
| 9 | Slovak Republic | a) | 37.2 | 1.7% | 0.9% |
| 10 | Slovenia | a) | 9.4 | 0.4% | 0.2% |
| 11 | Lithuania | a) | 5.1 | 0.2% | 0.1% |
| 12 | Cyprus | a) | 5.1 | 0.2% | 0.1% |
| 13 | Malta | a) | 0.3 | 0.0% | 0.0% |
| Total | | | 2,219.9 | 100% | 51.1% |

#### *4.3.2. Risk linked to third countries*

The Fund covers guaranteed loans to third countries with maturities extending up to 2042. In 2013, the Fund will bear a maximum annual risk related to third countries of EUR 2,127.7 million (49% of the total annual risk).

The top ten countries (out of forty-six) are ranked below according to their total outstanding. They account for EUR 1,642 million or 77.2% of the annual risk borne by the Fund. The economic situation of these countries is analysed and commented in point 3 of the SWD. Creditworthiness, as assessed by the rating agencies, is also indicated in each country table.

The risk linked to third countries concerns EIB lending and/or MFA and/or Euratom loans (details are included in table A3b and A4 of the SWD).

Table 3: Ranking of the **10 most important third countries** according to the annual risk borne by the Fund in 2013 (EUR million).

| Ranking | Country | Max annual risk | Weight of the country vis-à-vis annual risk of third countries | Weight of the country vis-à-vis total annual risk (MS and non-MS) |
|---|---|---|---|---|
| 1 | Turkey | 483.4 | 22.7% | 11.1% |
| 2 | Tunisia | 209.3 | 9.8% | 4.8% |
| 3 | Egypt | 204.8 | 9.6% | 4.7% |
| 4 | Morocco | 192.2 | 9.0% | 4.4% |
| 5 | Serbia | 167.5 | 7.9% | 3.9% |
| 6 | Lebanon | 89.5 | 4.2% | 2.1% |
| 7 | South Africa | 88.8 | 4.2% | 2.0% |
| 8 | Syria | 77.7 | 3.7% | 1.8% |
| 9 | Brazil | 71.4 | 3.4% | 1.6% |
| 10 | Bosnia and Herzegovina | 57.0 | 2.7% | 1.3% |
| | Total of the 10 | 1,641.6 | 77.2% | 37.8% |

### 4.4. Evolution of risk

In the financial markets, 2012 saw an escalation of the peripheral sovereign bond crisis and high volatility in European bond markets. In this context, concerns about the sustainability of euro area government debt and the future of the monetary union, or "redenomination risk", gained new traction. This deterioration led policymakers to respond, with several key announcements after late June, including the implementation of a common bank regulatory regime (the “banking union”) with the ECB as the ultimate supervisor, a new ECB bond-buying programme (the “Outright Monetary Transactions” Programme or OMT) which provided the ability to intervene in an unlimited way in the financial markets and produced a sharp rally in peripheral bonds. In addition, the ESM became operational in October with a fresh EUR 500 billion lending capacity.

Nevertheless, the level of uncertainty remains high as the global economic and financial crisis continues to affect the economic recovery in the EU and the global growth. Geopolitical tensions affecting some Southern Mediterranean countries added also uncertainty on the economic recovery in certain third countries.

- *Balance of payments facility*

The EU medium-term financial assistance under the BOP facility was re-activated in November 2008 to help Hungary and subsequently in January and May 2009 to help Latvia and Romania to restore market confidence for a total commitment of EUR 14.6 billion. EUR 1.2 billion will not be disbursed as the deadline for disbursement has expired.

In addition to the EUR 5 billion of BOP assistance for Romania already provided, the Council decided on 12 May 2011 to provide precautionary financial assistance for this country of up to EUR 1.4 billion[16]. However, no disbursements have been made and the Facility expired on 31 March 2013..

The BOP facility with its overall ceiling of EUR 50 billion had at 31 December 2012 a remaining capacity of EUR 37.2 billion to provide further BOP assistance if required.

- *European Financial Stabilisation Mechanism (EFSM)*

As a result of the measures taken by policy-makers, the financial markets have relatively calmed down since the last months of 2012. Nevertheless, non-negligible risks remain in the political, economic and financial landscape which might affect the successful fulfiment of the increased refinancing needs of Member States' governments in the coming months and years.

The Ecofin Council conclusions set the maximum volume of the mechanism to EUR 60 billion[17], with the legal limit being provided in Article 2(2) of Council Regulation No 407/2010, which limits the outstanding amount to the margin available under the own resources ceiling.

Following the Council decisions to grant Union financial assistance to Ireland[18] (up to EUR 22.5 billion) and Portugal[19] (up to EUR 26 billion), disbursements reached EUR 21.7 billion to Ireland and EUR 22.1 billion to Portugal.

Out of its maximum volume of EUR 60 billion, the EFSM has - at 31 December 2012 - a remaining capacity of EUR 11.5 billion to provide further assistance, if required[20].

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16 Council Decision 2011/288/EU of 12 May 2011 providing precautionary EU medium-term financial assistance for Romania (OJ L 132, 19.5.2011, p.15).

17 Cf. Press release on extraordinary Ecofin Council meeting 9/10 May 2010 (http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/114324.pdf)

18 Council Implementing Decision 2011/77/EU of 7 December 2011 on granting Union financial assistance to Ireland (OJ L 30, 4.2.2011, p. 348).

19 Council Implementing Decision 2011/344/EU of 30 May 2011 on granting Union financial assistance to Portugal (OJ L 159, 17.6.2011, p.88) and Corrigendum to Council Implementing Decision of 17 May 2011 on granting Union financial assistance to Portugal (OJ L 178, 10.7.2012, p.15).

- *Macro-financial assistance loans*

Following the entry into force of the Lisbon Treaty, MFA decisions are no longer taken by the Council alone, but in accordance with the ordinary legislative procedure (co-decision). A new legislative proposal for a MFA Framework Regulation had been adopted by the Commission on 4.7.2011 to improve the decision–making process under the Lisbon Treaty[21], in order to achieve a quicker and more efficient decision making process and to harmonize it with that of other external financing instruments. However, further to intensive discussions with the Council and the Parliament, the Commission decided on 8 May 2013 to withdraw its proposal.

The outstanding amount of MFA loans has decreased for the reported period from EUR 610 million to EUR 545.5 million.

- *Euratom loans*

The Euratom lending to Member States or in certain eligible non-member countries (Russian Federation, Armenia, Ukraine) has a ceiling of EUR 4 billion of which around 85% has already been used. The remaining rouhgly EUR 600 million could be used for financing new projects. In 2012, discussions were on-going for a EUR 300 million loan to Ukraine dedicated to the upgrade of existing nuclear facilities. The loan was signed on 7 August 2013.

- *EIB loans*

Under the EIB general mandate covering the period 2007-2013, a total amount of EUR 23,161 million had been signed at 31 December 2012, of which EUR 11,362 million had been disbursed at that date (see Table A6 of the SWD). For more information on the countries covered by the EIB mandates, see Tables A1 and A2 of the SWD.

The EIB started experiencing defaults on certain interests payments and loan repayments from the Syrian Government as of end of 2011 (see paragraph 5.3 below).

## 5. DEFAULTS, ACTIVATION OF EU BUDGET GUARANTEES AND ARREARS

### 5.1. Payments from cash resources

The Commission draws on its cash resources in order to avoid delays and resulting costs in servicing its borrowing operations when a debtor is late in paying the EU[22].

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20 For further information on EFSM, see also the report from the Commission on borrowing and lending activities of the European Union in 2012 (COM(2013)752 final) [*due to be adopted on 31 October*].

21 COM(2011)396 final.

22 See Article 12 of Council Regulation (EC, Euratom) No 1150/2000 of 22 May 2000 implementing Decision 2007/436/EC, Euratom, on the system of the European Communities own resources (OJ L 130, 31.5.2000, p. 1).

### 5.2. Payments from the EU Budget

As no defaults from Member States were recorded during the second half of 2012, no appropriation was requested under the p.m. lines of Article 01 04 01 of the EU Budget "European Union guarantees for Union and Euratom borrowing operations and for EIB lending operations".

### 5.3. Activation of the Guarantee Fund for external actions

In the event of late payment by the beneficiary of a loan to third countries granted or guaranteed by the EU, the Fund is called on to cover the default within three months of the request[23].

The EIB experienced defaults on certain interest payments and loan repayments from the Syrian Government. Since official payment requests have remained unsuccessful, the EIB started to call the Guarantee Fund in May 2012. At 31 December 2012, the EIB had made four payment requests for a total amount of EUR 42 million. Two were paid in 2012 for an amount of EUR 24 million (of which 2.1 million has been recovered by the Bank in August 2012). As the situation of the country has not improved, further calls were made in 2013 as described in the table below.

[23] Since its inception in 1994, the Fund has been called at the reporting date for a cumulative amount of EUR 502 million. For more details, see Section 2.5.4 of the SWD.

Table 4: Calls on the Guarantee Fund for defaulting loans in Syria

| Call number | Called on | Paid/to be paid on | Amount called in EUR million | Penalties and accrued interests in EUR million (1) | Amount recovered | Total |
|---|---|---|---|---|---|---|
| 1 | 10/05/2012 | 10/08/2012 | 15.45 | n.a. | 2.15 | 13.30 |
| 2 | 27/08/2012 | 27/11/2012 | 8.57 | n.a. | | 8.57 |
| 3 | 18/10/2012 | 18/01/2013 | 2.60 | 0.01 | | 2.61 |
| 4 | 12/11/2012 | 12/02/2013 | 14.96 | 0.40 | | 15.36 |
| 5 | 15/01/2013 | 15/04/2013 | 3.18 | n.a. | | 3.18 |
| 6 | 21/02/2013 | 21/05/2013 | 8.13 | 0.18 | | 8.31 |
| 7 | 15/04/2013 | 15/07/2013 | 4.89 | 0.01 | | 4.90 |
| 8 | 15/05/2013 | 15/08/2013 | 14.53 | 0.39 | | 14.92 |
| 9 | 24/06/2013 | 24/09/2013 | 3.18 | 0.10 | | 3.29 |
| Total | | | 75.49 | 1.20 | 2.15 | 74.54 |

(1) Penalties and accrued interests are claimed by the Bank only with the second payment request of each individual loan and run from the defaulting date until the payment date by the Guarantee Fund.

The amounts called by the Bank are withdrawn from the Guarantee Fund account after authorization by the Commission services and supporting documentation, including evidence that the Bank has claimed the defaulting amounts from the borrower, in compliance with the Guarantee Agreement referred to in Article 14 of Decision No 1080/2011/EU of the European Parliament and of the Council of 25 October 2011 granting an EU guarantee to the European Investment Bank against losses under loans and loan guarantees for projects outside the Union and repealing decision No 633/2009/EC[24].

The total capital outstanding of guaranteed loans related to Syria amounts to EUR 551 million, with the last loan maturity in 2030. In conformity with the Guarantee

[24] OJ L 280, 27.10.2011, p. 1.

Agreement, when the EU makes a payment under the EU Guarantee, it is subrogated into the right and remedies of the EIB. Recovery proceedings are to be undertaken by the EIB in respect of the subrogated sums.

## 6. GUARANTEE FUND FOR EXTERNAL ACTIONS

### 6.1. Recoveries[25]

At 31 December 2012, the Fund had EUR 21.87 million arrears to recover.

### 6.2. Assets

At 31 December 2012, the net assets[26] of the Fund amounted to EUR 2,020.49 million.

### 6.3. Target amount

The Fund has to reach an appropriate level (target amount) set at 9% of the total outstanding capital liabilities arising from each operation, plus accrued interest. At 31 December 2012, the ratio between the Fund's resources (EUR 2,020.49 million) and the outstanding capital liabilities[27] (EUR 23,099.15 million) within the meaning of the Guarantee Fund Regulation were lower than the target amount. Consequently, a provisioning of EUR 58.43 million was inserted in the draft EU Budget of 2014.

In February 2012, the EU Budget paid EUR 260.17 million to the Fund as foreseen in the draft EU Budget of 2012 and in accordance with the rules of the Guarantee Fund Regulation (the 9% target amount).

## 7. EVALUATION OF RISKS: ECONOMIC AND FINANCIAL SITUATION OF THIRD COUNTRIES WITH THE LARGEST EXPOSURE

### 7.1. Objectives

The previous sections of this report provide information on quantitative aspects of the risk borne by the EU Budget. Section 3 of the SWD provides a macroeconomic analysis of the third countries to which the Guarantee Fund (and *in fine* the EU Budget) has the largest exposure, or which benefit from the EU lending facilities (MFA and Euratom loans).

### 7.2. Risk assessment methods

The risk assessment presented in the SWD is based on the information on the economic and financial situation, ratings and other known facts of the countries having received guaranteed

[25] Since its inception in 1994, the total recoveries by the Fund at the reporting date have amounted to EUR 579 million (this includes the amount of capital and interest repaid, plus penalties interests for late payments, plus exchange rate gains and losses realized).

[26] Total assets of the Fund minus accrued payables (EIB fees and audit fees).

[27] Including accrued interests.

loans. This assessment does not include estimations of expected losses and recoveries which are inevitably highly uncertain.