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

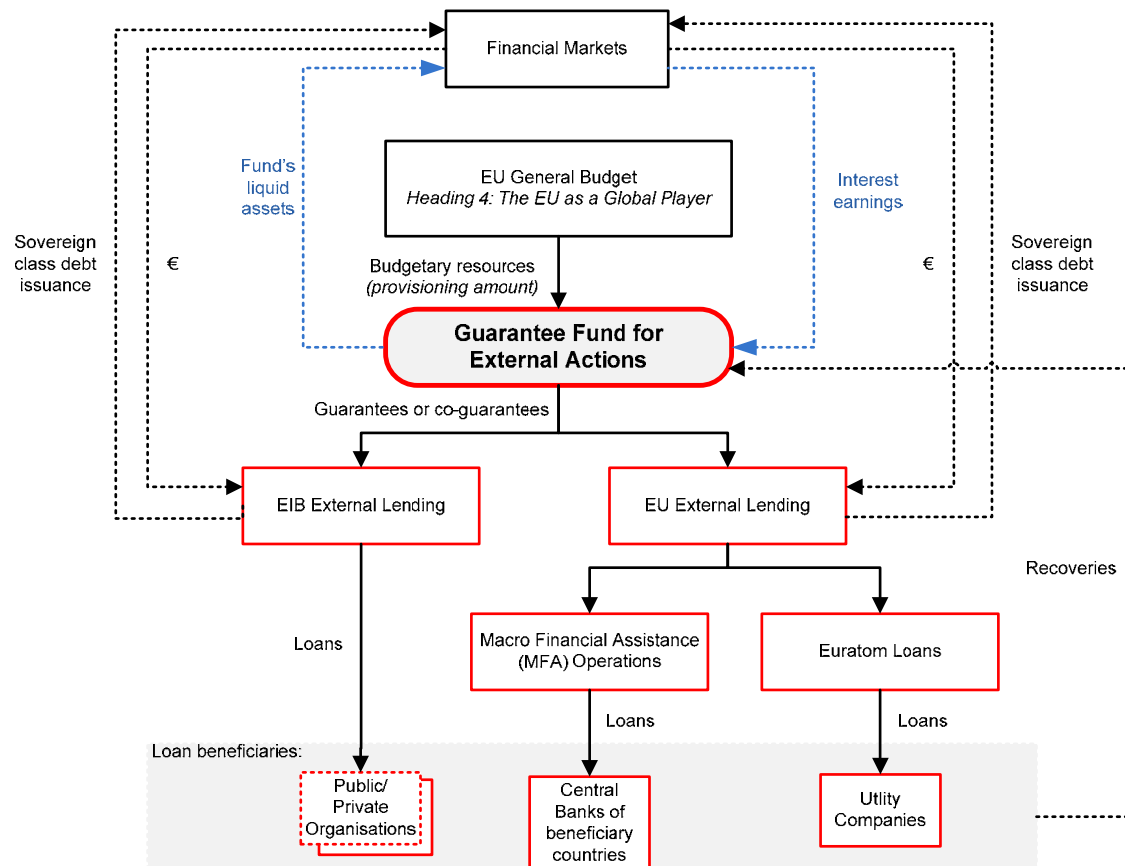
comprehensive report on the functioning of the Guarantee Fund

COM(2010)418

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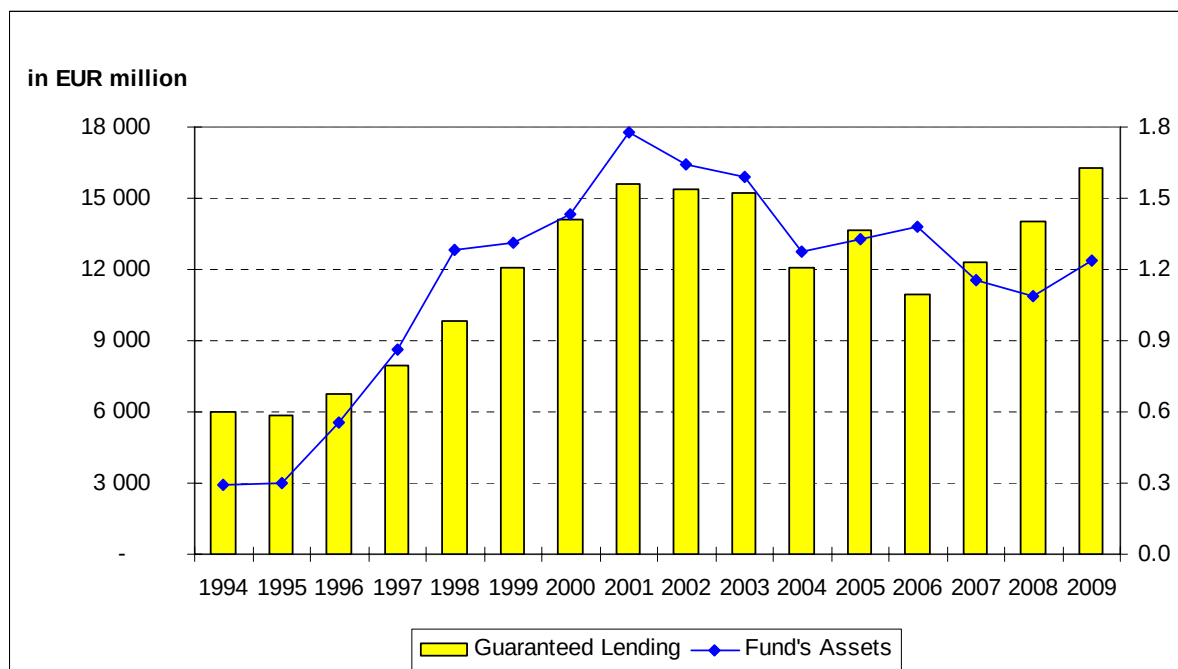
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1. ORGANIZATION CHART OF THE FUND – FINANCIAL FLOWS

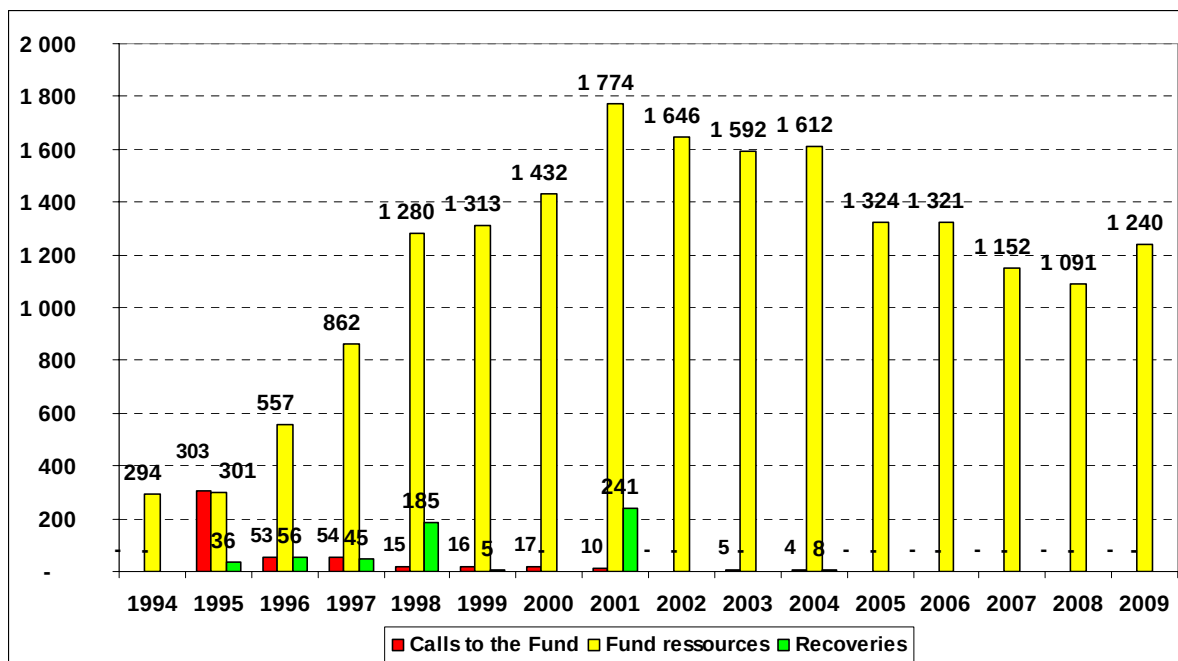


Source: GHK Consulting

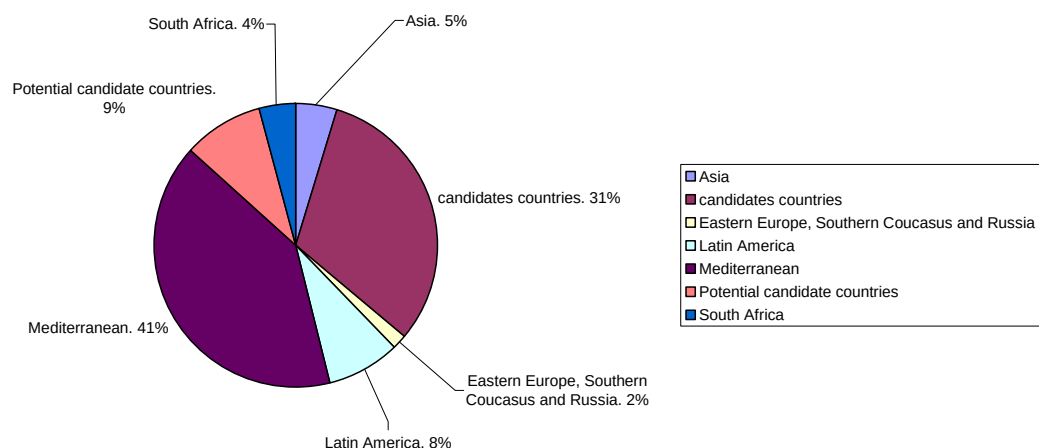
2. GRAPH 1: GUARANTEED AMOUNTS COVERED BY THE FUND (END OF YEAR)



3. GRAPH 2: COVER OF DEFAULTS BY FUND RESOURCES AND RECOVERIES (IN EUR MILLION)



4. GRAPH 3: GEOGRAPHICAL DISTRIBUTION OF LENDING OPERATIONS BY GROUP OF COUNTRIES COVERED BY THE FUND AT 31 DECEMBER 2009 (% OF THE TOTAL OUTSTANDING AMOUNT COVERED, EUR 16.361 BILLION).



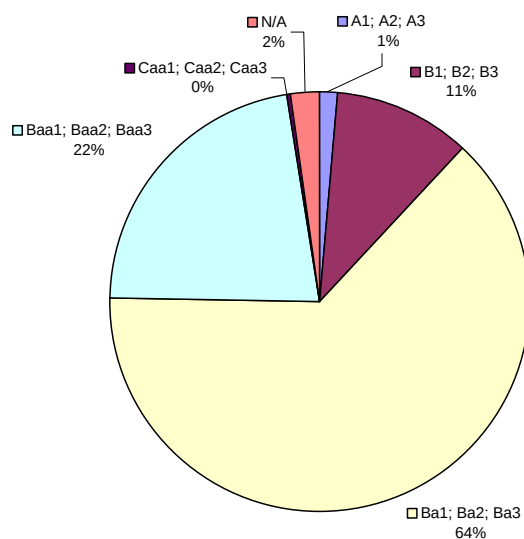
Details of countries belonging to each geographical area (at 31.12.2009):

Asia:	Afghanistan, Bangladesh, Bhutan, Brunei, Cambodia, China, India, Indonesia, Iraq, South Korea, Laos, Maldives, Mongolia, Nepal, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand, Vietnam, Yemen, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan;
Candidate Countries:	Croatia, Turkey, The former Yugoslav Republic of Macedonia;
Eastern Europe, southern Caucasus and Russia:	Republic of Moldova, Ukraine, Belarus, Armenia, Azerbaijan, Georgia, Russia,;
Latin America:	Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela;

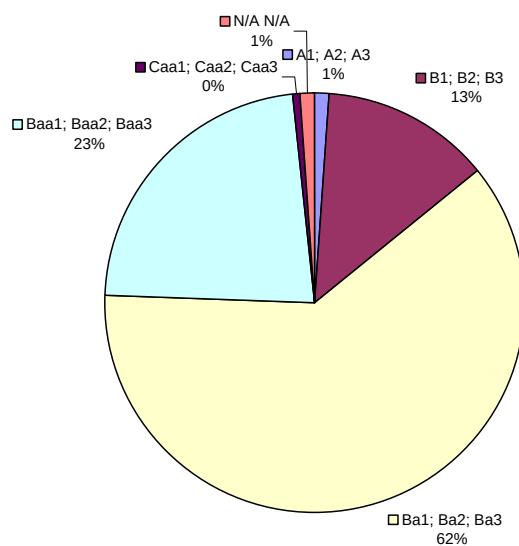
Mediterranean:	Algeria, Egypt, The West Bank and the Gaza Strip, Israel, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia;
Potential candidate countries:	Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo;
South Africa:	South Africa

5. RISK PROFILE OF THE LOANS COVERED BY FUND IN 2006 AND 2009

Distribution of loans covered by the Fund by group of rating (Moody's or equivalent) in 2006



Distribution of loans covered by the Fund by group of rating (Moody's or equivalent) in 2009



6. TABLE 1: FLOWS IN AND OUT OF THE FUND SINCE 1994

Flows in and out of the Fund since 1994

Year	EUR million											
	Tranfert from Union Budget	Interests + gains on assets sold	Recoveries (including penalties interests)	Impact of Fair value adjustment (IFRS) ¹	Financial flows to the Fund	Calls	EIB commission and other charges	Amount back to Union budget from the Fund	Financial flows from the Fund	Financial flows for the year	Fund's net assets ²	Amount to be recovered from defaults ³
	a	b	c	d	e=(a+b+c+d)	f	g	h	i=(f+g+h)	j=(e+i)		
1994	294				294					294	294	
1995	251	24	36		311	-303			-303	7	301	-268
1996	235	20	56		311	-53	-2		-54	257	557	-271
1997	286	35	45		366	-54	-7		-61	304	862	-291
1998	272	50	185		508	-15	-8	-66	-89	419	1281	-134
1999	300	49	5		354	-16	-7	-298	-321	32	1313	-145
2000	186	63			249	-17	-5	-108	-131	118	1432	-163
2001	207	74	241		522	-10	-5	-165	-180	343	1774	
2002	167	81			247		-4	-372	-376	-129	1646	
2003	152	67			219	-5	-4	-263	-272	-53	1592	-5
2004	182	62	7		251	-4	-4	-223	-231	20	1612	-2
2005*	140	54		47	242		-4	-526	-530	-288	1324	-1
2006	128	55		-32	151		-3	-93	-96	55	1379	
2007		55		-19	36		-2	-261	-263	-227	1152	
2008		49		15	64		-1	-126	-127	-63	1090	
2009	92	42		16	150		-1		-1	149	1239	
total	2892	778	576	28	4273	-478	-55	-2501	-3035	1239		

¹ First time application of IFRS standards in 2005. Portfolio valued at "Mark-to-Market".

² Fund's net assets (EIB commission and other charges deducted)

³ Amount to be recovered from defaults = capital + interest + penalty interest for late payment.

7. TABLE 2: USE OF THE BUDGET LINE DURING THE FINANCIAL FRAMEWORK 2007-2013 (IN EUR)

Year	Amount available in Budget 1	Transfers from the Budget to the Fund or surplus (-), transfers from the Fund to the Budget 2	Used percentage	Accumulated amount used for the provisioning of the fund
2007	200 000 000	0	0%	0
2008	200 000 000	-125 750 000	0%	-125 750 000
2009	200 000 000	91 960 000	46%	-33 790 000
2010	200 000 000	93 810 000	47%	60 020 000
2011	200 000 000	138 880 000	69%	198 900 000
2012 *	200 000 000	326 000 000	163%	524 900 000
2013 *	200 000 000	271 000 000	136%	795 900 000
Total	1 400 000 000	795 900 000	57%	

8. TABLE 3: RATIO BETWEEN TOTAL ANNUAL CAPITAL OUTSTANDING AND INTEREST DUE AND THE AMOUNT OF THE FUND

	EUR million (rounded)													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010*	2011*	2012*	2013*
Amounts of loans and interest due	1 328	1 547	1 591	1 803	1 939	1 304	1 594	1 203	1 322	1 494	1 548	1 870	2 648	3 250
Guarantee Fund's asset	1 432	1 774	1 646	1 592	1 612	1 324	1 321	1 152	1 091	1 240	1 359	1 561	1 946	2 287
Risk coverage ratio	108%	115%	103%	88%	83%	102%	83%	96%	83%	83%	88%	83%	73%	70%

* estimated figures

9. PROJECTIONS OF PROVISIONING NEEDS 2009 -2013 AND BEYOND

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Target Amt	1 118	1 276	1 472	1 840	2 159	2 390	2 537	2 670	2 763	2 807	2 783
Provisioning calculation for PDB (financial flow in n+2)	92	93	139	326	271	173	78	56	12	0	0
Financial flow for the year	0	-126	92	93	139	326	271	173	78	56	12
Estimation of Fund assets ending year	0	-126	1 240	1 375	1 561	1 946	2 287	2 536	2 695	2 837	2 938