

Audit Board

Audit Board Annual Activity Report for 2025

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1 Introduction

The Annual Activity Report of the Audit Board provides a comprehensive account of the Audit Board's composition and responsibilities for 2025 (refer to Annex 1), summarises its activities, highlights key issues, and presents corresponding recommendations. In compliance with Article 7 of the Audit Board Charter of the European Investment Fund (EIF), this report is submitted to the Annual General Meeting (AGM) in accordance with Article 18 of the EIF Rules of Procedure.

The Annual Activity Report incorporates information provided to the Audit Board up to 17 March 2026, thereby reflecting developments up to that date. This approach ensures a thorough review of 2025 activities and offers insight into anticipated developments for 2026.

Pursuant to Article 18 of the Rules of Procedure, the Audit Board has fulfilled its obligation of delivering an opinion on the EIF financial statements for the 2025 financial year. This opinion is presented in a separate statement within the EIF's 2025 Annual Report and references the Annual Activity Report of the Audit Board.

The 2025 Annual Report has been prepared in the context of the first full year of EIF operations following its reorganisation. While this restructuring aligns with long-term strategic objectives and is regarded as positive, the Audit Board considered it appropriate to exercise a close oversight. Adjustments were implemented where necessary and areas for further improvement have been identified; the overall assessment remains favourable.

The Audit Board also recognizes steady progress in strengthening internal controls and enhancing governance frameworks across the Group, including the EIF.

2 EIB Group considerations

2.1 EIF in the EIB Group

The EIF forms, together with the European Investment Bank (EIB), the EIB Group. The EIB consolidates EIF outputs to create an EIB Group overview, particularly when common frameworks are established, or services are provided to the EIF by the group functions. The Audit Board welcomed the developments within the EIB Group context during 2025 strengthening the mechanisms in place to ensure cohesion and effective governance across the organisation.

Group governance and oversight

The EIB Group Oversight and Alignment Framework, approved in October 2025, represents a significant milestone in the evolution of the Group's governance and risk management approach. This development is viewed positively as it sets the foundation for improved governance and operational efficiency across the Group.

The Audit Board acknowledges the constructive exchanges held during the Review and Evaluation Process (REP), particularly regarding EIF's governance. These interactions have provided valuable insights into the scope of the Audit Board's statutory role as an independent oversight body within the EIF. The Audit Board welcomed the agreement reached with the Audit Committee and the REP team in sharing the EIF related findings of the REP report and encourages continued cooperation and dialogue with the REP team to ensure alignment and transparency in governance and oversight matters.

In this context, the Audit Board's independent oversight role, as stipulated by the EIF's Statutes and Audit Board Charter, is designed to safeguard the interests of EIF shareholders by providing assurance that reinforces accountability and transparency towards them.

Intra-group outsourcing

The Audit Board notes the EIB's Management support for the centralisation of functions, which is expected to generate efficiency gains across the Group. The Audit Board followed up closely on the developments with the EIF and EIB services throughout the year and emphasised that the EIF remains responsible for the risks linked to the outsourced areas and should establish adequate monitoring and a risk mitigating framework, in line with the latest developments in the EU relevant legislation.

Internal Audit

Internal Audit (IA) services are performed by the EIB, at EIF's cost. The Audit Board appreciated the good cooperation with the Group Internal Audit function and welcomed the discussions on the update of the Internal Audit Charter leading to the clarification of the processes involving the Audit Board in the Internal Audit planning and approval process for the Group.

It was noted that the group alignment processes resulted in certain interdependencies. In some cases, such interdependencies have affected the timely closure of EIF open action points, particularly those requiring coordination with EIB. While notable progress has been made, several Internal Audit points remain outstanding due to dependency on the group. This topic was extensively discussed during the year, resulting in the establishment of a quarterly reporting from the Internal Audit to the Audit Committee where such dependencies are brought to their attention. Further reflection at the group level is required to improve intra-group collaboration, exchange of information and escalation mechanisms at the level of senior management.

Best Banking Practices and Best Market Practice (BBP/BMP)

The process of assessing the relevance of regulations to the EIB and EIF is managed at the Group level. The EIB determines which regulatory requirements qualify as Best Banking Practice (BBP) for the EIB Group, with the EIF contributing to this assessment process. When the EIB concludes that certain BBPs apply on a consolidated basis, the EIF incorporates these into its own framework and conducts any additional analysis necessary to address the specificities of its governance, mission, and activities.

The BMP and BBP discussions in 2025 continued, centring around further rationalisation and a towards a more tangible and concrete application of a proportionality principle.

2.2 EIF Audit Board and EIB Audit Committee

In line with the requirements of Article 19(4) of the Rules of Procedure and motivated by a professional collaboration, the Audit Board exchanged with the EIB's Audit Committee three times in 2025, focusing on matters of joint interest. The discussions centred on EIF and EIB Group consolidated accounts, maintaining strong governance and internal controls across the EIB Group, with particular attention to improving the Group Oversight Framework and recognising the unique attributes of the EIF. They also addressed ongoing IT strategy and data management challenges in the context of intra-group outsourcing, as well as progress with internal audit plan and challenges in closing some outstanding EIF action points. Collaboration on BBP/BMP was highlighted, along with the need for proportionality and cost-efficiency. The Review and Evaluation Process was largely discussed underlining its positive contributions towards the Group operating effectiveness and resilience.

The Audit Board notes positively cooperation with the Audit Committee, notably on the following key topics:

- Information sharing through systematic reporting of the REP findings impacting EIF to the Audit Board.
- The Audit Board welcomed the introduction of a new quarterly reporting by Internal Audit to the Audit Committee, which raises the dependencies on the EIB in resolving EIF action points and believes that this will be a positive step towards improving the escalation by the Audit Committee of dependencies on outstanding action points.
- The Audit Board appreciated the joint meetings giving space for exchange of views with the Audit Committee on perceived key risk areas and its reflection in the Internal Audit planning.

Recommendations

2.2.a. With respect to areas for development to be discussed in 2026 with the Audit Committee, these relate to:

- the proportionality of the BMP/BBP
- the monitoring of efficiency gains resulting from the group alignment exercise
- improving the efficiency, quality and oversight of the intragroup services from both EIB to EIF and from EIF to EIB; and
- defining a clear escalation process aimed at minimising delays in the implementation of EIF remedial actions.

3 Review of audit work performed

3.1 External audit

3.1.1 Review of external auditor's work

In accordance with Article 6.4 of the Audit Board Charter, it is the Audit Board's responsibility to review the external auditor's performance as well as to review and confirm their independence by obtaining statements on their relations to the EIF and discussing such relations.

KPMG confirmed its independence to the Audit Board, as stated in both the executive summary memorandum (presented in February 2026) and the Independent Auditor's Report in the EIF's 2025 Annual Report presented to the Audit Board in March 2026 and included in the EIF's 2025 Annual Report.

Throughout 2025, the Audit Board closely monitored the work delivered by the external auditor and received related updates and confirmations in connection with the audit of the financial statements and the closure of outstanding Management Letter points from EIF services and the external auditor during both regular and private sessions with the lead partner.

The Audit Board also received confirmation that no non-audit related services (NAS) which could compromise KPMG's independence were provided to the EIF during the period under review and that the requests for NAS are managed via the relevant procurement process.

Recommendations

3.1.1.a. With respect to the upcoming new auditor for the 2027 financial year, the Audit Board expects the external auditor and EIF services, to ensure efficient onboarding through job shadowing and structured knowledge transfer concerning EIF's key business activities, particularly in the four core areas:

- a. Mandate management
- b. Valuation of Private Equity portfolio
- c. Valuation of financial guarantees
- d. Recognition of commission income

3.1.2 Audit of the annual financial statements

Under the mandate given by the Audit Board, KPMG has audited the 2025 financial statements of the EIF, which comprise: (i) the statement of financial position and the statement of comprehensive income as of 31 December 2025, (ii) the statement of changes in equity, (iii) the cash flow statement for 2025 and (iv) a summary of significant accounting policies and other explanatory information. In accordance with the statutory requirements, the EIF Annual Report includes a separate statement signed by the Audit Board (*Statement by the Audit Board*) providing assurance on the Financial Statements.

As confirmed in the Independent Auditor's Report included in the EIF's Annual Report 2025, KPMG considers that the audit evidence they have obtained is sufficient and appropriate to provide a basis for their audit opinion. In their opinion, the financial statements give a true and fair view of the EIF's financial position as of 31 December 2025, and of its financial performance and cash flows for the financial year 2025, in accordance with International Financial Reporting Standards as adopted by the European Union.

In 2025, the Audit Board:

- held regular meetings with KPMG, receiving updates regarding the audit approach, audit progress and developments. In addition to the regular meetings, the Audit Board held several private sessions with the KPMG Partner in charge of the EIF.
- continued receiving regular updates on and closely monitoring the implementation of the new private equity valuation model in the context of the 2025 financial statements and in the light of the continued application of the model for the 2025 exercise. The Audit Board noted the enhanced analysis and procedures that were applied for the calibration and the back-testing of equity valuations, including the use of audited information on the fair value, when available.

Throughout the period November 2025 - March 2026, the Audit Board received updates from KPMG on the closure status of the 2024 Management Letter Points where the external auditors confirmed that all five Management Letter Points were closed.

In March 2026, the Audit Board held discussions with KPMG on the 2025 Management Letter, for which the final version will be received prior to the Annual General Meeting in April 2026. The Audit Board was made aware of the following Management Letter Points for 2025 and was presented with management's responses to these topics:

- a. Off-balance sheet Exposure at Risk (EAR) – transactions not recorded within the period
- b. Off-balance sheet Exposure at Risk (EAR) – transactions recognised although not yet effective
- c. Private Equity – Incorrect input of market data from Bloomberg for the valuation of PE investments with underlying quoted investments

In the context of the EIB Group consolidated financial statements, the KPMG EIF team and the KPMG EIB team provided the Audit Board and the Audit Committee with a status update on the EIF, EIB and EIB Group financial statements in their joint meeting in January 2026.

Recurring recommendations for External Audit

- The Audit Board expects the external auditor to:
 - continue communicating the audit findings and opinions clearly, concisely, and promptly to the Audit Board;
 - assume vigilance in the detection of potential control failures, to be in a position to raise awareness timely and effectively;
- The Audit Board reiterates the importance of constructive and productive interactions between Executive Management and the external auditor on addressing the audit findings. In that context, the Audit Board emphasizes the need for prompt and diligent attention from Executive Management to all auditor's observations and the timely resolution of the recommendations.
- The Audit Board will monitor the closure of all Management Letter Points and expects Executive Management and external auditor to address audit findings and recommendations promptly and monitor the closure of the Management Letter Points.

3.2 Internal Audit

The role of Internal Audit is to provide EIF's management with independent, objective assurances, analyses, insights, and Management Action Plans (MAPs) or recommendations, as appropriate, with a view to adding value and improving, where necessary, the effectiveness of the EIF's operations, governance, risk management, and control processes. Its work also underpins the statement by Executive Management on the design and effectiveness of internal controls, risk management and administration. Internal Audit operates pursuant to an Internal Audit Charter approved by the respective Board of Directors of EIB and EIF.

The Institute of Internal Auditors (IIA) Standards¹ require that the Internal Audit function undergoes an internal Quality Assurance Review (QAR) on a regular basis and an external QAR at least every five years. In line with standards the Audit Board is expecting the external QAR to be undertaken in 2027. The Audit Board welcomes that Internal Audit has initiated reflections on the external QAR process, noting that the selection process for appointing the external consultancy firm will be initiated and carried out in the second half of 2026.

3.2.1 Internal Audit reports and assessment of Internal Audit work

Internal Audit provided the Audit Board with thematic audit reports throughout 2025, which were all made available to the Audit Board and presented through dedicated discussions on such reports in the presence of Internal Audit and the services of the EIF and/or the EIB, as relevant.

Regarding the 2025 Internal Audit Plan, the Audit Board received quarterly updates on the progress of completed audits.

In November 2025, Internal Audit presented a draft of the EIF Internal Audit Plan for 2026 together with an indicative Long-Term Plan for 2027–2028. The Audit Board provided feedback to ensure the inclusion of additional audits specific to EIF, reflecting its priorities and risk sensitivities. Furthermore, Internal Audit submitted a draft for an updated Internal Audit Charter, which proposes to introduce key improvements to strengthen governance and oversight, such as clearer approval processes, defined authority for ad hoc assignments, early consultation with the Audit Board and

¹ Standard 1300 – Quality Assurance and Improvement Program.

Audit Committee before management endorsement, and formalised communication of audit results.

The Internal Audit Activity Report 2025 issued in March 2026, has been taken into consideration while preparing the present report. For this purpose, the Audit Board took note of the

- a. the declaration of independence from the Head of Internal Audit;² and
- b. the matters identified across 32 audit reports issued by Internal Audit in 2025, 23 of which were EIB Group audits, in addition to regular reporting on the status of AAPs follow-up.

Overall, the Audit Board notes the conclusion by Internal Audit that:

- based on the audit work performed, the control objectives in the audited areas were achieved and the related internal controls were operating effectively at the date of issuance of the respective Internal Audit reports, except for the audit findings and AAPs raised in the reports;
- the control objectives in the audited areas, as described in the 2025 Risk Control Matrix, were achieved and the related internal controls were considered to be designed and operating effectively, having regard to the nature and scale of the EIF's business, except for the matters described as agreed improvements in the 2025 Risk Control Matrix, the ISAE 3402 type 2 report, or in Internal Audit reports; and
- on the basis of the abovementioned audit work, and except for the matters referred to in Internal Audit's report on the EIF's Internal Control Framework, nothing came to Internal Audit's attention that caused Internal Audit to believe that the EIF Chief Executive's assertion of reasonable assurance over the effectiveness of the internal controls during the period from 1 January 2025 to 31 December 2025 was not fairly stated.

Recommendations

Internal Audit Plan:

3.2.1.a. The Audit Board requested the following two audits to be added on the Internal Audit Plan 2026: an audit on the oversight exercise by the EIF on the activities outsourced to EIB with a focus on ICT and a follow-up audit on Risk Management. During 2026 the Audit Board will monitor the status and outcomes of the two additional audits.

3.2.1.b. With respect to Internal Audit's practice to audit ICAAP and ILAAP on an annual basis, the Audit Board had a thorough discussion with the Internal Audit on applicable regulatory provisions and guidance. As a result, the Audit Board recommends that Internal Audit reflects on a proportionate, risk-based methodology, combining targeted audits with periodic full-scope audits, that would be appropriate to optimise resources while maintaining compliance with the existing regulatory provisions and guidance.

Internal Audit Charter:

3.2.1.c. The Audit Board recommends formalising in a clear manner its role in Group audit planning within the Internal Audit Charter to ensure structured consultation and alignment of priorities. The Audit Board understands that it is planned to adequately include the Audit Board's request in the draft Group Internal Audit Charter that will be submitted for approval in April 2026.

² In accordance with the International Professional Practices Framework, issued by the Institute of Internal Auditors, Standard 1110 – "Organisational Independence".

3.2.2 Status review of Audit Recommendations and Management Action Plans (MAP)

In 2025, Internal Audit introduced to the Audit Board the implementation of the Management Action Plans (MAP) approach. The implementation of the MAP approach is expected to progressively improve the timeliness and effectiveness of addressing audit findings. With this approach, the ownership of action points will be under business management, including consideration of potential dependencies and the accountability to establish realistic deadlines. Internal Audit emphasized the potential efficiency gains associated with this new approach.

Recurring recommendations for Internal Audit

- a. Any additional group audits proposed outside the annual plan should be assessed for their impact on the EIF audit plan, with clear communication on timing, cost, and resource implications.
- b. The Audit Board stresses the need for proactive measures to prevent delays in the execution of the Internal Audit plans, in line with the Audit Board's previous observations on the 2025 Internal Audit plan.
- c. The Audit Board recommends setting more realistic deadlines for the services in relation to the implementation of the MAPs to avoid recurring extensions of deadlines and ensure timely closure of agreed actions and active senior management involvement in oversight and execution of timely closure of the MAPs. Extension of deadlines should be the exception and should be duly motivated to IA, Executive Management, CoCO and Audit Board. Moreover, the Audit Board recommends including an ex-ante thorough review of potential interdependencies with the EIB to clarify action item ownership and strengthen accountability for timely closure of the action points.

4 Controls

4.1 EIF Risk Management & Compliance: Overview

The EIF operates an integrated Risk Management & Compliance service (EIF Risk Office) with a remit extending over financial and non-financial risks.

In 2025 the Audit Board regularly reviewed information and reports issued by EIF Risk Office and held numerous public and private sessions with the Chief Risk Officer and Chief Compliance Officer of the EIF. The Audit Board also held quarterly private sessions with the Group Chief Risk Officer.

The Audit Board welcomes this year's developments in EIF's risk management, the progress made in identification of EIF key risk areas and the introduction of the new Non-Financial Risk Report.

The design and relevance of Key Risk Indicators (KRIs) remained a central focus for all risk reporting. During 2025, the Audit Board reviewed all the non-financial KRIs and encouraged services to work further on their composition and calibration to ensure they effectively reflect the EIF's risk profile and strategic objectives.

Recommendations

4.1.a. The Audit Board calls for a thorough review of the current Key Risk Indicators (KRIs) to ensure that they are meaningful, measurable and rationalised.

4.1.b. It is also important that the KRIs should also be closely aligned with emerging risks at

the EIF, particularly those related to operational resilience and ICT vulnerabilities.

Recurring recommendations for EIF Risk Management & Compliance

- a. The Audit Board advises improving the design and functionality of reporting dashboards to promote greater transparency and usability for governance bodies.
- b. The Audit Board requests to be promptly notified of any critical operational risk events.

4.2 Internal Control Framework

The EIF maintains an Internal Control Framework, which relies, on a risk control matrix outlining the main risks to which the EIF is exposed, enabling an assessment of the internal control processes to ensure that risks are mitigated to an acceptable level.

In 2025, the Committee on Controls Oversight (CoCO) continued to play a pivotal role in monitoring the implementation of EIF's control recommendations.

As detailed in its Charter, the CoCO has the authority to review and determine the following matters:

- Oversee progress made on the implementation of recommendations and action plans from internal and external control bodies and evaluations (e.g. REP, Internal Audit, European Court of Auditors/European Commission, Internal Control Framework, ISAE 3402 type 2 report) with a particular focus on high-risk items or where items are or risk to become overdue.
- Oversee the progress made on Operational Risk Events.

Executive Management receives regular updates on the status of the action points discussed at the CoCO.

During 2025, the Audit Board also received directly from the services detailed quarterly updates on the action points related to the Internal Control Framework, as well as other relevant updates. The need to continuously review and improve the Internal Control Framework and controls assessment has been raised by the Audit Board and discussed with the EIF services and Executive Management.

In addition, in Q1 2026, the Audit Board discussed the Internal Control Framework report and the ISAE 3402 report and received relevant information from Internal Audit on the EIF's Internal Control Framework.

Recommendations

- 4.2.a.** With respect to ICF, the Audit Board emphasises the need for pro-active identification of key controls relevant to critical functions in order to prevent and avoid operational risk events.
- 4.2.b.** The Audit Board also emphasises that the deadlines of the action points should be set realistically and subsequently respected by the services responsible for the closure of the overdue points.
- 4.2.c.** The Audit Board encourages and expects the Executive Management to effectively oversee and take appropriate measures to ensure timely implementation of the action points and, in particular, prompt implementation of overdue action points.
- 4.2.d.** With respect to Group ICF dependencies, the Audit Board recommends the implementation of a formal escalation protocol for overdue audit findings and control

deficiencies.

Recurring recommendations for ICF

The Audit Board strongly encourages the EIF:

- a. to continuously enhance its Internal Control Framework process with regular reviews of the framework's structure and effectiveness, while ensuring proportionality and alignment with the BMP framework.
- b. to maintain continued efforts to ensure full alignment with the Group ICF Policy by prioritising the closure of outstanding Internal Audit action points and advancing the implementation of the multi-year ICF strategy.
- c. to continue to reinforce the 1st line of control also leveraging on digital solutions and define in a clear manner the separation of the 1st and the 2nd line tasks, avoiding overlaps and double control.
- d. that transversal information, including as to second and third line controls, be made available to enable monitoring of the completeness of testing coverage.

On all the above-mentioned points, the Audit Board recommends to maintain a strong commitment and involvement from the Executive Management through the CoCO to further reinforce governance and accountability within the internal control environment and timely closure of the points.

4.3 ISAE 3402 type 2 report

The Internal Control Framework is complemented with an external audit opinion on the design and operating effectiveness of the EIF's mandate management services, equity, guarantee, securitisation and inclusive finance transactions, which also includes the related payment and information technology aspects³.

The opinion stated KPMG's conclusion that, in all material respects, throughout the period from 1 January 2025 to 31 December 2025 and based on the relevant information provided by the EIF:

- a. the description fairly presented the system as designed and implemented;
- b. the controls related to the control objectives stated in the description were suitably designed; and
- c. the controls tested, which were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively.

On the basis of individual confirmation letters received from the relevant EIF services, the report also incorporated a statement, signed by the Chief Executive, to confirm, to the best of the Chief Executive's knowledge and belief, with reference to the Internal Control Framework, the identification, description, design and operating effectiveness of the EIF's mandate management services.

Recurring recommendations for ISAE 3402 type 2 report

The Audit Board encourages the EIF to build up over time a credible and robust internal control testing environment and to allocate appropriate resources to the ISAE 3402 process.

³ The report does not encompass an opinion on the control objectives and related controls of subservice organisations related to system and software providers.

4.4 Best practices

Article 2(3) of the Statutes provides that the activities of the EIF shall be based on sound banking principles or other sound commercial principles and practices as applicable.

As part of the EIB Group, EIF implements its own BMP Guidelines consistently with the EIB BBP Guiding Principles and, in line with the principle of prudential consolidation, enables compliance with relevant BBP at Group level. Additionally, the EIF might identify and analyse BMP for their relevance and applicability to the EIF's activities on a standalone level.

Accordingly, the EIF participates to the EIB BBP process and integrates BBP assessed as applicable on a consolidated level into the EIF's internal rules and procedures, retaining the possibility to carry out additional complementary analysis to cover EIF's specific aspects and satisfy the statutory requirements while respecting the consolidated BBP Framework.

In 2025, the Audit Board received regular updates provided by the services and continued monitoring closely the review and implementation of the BMP framework. During the updates, services presented an overview of the overall BMP framework supporting the related assurance cycle and ultimately the Audit Board's statutory remit. In addition, services provided an update on how recommendations raised by Internal Audit as well as by the Audit Board itself, have been addressed throughout the year.

The Audit Board acknowledges that BMP self-assessment and independent review by Compliance are essential processes for assessing the effectiveness of internal controls and risk management practices.

At the February 2026 meeting, the Audit Board discussed the 2025 BMP Self-Assessment Report, coordinated by the General Secretariat, and the Independent Compliance Review conducted by Compliance.

Recommendations

4.4.a. While recognizing the progress made during 2025, the Audit Board reiterates its recommendation from the previous years on the need to progress with a staggered and risk-based approach embedding proportionality in the analysis and implementation of the BMP/BBP, moving to a concrete application of proportionality via the identification of areas where this can be effectively implemented

Recurring recommendations for Best Practices

- a. The Audit Board recommends that targeted training programmes should be delivered across services to embed the principles of BBP and BMP effectively.
- b. The Audit Board also advises on the need to progressively integrate the control efforts under a unified Group-wide digitalised ICF centred monitoring framework. This transition will enhance consistency, comparability, and reliability of monitoring across all entities within the Group. Clear timelines and milestones should be established to guide this implementation, ensuring that the framework is embedded effectively and delivers measurable improvements in oversight and compliance.

4.5 ICT, Information security and Digitalisation

In 2025, the consolidation of the IT function at the EIB Group level fully materialised. The Audit

Board met the Director General of the Group Information Systems Directorate at multiple occasions following up on the developments and engaged in discussions on matters concerning the Group's IT environment, focusing specifically on the EIF perspective. The Audit Board also met with the EIF Chief Finance and Strategy Officer, who is in charge, inter alia, of overseeing digitalisation at EIF, in order to discuss the latest initiatives and quality of service received from the Group function.

The Audit Board emphasised the importance of clear prioritisation of most urgent IT related projects that often address audit findings and the need to oversee and monitor the quality of intra-group services and ICT risks.

In 2025 the Audit Board received regular updates from the EIF's Information Security Officer in the context of strengthening Group-wide information and cyber-security measures which demonstrated close cooperation and transparent reporting between EIF and EIB.

During 2025, the Audit Board also received a comprehensive update on the state of cyber resilience and the implementation of the Digital Operational Resilience Act (DORA). The Audit Board welcomed the progress achieved, particularly the adoption of recognised frameworks and the advancement of key cybersecurity initiatives. While the overall DORA roadmap targets full compliance by 2027, the Audit Board expressed concern that this timeline appears lengthy compared to regulatory expectations and industry best practices. The EIF compliance with DORA and its meaningful application in the context of the IT services being managed at the Group level has also been discussed.

The Audit Board emphasises that the cybersecurity and ICT risks are one of the key areas of concern in the market and shall closely monitor the development of DORA compliance framework with focus on risks pertaining to the EIF.

Recommendations

4.5.a. Cyber resilience & DORA:

The Audit Board emphasises the need for a roadmap with clear milestones, strengthened EIF-specific reporting, and broader EIF involvement in EIB Group-wide exercises.

4.5.b. A robust escalation and monitoring mechanism under EIB Management oversight should be established to address IT project dependencies.

4.5.c. The Audit Board stressed that the cybersecurity framework should always remain flexible and innovative in the fast changing technological and geopolitical context. The Audit Board recommends that EIF is treated with adequate attention, reflective of its nature as a separate legal entity within the Group, including, where appropriate, the tailoring of flexible solutions reflecting its needs.

Recurring recommendations for ICT, Information security and Digitalisation

- a. The Audit Board will continue monitoring the implementation of the digitalisation-related actions. The Audit Board stresses the need for speedy implementation of digitalisation initiatives deployed at Group level, in a manner that should adequately address also EIF's related business considerations and alleviate the workload on resources. In that context the Audit Board expects to receive regular updates on progress, challenges, and milestones related to Digital Ambition. Feedback is also expected on the concerns raised by the Audit Board, especially regarding delays, resource allocation, and quality of digital outputs.
- b. To reap the full benefits of the digitalisation initiatives, resources should be invested in

reviewing and streamlining processes alongside investing in digitalisation solutions.

5 Intra-Group Service Level Agreements

An EIB-EIF Framework Agreement, Service Level Agreements (SLAs) and a Treasury Management Agreement between the EIB and the EIF govern the provision of certain services by the EIB to the EIF.

In the annual assurance letters provided to EIF Executive Management in Q1 2026, the EIB confirmed that the defined services have been provided to EIF for the year 2025 as agreed.

The Audit Board places strong emphasis on ensuring that intra-group outsourcing between EIF and EIB is governed with clear accountability and effective oversight. It considers that responsibility for outsourced functions must remain with EIF, supported by formal procedures that are not limited to contractual arrangements such as Service Level Agreements and KPI reviews. The Audit Board highlights the importance of robust monitoring mechanisms, transparent allocation of responsibilities within the Group, and timely coordination to maintain operational resilience. It also stresses the need for accelerated implementation of the group outsourcing framework, alignment with regulatory requirements such as DORA, and comprehensive documentation of all outsourcing arrangements, including performance indicators and monitoring practices. Additionally, the Audit Board views independent assurance - such as targeted audits on oversight of outsourced functions - as essential to confirm that governance and risk management objectives are met.

Recommendations

Oversight of outsourced functions:

5.a. The Audit Board emphasises that the responsibility for the oversight over outsourced functions remains with the EIF. This is particularly relevant for Information and Communications Technology (ICT) services and other critical functions outsourced to the EIB. While Service Level Agreements (SLAs) provide a contractual basis for performance, the Audit Board recommends implementing clear KPIs and monitoring tools to ensure effective oversight and accountability;

5.b. Identification and mitigation of risks specific to EIF, ensuring that control over risk-related processes remains with EIF.

6 Investigations, Evaluations and Complaints

The Audit Board received quarterly updates, conducted in private sessions, from the EIB's Inspector General and the Head of Investigations on the status of ongoing investigations, including an assessment of whether the EIF is exposed to reputational risk or financial losses.

The Audit Board received reports from EIB Evaluations, including the published EIB Group Evaluation Activity Report 2025 and Evaluations Work Programme 2026-2028.

The Audit Board received bi-annual reporting on the Status of handled complaints and the EIB Group Complaints Mechanism Annual Report.

The Audit Board emphasises the constructive exchanges with the Inspector General.

7 European Court of Auditors

The EIF, the European Court of Auditors (ECA) and the European Commission are parties to the Tripartite Agreement governing the procedures for the audit by the ECA of the value of the European Union's subscription to the capital of the EIF. No audit in cooperation with the ECA was carried out under the Tripartite Agreement in the course of the year.

The Audit Board received regular updates on ECA audits throughout 2025 and held the annual meeting with ECA in October 2025 to exchange views in areas of common interest, including recent and ongoing audits performed by ECA.

The Audit Board emphasises the constructive exchanges with ECA during their annual meeting.

7.1 Meetings with the EIF Board of Directors and Executive Management

Pursuant to Article 18(5) of the Rules of Procedure, the Audit Board meets with the Board of Directors and the Chief Executive at least once a year to discuss the results of its work during the preceding financial year as well as its work programme for the current financial year.

In that context, the Audit Board and the Board of Directors held two meetings in 2025, one in March and one in November, in the presence of the EIF Chief Executive, where the two bodies exchanged views on matters of mutual interest, as well as actions necessary to address risks and challenges identified throughout the financial year.

The Audit Board and Board of Directors also have met on 24 March 2026 where the Audit Board presented an overview of the results of its work during 2025 and its areas of focus for 2026, in line with this report.

Furthermore, in 2025 the Audit Board held monthly meetings with the Chief Executive and/or the Deputy Chief Executive, in line with the Audit Board's regular meeting schedule.

7.2 Self-assessment

In accordance with Article 7 of the Audit Board Charter, the Audit Board evaluated its performance in 2025 by a self-assessment, carried out prior to the AGM 2026.

8 Other recurring recommendations

In addition to the recurring recommendations highlighted throughout the report, the Audit Board will maintain ongoing oversight of the following matters:

- a. The importance of maintaining the allocation of sufficient resources, as well as an appropriate ratio level of resources allocated to control functions and to business respectively to ensure appropriate management of EIF risks.
- b. The Audit Board underlines the need for close interaction between EIB and EIF services

9 Additional areas of focus for 2026

In addition to the recommendations outlined in the report, the following additional areas will be a key focus for the Audit Board in 2026.

a. Diligent implementation of identified action points

The EIF should enhance the oversight of open action points to ensure as complete as possible coverage of EIF top risk areas, in an efficient manner to avoid overlaps that burden the services. The senior management should also demonstrate active involvement in ensuring timely completion of all action points and appropriate escalation at group level of any dependencies resulting in delays on EIF side.

b. Strengthen oversight over outsourced services including ICT

The EIF remains responsible for the risks linked to the outsourced areas and should establish adequate monitoring and a risk mitigating framework.

In particular, the EIF must ensure its ability to anticipate, withstand, and recover from cyber incidents without significant disruption to critical services. Effective identification, assessment, and mitigation of IT-related risks, including those arising from third-party providers, is vital. The services should remain flexible with the Business Continuity plans and arrangements reflecting the changing geopolitical landscape and advancing technology.

c. Advance the Three Lines Model Implementation

Services should continue providing regular updates to the Audit Board on progress of the remaining outstanding areas in implementation of the Three Lines Model, with a particular focus on adequate resource allocation across all lines of defence, including in situations where the 1st line is exercised through outsourced functions. As the Three Lines Model has significantly progressed in 2025, the Audit Board will continue to monitor the effectiveness of risk identification and management within the first line of defence.

Any group approach should be without prejudice to the effectiveness and robustness of a EIF second line of defence and the EIF's management related statutory responsibility.

d. Efficiency Gains from BCBS 239

Services should deliver a comprehensive analysis of the project's impact, including measurable benefits such as FTE savings, improved data quality, and streamlined reporting process.

e. EIB Group Digital Ambition

The Audit Board will continue monitoring digitalisation initiatives as a strategic priority.

f. Financial Control and External Auditor

Given the adoption of new IFRS standards in the near future in conjunction with the appointment of a new external auditor, 2026 should be considered not only an onboarding year for the new auditor but also a transition year for the new accounting format, Audit Board should receive relevant updates that demonstrate adequate management of the changes.

Annex1:

Audit Board's composition, responsibility and activities.

Audit Board approach and confirmations.

Annex 1

Audit Board's composition, responsibility and activities

Audit Board composition and background

The Chair of the Audit Board since the AGM on 30 April 2025 is **Ms. Rossella LOCATELLI**, Professor in Banking and Finance at the University of Insubria in Italy. Ms. LOCATELLI's mandate concludes at the AGM in April 2026.

The other members are:

Mr. Jacek DOMINIK	General Counsel, Ministry of Finance, Poland
Ms. Delphine REYMONDON	Head of Unit within the Prudential Regulation and Supervisory Policy Department of the European Banking Authority in France
Ms. Isabelle GOUBIN	Independent Director, Luxembourg
Mr. Edwin CROONEN	Head of Unit, Directorate B – Internal Market, External Policies and Public Administration European Commission Internal Audit Service, Belgium
Mr. Mark SCICLUNA BARTOLI	Head of Product Development – Bank of Valletta

Responsibilities and activities

The **Statutes of the EIF**⁴ define the responsibilities of the Audit Board as follows:

Article 22

- The accounts of the Fund shall be audited annually by an Audit Board consisting of six members appointed by the General Meeting. The General Meeting may vary the number of members on the Audit Board. Nominations shall be made in accordance with the terms laid down in the Rules of Procedure.*
- The members of the Audit Board shall act in accordance with the customary standards of their profession.*
- The Audit Board shall confirm that the balance sheet and profit and loss account of the Fund give a true and fair view of the financial position of the Fund in respect of its assets and liabilities, and of the results of its operations for the financial year under review.*
- The Audit Board shall verify that the activities of the Fund are based on sound banking principles or other sound commercial principles and practices as applicable to it*⁵.

Article 17 and, in particular, Article 18 of the EIF's **Rules of Procedure**⁶ elaborate further on the Audit Board's remit and exercise of its responsibilities, including as concerns receiving assurances on the effectiveness of the internal control, risk management and internal administrative processes:

Article 17

The Audit Board, having satisfied itself that the activities of the Fund have been carried out in

⁴ Amended on 27 September 2022 by the General Meeting.

⁵ The Audit Board's remit with respect to the application of sound banking principles or other sound commercial principles and practices as applicable to the EIF shall enter into effect as of 1 January 2023

⁶ Amended on 27 September 2022 by the General Meeting.

compliance with the formalities and procedures laid down in the Statutes and the Rules of Procedure and are based on sound banking principles or other sound commercial principles and practices as applicable to the EIF, shall annually confirm that the balance sheet and profit and loss account contained in the annual report to be submitted by the Board of Directors to the General Meeting give a true and fair view of the financial position of the Fund as regards its assets and liabilities, and of the results of its operations for the financial year under review.

Article 18

1. *At the end of each financial year but not later than 1 March of the following year, the Audit Board shall receive copies of the draft annual report and the draft balance sheet and profit and loss account as well as any other document or information necessary or useful for the evaluation of the Fund's financial position or results. Within thirty days of receiving these documents, the Audit Board, having received assurance from the Chief Executive in particular concerning the effectiveness of the internal control systems, risk management and internal administration, shall forward to the Chair of the General Meeting of the Fund a statement confirming that to the best of its knowledge and judgement:
 - i. *the activities of the Fund have been carried out in compliance with the Statutes and the Rules of Procedure in particular with regard to risk management and monitoring;*
 - ii. *the balance sheet and profit and loss account give a true and fair view of the financial position of the Fund as regards its assets and liabilities and of the results of its operations; and*
 - iii. *the activities of the Fund are based on sound banking principles or other sound commercial principles and practices as applicable to it;**
2. *Should the Audit Board consider that it is unable to deliver the foregoing, it must deliver to the Chair of the General Meeting of the Fund within the same time limit a written statement setting out the reasons.*
3. *The Audit Board shall address to the General Meeting a report on the results of its work during the preceding financial year.*
4. *The Audit Board's statement and the report on the result of its work shall be annexed to the annual report submitted by the Board of Directors to the General Meeting.*
5. *The Audit Board shall hold a meeting at least once a year with the Board of Directors and the Chief Executive in order to discuss the results of its work during the preceding financial year as well as its work programme for the current financial year.*

As continued in Article 19, the Audit Board may have recourse to external auditors, as is the case for the audit of the EIF's financial statements, as further developed in sections 4 and 6. The Audit Board also relies on internal audit work – which is outsourced to the EIB Internal Audit Department ("Internal Audit") under an EIB Group Framework Agreement – Risk Management and Compliance.

Article 19

1. *The members of the Audit Board shall have access to all the books and accounts of the Fund and may request access to any other documents, which they deem necessary or useful to examine in the discharge of their duties. The services of the Fund shall be at their disposal for any assistance.*
2. *The Audit Board may have recourse to external auditors, which it shall designate after consultation with the Chief Executive and the Board of Directors. It may delegate the regular conduct of the audit of the Fund's financial statements to such designated external auditors. It may also, if necessary, collaborate with other experts.*

3. *The Audit Board shall also review each year the work programme, the scope and the results of EIF's internal audit. It shall ensure that there is adequate co-ordination between the internal and external auditors.*
4. *The members of the Audit Board shall not disclose any information or data coming to their knowledge in the course of their duties to persons or bodies outside the Fund, save for any information transmitted by the Audit Board, for the purpose of exchanges required with members of the Fund and their corporate bodies. The Audit Board shall in particular cooperate closely with the Bank's Audit Committee for the purposes of the consolidation of the annual accounts and of the verification of the conformity with applicable sound banking principles or other sound commercial principles and practices.*

Audit Board approach and confirmations

In order to comply with the Audit Board's mandate during the period under consideration, and as developed in later sections, the Audit Board relied on a range of reports, information updates, presentations and assurances. These have been received in connection with the Audit Board's formal meetings in Luxembourg as well as additional conference calls which took place between the 2025 AGM and the Audit Board's sign-off on the financial statements on 17 March 2026.

Background to the Audit Board statements

The statement required to be given by the Audit Board to the General Meeting is incorporated in the Annual Report of the EIF for the financial year 2025. This statement is to be read in conjunction with and under the context of the information provided in this Annual Activity Report, including the background, framing circumstances and other factors set out below.

Evaluation of the Fund's financial results

Relevant sources of information and assessment over the year included:

- the accounting judgements made by Executive Management, as reviewed, and discussed by the Audit Board with Executive Management and KPMG Luxembourg (KPMG), designated by the Audit Board as external auditor of the EIF to audit the annual financial statements;
- the Audit Board's review of the appropriateness of the audit approach adopted by KPMG; and
- KPMG's unqualified Audit Opinion and Management Letter on the EIF financial statements.

Compliance of EIF's operations with the Statutes and Rules of Procedure

Information relevant to the Audit Board's assessment of whether the operations of the Fund have been carried out in compliance with the EIF's statutory framework includes:

- minutes of the meetings and decisions of the Board of Directors and of the General Meeting;
- reporting by EIF functions, notably Risk Management and Compliance;
- Executive Management's written assurance on the adequacy of the EIF's internal control system, which is included as part of the Internal Control Framework;
- Internal Audit reports, including quarterly reports and the Internal Audit Annual Activity Report;

- Internal Audit's annual opinion on controls in place; and
- the confirmations received from the EIB that agreed services were provided to the EIF as per the relevant agreements.

On the basis of its annual work plan, the Audit Board also received regular updates from relevant EIF services on the EIF's operations, strategy, and policy.

Sound banking principles or other applicable sound commercial principles and practices

Information relevant to the Audit Board's assessment of whether the activities of the Fund have been based on sound banking principles, or other sound commercial principles and practices as applicable to it, centres around the consolidated BMP Self-Assessment Report Package, as explained in section 4.4. Section 4.4 further sets out the conditions and circumstances under which the EIF's own verification of compliance with BMP was conducted.

Accordingly, for the purpose of its issuance of the relevant confirmation to the General Meeting as part of EIF's Annual Report, the Audit Board informs that the statement contained therein is circumscribed by:

- the perimeter of principles and practices recognised so far by the EIB and (where relevant) the EIF to be relevant and applicable to the EIF and/or the EIB Group, as the case may be, in accordance with its rules and procedures; and
- the degree of compliance observed and described in the statement communicated to the Audit Board by the Chief Executive for this purpose as well as any observations formulated by Internal Audit in their February 2025 report on the implementation of EIF's BMP framework and roadmap.