

AUDIT COMMITTEE ANNUAL REPORTS FOR THE YEAR 2024

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FOR THE YEAR 2024



**European
Investment Bank**

Audit Committee Annual Reports for the year 2024

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2024 ANNUAL REPORT TO THE BOARD OF GOVERNORS

1 INTRODUCTION

The Audit Committee (AC) is established under European Investment Bank (the EIB or the Bank) Statute as a statutory body.

In accordance with the EIB Statute (Art.12) and Rules of Procedure (Art. 24), the AC has three core responsibilities:

- I. Confirmation that the financial statements, as well as any other financial information included in the annual report approved by the Board of Directors (BoD) give a true and fair view of the financial position of the Bank;
- II. Verification that the activities of the Bank are conducted in a proper manner, in particular with regard to risk management and monitoring; and
- III. Verification that the activities of the Bank conform to best banking practice (BBP) applicable to it.

In 2024, the AC has fulfilled its responsibilities by:

- Issuing the AC Statement on the EIB and the EIB Group¹ as of 31 December 2024, having carried out the tasks deemed necessary, having received assurance from the Management Committee (MC) concerning the effectiveness of the internal control systems, risk management and internal administration, and having examined the report of the external auditors; and
- Preparing this Annual Report to the Board of Governors (BoG).

In relation to the EIB Review and Evaluation Process (EIB REP), which was established in 2019 by the Board of Governors (BoG) to strengthen the supervisory role of the AC, the AC issued the 2024 EIB REP report. In accordance with the EIB REP Guiding Principles², the AC developed and adopted a review and evaluation approach and methodology specific to the EIB Group based on the European Banking Authority's Guidelines on the Supervisory Review and Evaluation Process (EBA SREP Guidelines).

The AC Annual Report is addressed to the BoG and summarises the results of the AC's work and activities for the year 2024. A list of AC activities performed in 2024 is presented in Annex 1 hereof.

Additionally, during 2024, the AC, in conjunction with the Bank, has completed the tender for the rotation of the external auditor. The AC has designated a new external auditor for the EIB and the EIB Group for the financial statements of the year 2027.

¹ The EIB Group (or the Group) comprises the EIB and the European Investment Fund (EIF), which is majority-owned by the EIB.

² EIB website link: [EIB Review and Evaluation Process Guiding Principles](#).

2 FINANCIAL ACCOUNTS AND RISK MANAGEMENT

The AC has discharged its responsibilities related to the auditing of the EIB Group's accounts, which include monitoring and assessing the integrity of the financial statements, by:

- Assessing the internal control environment including the results and conclusions of the EIB's internal control functions;
- Reviewing and assessing financial and non-financial risk reports and assessing financial statement risks;
- Reviewing financial reports during the year including the EIB Group Financial Report, interim reports, as well as monthly and quarterly analytical financial statements, as deemed necessary;
- Probing Services and the external auditor on general and specific financial reporting issues including matters related to the system of internal controls and the use of accounting policies, estimates and judgements;
- Discussing matters related to the financial statements close process applied to the 2024-year end and applicable to the Bank's stand alone and consolidated financial statement of the EIB Group;
- Reviewing the financial statements as at 31 December 2024 of the Bank and of the consolidated financial statements of the EIB Group.

As noted in prior years, the EIB maintains its primary accounting and risk reporting framework under the EU Accounting Directives 2013/34/EU (EU AD), and the European Investment Fund (EIF) under International Financial Reporting Standards (IFRS). The EIB Group consolidated financial statements are established under both accounting frameworks, EU AD and IFRS.

With respect to risk management and monitoring, the AC has discharged its responsibilities under its mandate mainly by performing the following:

- Ensuring the existence of policies defining an appropriate EIB risk framework;
- Reviewing risk reports, as deemed necessary;
- Probing Services on matters involving risk identification, risk assessment and measurement/ valuation;
- Reviewing other key risk management documents and dedicated risk reports on credit risks, non-financial risks and compliance, climate risks and other risks;
- Reviewing and discussing prudential documents prepared by risk management such as e.g., the Risk Appetite Framework (RAF), the Risk Appetite Statement (RAS), the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP), Stress test scenarios and results, and the Group Capital Plan;
- Reviewing portfolio monitoring and management reports related to asset quality;
- Receiving regular updates on the risk parameters, risk models and provisioning.

Based on its work, the AC concluded that:

- The 2024 EIB stand-alone and the EIB Group financial statements are fairly presented in all material respects;
- The approach to risk management and monitoring is overall conducted in a proper manner in 2024.

In addition, the AC emphasizes the following observations:

- The AC recommends that the EIB and the EIB Group semi-annual financial statements and financial results are audited by the external auditor;
- The AC acknowledges the significant progress made on the dual ledger and in the efforts to build the EIB's capacity to report on IFRS basis under the dual ledger. The AC encourages further use of the improved IFRS platform to move to one primary accounting and risk management and reporting framework for the EIB Group;

- The AC recommends continuing efforts by risk management to foster the level of regulatory compliance and practice and to build competencies related to emerging risks within the EIB Group.

3 SUSTAINABILITY OF BUSINESS MODEL

In 2024, the approved EIB financing activity amounted to €92 bn (EU-AD), 10% above compared to 2023 (€84 bn), and recorded total disbursements of €59bn. The Bank's profitability reached €2.9 bn, and net interest income increased by 10% year on year. Total assets at year-end were at €556 bn, almost unchanged as compared to end of 2023 (up by 2%) and almost flat over the period of the last ten years (up by 3%). The Bank's accumulated reserves amounted to €59 bn.³

The Bank has a diversified business model and growing ambitions across its new eight strategic priorities⁴. As a public policy bank, the EIB needs to fulfil its mission and to support EU priorities. However, the Bank's net lending has remained relatively flat over the last ten years. Based on its capital and liquidity position, the EIB has room to grow. Going forward, the BoG has agreed to maintain a high but stable level of annual volume of operations. In 2024, the Bank launched several initiatives, such as "Time To Market", to accelerate delivery of net lending, and ensure more efficient approval processes.

In terms of cost management and cost efficiency, the Bank could benefit from a more proactive approach, enhancing operational efficiency and improving margins. The AC acknowledges that for the first time the EIB P&L projections were completed by the Group Chief Financial Controller⁵ acting in the capacity of 1LoD, which is an achievement. In addition, the AC understands that the budget for administrative costs remains flat and that the Bank is monitoring the profitability per product, which was a prior AC recommendation.

For many years, the Bank has been and continues to be a leader in climate financing, with more than 50% of the Bank's investments supporting climate action and environmental sustainability. The AC acknowledges that the Bank was an early adopter of the Paris Alignment Framework, and that climate disclosures and climate reporting are evolving. However, other commercial financial institutions are making progress in climate financing and in climate and sustainability reporting. As the EU climate bank, it would be important for the EIB to maintain its leadership in climate financing, while ensuring that its climate and sustainability reporting, particularly in relation to the Corporate Sustainability Reporting Directive (CSRD), remains at least on par with that of commercial financial institutions.

The AC makes the following observations regarding the sustainability of EIB's business model:

- The AC encourages the Bank's efforts to increase the attractiveness of EIB lending, increase the volume of net loans, and improve cost efficiencies;
- The new Group Chief Financial Controller is encouraged to ensure the implementation of profitability indicators across the Group, which is underway, and to proactively manage costs and the Bank's and Group's efficiency;
- The AC encourages the Bank to enhance its climate risk and sustainability disclosures to ensure that its climate and sustainability reporting and disclosures, in particular, in relation to the CSRD, are at least on par with that of commercial financial institutions. In particular, the Bank is encouraged to develop interim targets. These efforts will reinforce confidence in the integrity of the EIB's climate finance initiatives.

³ Please refer to the EIB financial statements EU-AD as of 31 December 2024.

⁴ EIB website link: [EIB Group 2024-2027 Strategic Roadmap](#)

⁵ The EIB's Chief Financial Controller Directorate is headed by the Group Chief Financial Controller.

4 CAPITAL AND LIQUIDITY

In 2024, the Bank's profitability was €2.9 bn and it contributed to total Own Funds amount of €84 bn – a stable capital position. The Bank's strong capital position and business model is acknowledged by rating agencies, which reconfirmed the AAA rating of the EIB in 2024. The management of capital and liquidity are central to maintaining a sound and stable risk profile.

In terms of capital, during 2024, the AC's work focused on the application of the regulatory requirements for the calculation of risk-weighted assets (RWAs), especially with regards to the look-through approach (LTA) applied to the Bank's exposures to funds.

The EIB Group is subject to a yearly oversight by the Banque Centrale du Luxembourg (BCL) in view of the EIB's access to the ECB's liquidity and refinancing operations. The Bank's liquidity position remains strong.

5 ASSET QUALITY

The EIB's loan portfolio continued to exhibit high asset quality and low levels of Non-Performing Exposures (NPE's). The level of credit losses is low considering the prudent lending and credit risk management as well as credit enhancement.

In 2024, the AC continued to monitor the quality of EIB Group assets through regular reports from Services. In this regard, the AC makes the following observation:

- The AC recognises the benefit from moving to a dual ledger, it however recommends to move to one common provisioning standard for yearend and interim reporting of the EIB and the EIB Group financial statements.

6 OPERATIONAL RESILIENCE AND DATA MANAGEMENT

The AC underlines the importance of operational resilience, particularly in the context of cyber risks and the need for business continuity. The Bank is continuously strengthening its cyber security posture. However, there is an opportunity to further enhance Business Continuity Planning (BCP) by testing the BCP through crisis management exercises, reinforcing overall operational resilience. The Bank's initiation of crisis management exercises is welcome, and the Bank is encouraged to continue its efforts in this direction.

Efforts to strengthen EIB Group data management has seen significant delays and would need urgent management attention for resolution. Good quality of aggregated data, in line with BCBS 239, is key to the effective management of risk. This would further support the timely management of key risks and enhance the reporting to senior management and governing bodies. The Group Data Warehouse currently consolidates some, but not all, of the risk data, with certain processes still relying on manual input.

During 2024, the AC has closely followed the implementation of the Digital Ambition Strategy and has received various reports on the implementation of latest regulatory initiatives.

The AC makes the following observations:

- The AC encourages the continued efforts to further enhance BCP and the Bank's crisis management exercise, and thus to further enhance the overall operational resilience of the Bank;

- The AC encourages further the upgrade of data centralisation to ensure that the Group Data Warehouse covers all risk data, and the ongoing data aggregation project BCBS 239 is completed;
- Similar to last year's observation, the EIB Group continues to outsource significant IT related resources and processes. The AC encourages the Bank to build one comprehensive outsourcing and third-party management approach.

7 GROUP ALIGNMENT AND INTERNAL CONTROLS

In 2024 the EIB Group continued to make progress in setting up and consolidating Group functions and Group alignment, especially in the areas of compliance, and IT. However, Group alignment of internal controls remains an area for continued improvement.

Group oversight of the EIB over the EIF needs to be further improved. While some functions already include a Group dimension, not all perform their responsibilities fully at a Group level. For example, IT is managed at Group level by the Group Corporate Services Directorate, other functions are however not yet fully operating as Group functions, such as the Internal Control and Assertion team which is responsible for the internal control framework (ICF).

The organisational structure within Group Risk and Compliance (GR&C) needs to be enhanced with a clear chain of command for compliance risk. Full alignment of role accountability with role authority should be reinforced at senior management. These efforts will further strengthen the governance and effectiveness of risk management and compliance across the Group.

The Bank has made progress in implementing the three lines of defence (3LoD) model in credit risk. For other risk types more efforts are needed. For non-financial risks and compliance, the implementation of the 3LoD model has progressed but needs to be fully implemented. At the moment, the 2LoD continues to perform certain identified 1LoD tasks, such as for the management of treasury activities. This may prevent the 2LoD from performing effective oversight by the 2LoD over the 1LoD. Aspiration for a full deployment of the 3LoD model across all risks and functions of the Bank would foster a more efficient structure, clear responsibilities and roles, while facilitating senior management oversight.

The AC acknowledges the positive trends in increased transparency of the internal communication, including the tone from the top about the EIB Group priorities, and the strive for a sound risk culture. Also in that regard, the AC welcomes that for the first time a Speak-up survey was completed.

In this regard, AC makes the following observations:

- The AC recommends to proceed with an upgrade of the ICF to established industry standards and also emphasises the need for further improvements of the effectiveness of the Group's ICF;
- The AC encourages the Bank to enhance the organisational structure within GR&C with a clear chain of command for compliance risk and, in addition, encourages that a full alignment of role accountability with role authority be reinforced at senior management of GR&C;
- The AC reiterates the need for the EIB Group to complete the implementation of the 3LoD model, in particular, the full segregation of duties between the 1LoD and the 2LoD for all risks. Moreover, more effective oversight of other risks, such as compliance, non-financial risks, the reputational aspects of sustainability risk, as well as third-party risk and outsourcing is essential;
- The AC encourages the Bank to address the results of the Speak-up survey with urgency.

8 BEST BANKING PRACTICE (BBP)

The BoG approved the BBP Guiding Principles⁶ in 2018. The BBP Guiding Principles is a high-level document, defining the overall principles and the general scope of the banking rules and guidelines applicable to the EIB. It also sets forth assessment criteria aimed at identifying the relevant rules and considers specificities of the EIB's business model by way of general adjustments. The AC, as part of its oversight responsibilities to verify compliance with BBP, regularly reviews the status of BBP implementation and receives an annual self-assessment of Services in this regard.

The AC has discharged its responsibilities related to assessing the Bank's compliance with BBP as applicable to it by:

- Requesting updates from Services regarding the status of compliance with EU Legislative Acts and Guidelines;
- Being involved in the consultative process for adaptations, exclusions or amendments of evolving regulations, as decided by the BoD;
- Taking note and questioning Services in connection with the Bank's annual BBP self-assessment process;
- Obtaining assurances from the MC.

The AC verified the Bank's conformity with BBP, as applicable to it. Based on its work, the AC concluded that the overall Bank's status is "partially compliant", which is unchanged from last year.

9 REVIEW AND EVALUATION PROCESS (REP)

1. Coverage of the 2024 EIB REP

In 2024, the AC, supported by the REP team, completed the third EIB REP cycle, which is guided by the EIB Review and Evaluation Process based on the following four supervisory assessment pillars:

- Business model & Sustainability;
- Governance & Risk management;
- Risk to capital;
- Risk to liquidity.

As indicated in the previous Annual Report of the AC for 2023, the REP team selected relevant set of topics to focus on, based on a risk-based approach and focused its activities on potential sources of reputational risk

2. Outcome of the 2024 EIB REP

The 2024 REP assessment confirms that the EIB Group operates on the basis of a solid capital position supported by a viable business model. It focused on a selected number of focus areas complementing the overall assessment derived in prior years. It concludes that the risk profile of the EIB Group remains unchanged compared to last year. This result reflects the overall assessment of the EIB Group derived in prior years, the results of the 2024 REP assessment and the remediation progress made in relation to prior years' findings and recommendations.

The 2024 REP assessment also identifies several issues regarding the management of climate and environmental related risks, the ICF supporting the issuance of bonds and cyber resilience.

⁶ EIB website link: [Best Banking Practice Guiding Principles of the European Investment Bank](#)

3. Going forward

The AC finetuned its 2024-2026 multi-year REP plan to the key risks identified and to allow the EIB to prepare for the forthcoming reviews. The AC, supported by the REP team, will continue its efforts to align the REP assessment to current supervisory practices and standards. In particular, the full implementation of the SSM multi-year approach requires the REP to have direct and immediate access to data. The AC has seen recent positive developments and encourages the Bank to agree with the REP a feasible way forward to ensure necessary data access.

Status of remediation

The EIB has communicated the status of its remediation efforts regarding the 2022 and the 2023 EIB REP findings. The 2023 REP findings self-imposed remediation deadlines are approaching and per end of 2024 many 2022 and 2023 REP findings remain open. During 2024, the AC has clarified the process for the requests. While the closure process of findings remains slow, the AC recognises the recent effort of acceleration and positive change in the tone from the top, although cascading that tone through the EIB is not finished. The AC expects that remediation efforts are sped up for the EIB to be fulfilling its role in a robust manner.

Luxembourg, 20 June 2025

Signed by:

N. FERNANDES

K. PLUTO

E.L. NORGRÉN

C. HAAS

T. R. LUGARIC

Annex 1

4. Mandate

The AC is established under the European Investment Bank Statute as one of the EIB's four governing bodies. It is independent from the BoD and reports directly to the BoG.

5. Composition

As of the end of 2024, the AC was composed of 5 members and 3 observers. Mr Ivan Sramko resigned in November 2024 and was replaced by Ms Tereza Rogić Lugarić. In July 2024, Mr Nuno Gracias Fernandes assumed the chairpersonship.

Members of the AC are appointed by the BoG and are independent experts and professionals with knowledge, expertise and skills in finance, banking, accounting, and auditing, risk management and banking supervision in both the private and public sectors. The CVs of the AC members and observers are available on the EIB's website.

The AC has established a skill matrix that serves to monitor whether its members are representing the necessary important skills to discharge the function of the AC.

6. Meetings and external liaison

In 2024, the AC held 11 regular meetings. In addition, the AC held 3 briefing calls.

The AC also met:

- with the Audit Board of the EIF to discuss common issues in relation to the rotation of the external auditor for the EIB Group, and also about: risk management and risk governance at the EIF, the consolidated financial statements of the EIB Group, and the outcome of Group internal audit reports, and
- with the MC and the BoD of the EIB to discuss the EIB and EIB Group financial statements, the REP report and the AC Annual Report.
 - i. Confirmation that the financial statements, as well as any other financial information contained in the annual report approved by the BoD give a true and fair view of the financial position of the Bank;

DUTIES	ACTION TAKEN BY THE AUDIT COMMITTEE
EIB Group Financial Statements	
Review of financial statements and other financial information	<p>Reviewed the EIB and the EIB Group consolidated financial statements and related disclosures.</p> <ul style="list-style-type: none">• Met with the Chief Financial Controller Directorate (CFC) 8 times in 2024⁷.• Reviewed the semi-annual and annual financial statements as well as monthly financial statements.• Discussed the financial statement close process applied by the Bank as of 2024-year end.

⁷ Please note that this refers to attendance by Services, KPMG, IA and REP during regular AC meetings in 2024 for sessions under their lead.

	<ul style="list-style-type: none"> • Reviewed changes to accounting standards applied to individual and consolidated financial statements and discussed the significant variations and changes presented by the Group Chief Financial Controller. • Discussed with Services the approach to risk identification and measurement and proper reflection in the individual and consolidated financial statements and related disclosures (refer also to below).
Execution of audit by the external auditor	<p>Reviewed the work performed by the external auditor in relation to the individual and consolidated financial statements and related disclosures.</p> <ul style="list-style-type: none"> • Met with the external auditor, KPMG, 6 times in 2024. • Held private sessions with KPMG without the presence of Services. • Reviewed and challenged the application of the audit methodology and approach set out in KPMG's annual audit plan including key areas of judgement and estimation in the financial statements. • Monitored the execution of KPMG's audit plan, regularly discussed the audit status and outcome. • Discussed the selection of Key Audit Matters (KAM) by the external auditor and approach applied in addressing respective risks. • Reviewed and discussed the summary of identified adjusted and unadjusted audit differences raised by the external auditor. • Received assurance from the external auditor that the audit process was executed as expected, with support from the Services. • Reviewed and discussed KPMG's recommendations reported in their Management Letter to the EIB, as well as the status of the implementation of prior years' recommendations.
Monitoring of external auditor independence	<p>Performed procedures to ensure independence of the external auditor.</p> <ul style="list-style-type: none"> • Reviewed and discussed confirmation from KPMG regarding their auditor independence. • Received written confirmation from KPMG that the members of the audit team remained independent within the meaning of regulatory and professional requirements and that the objectivity of the audit team, including the audit, was not impaired. • Monitored that KPMG did not provide services to the EIB other than those defined, and pre-approved by the AC, as per the Framework Agreement.

	<ul style="list-style-type: none"> Back in 2023, the term of KPMG's mandate was extended to end with the approval of the 31 December 2026 EIB financial statements by the BoG in 2027. KPMG has been the auditor of the EIB Group since 2009.
Rotation of external auditor	<ul style="list-style-type: none"> Following a tender for the rotation of the external auditor, the AC has completed the process for the appointment of a new external auditor and has designated the new external auditor for the EIB and the EIB Group to audit the EIB and the Group financial statements for the year 2027.

- ii. Verification that the activities of the Bank are conducted in a proper manner, regarding risk management and monitoring.

DUTIES	ACTION TAKEN BY THE AUDIT COMMITTEE
Internal Audit	
Internal Audit function	<ul style="list-style-type: none"> Met with the Internal Audit Department 11 times in 2024. Requested two specific internal audit reports which were in addition to the Internal Audit plan for 2024. Reviewed and provided input to the annual Internal Audit Risk Assessment. Reviewed and approved the annual and long-term Internal Audit plan. Reviewed and discussed the conclusions and results of Internal Audit reports including Management Action Plans (MAPs) and Agreed Action Plans (AAPs). Received quarterly updates on the status of implementation of the related agreed action plans and monitored the timeliness of their implementation.
Group Risk & Compliance (GR&C)	
Group Risk & Compliance – Risk Management (GR&C-RM)	<ul style="list-style-type: none"> Met with GR&C-RM 10 times in 2024. Reviewed the capital ratio and the RWAs related to the equity exposures to collective investment undertakings or CIUs, i.e. exposure to funds. Reviewed and discussed annual and quarterly risk reports (as deemed necessary) covering the RAF Dashboard and key credit, market, capital, and liquidity risk metrics. Reviewed and discussed prudential documents prepared by GR&C-RM such as e.g., the RAF, RAS, ICAAP, ILAAP, Stress test scenarios and results, Group Capital Plan.

	<ul style="list-style-type: none"> Received and discussed dedicated risk reports on credit risks, climate risk and other risks. Reviewed non-financial risk reports and updates prepared by GR&C-OCCO. Reviewed operational risk reports prepared by GR&C-OCCO. Reviewed and discussed regular updates on operational risk events and other non-financial risk events.
Group Risk & Compliance – Office of the Group Chief Compliance Officer (GR&C-OCCO)	<ul style="list-style-type: none"> Met with GR&C-OCCO 6 times in 2024. Obtained regular updates on the compliance risk profile of the EIB and EIB Group, including by regular updates of the Group Money Laundering and Terrorism Financing (ML-TF) Dashboard, the annual Group Compliance Risk Assessment (CRA), the outcome of the annual EIB Compliance Monitoring Programme (CMP), updates on Sanctions, and the Compliance Programme. Reviewed the proposal for an extended and revamped non-financial risks report for roll out in 2025.
Internal Control Framework	
Effectiveness of the internal control systems	<ul style="list-style-type: none"> Met with the Internal Controls and Assertion (ICA) Division 3 times in 2024 (as part of the CFC meetings) (refer also to section i above). Reviewed and discussed the Internal Control Framework and the new EIB Group ICF Policy – Implementing Provisions. Received updates on progress with initiatives intended to further strengthen the Internal Control Framework. Reviewed the annual ICF results of the Bank and of the Group.
Inspectorate General (IG)	
Coordination with the Inspectorate General	<ul style="list-style-type: none"> Met with the Inspector General 2 times in 2024. Noted the status of on-going fraud investigation cases and of the status of the complaints received. Reviewed and discussed the outcome of evaluations.
Meetings with other Services	
Portfolio Management and Monitoring (PMM)	
Early Warning System (EWS)	<ul style="list-style-type: none"> Met with the PMM Directorate 4 times in 2024. Received regular updates on the risk-related evolution of the credit portfolio, annual restructurings and non-compliance events.

	<ul style="list-style-type: none"> Reviewed and discussed updates on the status of the quasi-equity exposures.
Finance (FI)	
Liquidity, Funding and Treasury Management	<ul style="list-style-type: none"> Met with the FI Directorate 3 times in 2024. Reviewed the annual Funding and Treasury Management report and the Group Contingency Funding Plan. Received an update on the Bank's interest rate strategy. Reviewed the Bank approach regarding the Global interest rate benchmark reform and execution of the respective transition. Received updates on market developments, and on the Bank's liquidity and funding management.
Group Corporate Services	<ul style="list-style-type: none"> Met with the Group Corporate Services Directorate 3 times in 2024. Discussed the Business Continuity Strategy, Disaster Recovery Process and related IT contingency processes. Obtained regular updates on the status of the Digital Ambition implementation.
Operations	<ul style="list-style-type: none"> Met with the Operations Directorate 2 times in 2024. Obtained a status of business development efforts across various sectors and geographies. Was informed about latest trends in venture capital and equity related activities.
EIB Global	<ul style="list-style-type: none"> Met with the EIB Global Directorate 1 time in 2024. Obtained an update on the new 2024 EIB Global Strategy. Discussed the implications of expanding activities outside the EU.
JU	<ul style="list-style-type: none"> Met with the Legal Directorate 2 times in 2024. Obtained an update on the pending judicial cases in which EIB was involved. Received consultations related to the statutory scope of the AC Statements.

iii. Verification that the activities of the Bank conform to best banking practice (BBP) applicable to it.

EIB Compliance with Best Banking Practice	
Compliance with BBP Guiding Principles	<ul style="list-style-type: none">• Met with the General Secretariat (SG) Directorate 9 times in 2024.• Provided input to BBP applicability assessments, as submitted to the AC.• Discussed the status of the BBP Rules repository and improvements to the BBP Book.• Discussed the status of compliance with the BBP Principles with Services.• Reviewed and discussed the annual BBP Self-assessments prepared by Services and aggregated by SG.• Received from the Bank the overall level of EIB's compliance with BBP, which was "partially compliant".

iv. EIB Review and Evaluation Process

EIB REP	
	<ul style="list-style-type: none">• Met with the Head of REP and the EIB REP team 11 times in 2024.• Reviewed and discussed the 2024 REP Work Programme.• Provided guidance as to the priorities and strategic orientations of the 2024 EIB REP process.• Monitored the status and discussed progress regarding the issuance of the 2024 EIB Group REP report.• Discussed findings of the 2024 EIB Group REP report with the MC.• Approved the 2025 REP Engagement Plan and REP Strategic Plan.

ANNUAL REPORT TO THE BOARD OF GOVERNORS ON THE INVESTMENT FACILITY FOR THE 2024 FINANCIAL YEAR

Introduction

The Audit Committee (AC) is established under the European Investment Bank (the EIB or the Bank) Statute as a statutory body.

In 2024, the AC has fulfilled its responsibilities in relation to the Investment Facility Cotonou by:

- Issuing the AC Statement on the Investment Facility Cotonou as of 31 December 2024, having carried out the tasks deemed necessary, having received assurance from the Management Committee (MC) concerning the effectiveness of the internal control systems, risk management and internal administration, and having examined the report of the external auditors, and
- Preparing this Annual Report on the Investment Facility Cotonou to the Board of Governors (BoG).

This Annual Report from the Audit Committee to the BoG provides a summary of the Audit Committee's work and activities focused on the Investment Facility Cotonou ('IF') during the year 2024. The Audit Committee issues a statement each year, confirming to the best of its knowledge and belief, that the IF's Financial Statements, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ('IFRS'), give a true and fair view of the IF's financial position, its financial performance and its cash flows for the year then ended.

Audit Committee review

As referred to in the paragraph above, the Audit Committee issued a Statement on the IF Financial Statements as at 31 December 2024. This AC Statement is largely based on the work of the external auditor performed by KPMG. In addition, the Audit Committee obtains an understanding of the activities and related risks based on its review of management and risk reports and discussions with the relevant Bank services involved in the IF activities.

1. Chief Financial Controller

During the year, the Audit Committee reviewed the semi-annual and annual reports of the IF as prepared by the Chief Financial Controller Directorate ('CFC').

The Audit Committee met on three occasions with CFC to discuss selected aspects of the IF Financial Statements including the state of services provided to the IF.

2. External auditors (KPMG)

The external auditors responsible for the audit of the IF's Financial Statements are appointed by and report to the Audit Committee. During the year, the Audit Committee monitored the external auditor's activity by requesting oral and written reports on the status of the external audit, and by making inquiries as to the approach applied and conclusions reached.

The Audit Committee was regularly briefed by the external auditor on the audit progress including audit and accounting issues. The Audit Committee received from the external auditor a report on the audit of the IF which

it debriefed prior to its issuance of the Audit Committee Statement on the Financial Statements. The Audit Committee received assurances that the audit process was completed as expected, with the cooperation from the Bank's Services. Also, the Audit Committee assessed the external auditors' independence.

3. Internal Audit

The Internal Audit ('IA') Department is an independent function within the EIB with reporting lines to the Bank's President and the Audit Committee. The Head of IA has unrestricted access to the Audit Committee and may request private sessions. The Audit Committee took note of this year's internal audit report on the IF.

4. Inspectorate General

The Inspectorate General ('IG') comprises three divisions: fraud investigation, operations evaluations and complaints mechanism. The Inspector General has unrestricted access to the Audit Committee and may request private sessions. In carrying out its responsibilities, the Audit Committee met with IG and examined annual reports including the status of relevant cases with the Fraud Investigations Division.

The Audit Committee met with the Inspector General on two occasions. The Audit Committee examined and discussed with IG relevant ongoing cases under their remit and was informed about any alleged cases of wrongdoing and ongoing investigations relating to Bank projects. The Audit Committee received assurances that there were none.

5. Group Risk and Compliance

The Audit Committee met with the Group Risk and Compliance Directorate ('GR&C') covering risk management and compliance functions. The Audit Committee received a specific presentation on the risk profile and key risks of the IF. This presentation was provided in addition to the regular coverage of the IF in the quarterly EIB Group risk report.

In addition to the interactions with the Services and external auditors referenced under Sections 1 to 5 above, the Audit Committee met with the Operations Directorate and the Advisory Mandate Management Department to discuss the state of the IF.

Luxembourg, 20 June 2025

Signed by:

N. FERNANDES

K. PLUTO

E.L. NORGREN

C. HAAS

T. R. LUGARIC

MANAGEMENT COMMITTEE RESPONSE TO THE ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE 2024 FINANCIAL YEAR

1. The Management Committee thanks the members of the Audit Committee for their dedication throughout the previous year. The MC takes note of the annual reports for the 2024 financial year, and reiterates, as in previous years, the commitment of the European Investment Bank (EIB) to reflect on the observations made by the Audit Committee for the purpose of further strengthening the Bank's internal functions and risk management processes.
2. 2024 was a record year for the EIB. The EIB Group signed €89 billion in new financing, with nearly 60% of the total (€51 billion) to support the green transition, climate action and environmental sustainability. Financing for EU energy security also reached a record high, mobilising over €100 billion in investment for projects in new and upgraded infrastructure such as grids and interconnectors, renewables, net-zero industries, efficiency and storage.
3. The Bank's results once again signal robust profitability for 2024. In parallel, higher-risk operations to back Europe's most innovative companies have sharply increased. A record €8 billion in equity and quasi-equity investment from the EIB and the European Investment Fund (EIF) is expected to mobilise €110 billion in growth capital for startups, scale-ups and European pioneers.
4. Investment in Europe's security and defence industry doubled in 2024, and the goal is to double this figure again in 2025. Furthermore, the EIB Group significantly extended its eligible investments in dual-use projects last year and again in March 2025 to include pure defence projects, such as military equipment, border protection, military mobility, demining and decontamination, space, cybersecurity, anti-jamming equipment, seabed and critical infrastructure protection, research and development, and drones.
5. Looking ahead, the EIB Group plans to increase its overall investments to €95 billion in 2025, with a dedicated TechEU programme to support European tech champions, critical raw materials, water management, the energy efficiency of small and medium-sized companies, and a dedicated platform to promote sustainable and affordable housing. In parallel with increasing its investment capacity and impact, the EIB Group is making significant progress in cutting red tape for clients and has shortened the time to market required to approve and deploy new investments. During 2024, it introduced simplified appraisal procedures covering more than 40% of its operations.
6. All the enhanced capacity and impact is made possible by the Bank's financial strength, supported by strong indicators on capital, liquidity and high asset quality, as well as robust shareholder support. Its presence in different capital markets and liaisons with a diverse portfolio of investors, as well as the use of innovative products, is preserving the Bank's capacity and ability to attract investors and to raise funding. Its overall solid financial position is recognised by the highest ratings assigned by all the major credit rating agencies. The same applies to the EIF, which shows exceptional capitalisation, strong shareholder support and liquidity.
7. While significant progress has been made to ensure the production of IFRS accounts under the dual ledger platform, computation and reporting of the Bank's risk metrics under IFRS still needs to be evaluated. The services will further reflect on this topic and report to the Management Committee and the Audit Committee on the outcome of any assessment. Any consideration on the opportunity to audit the EIB Group semi-annual financial statements and financial results will need to consider the related costs and benefits.

8. Regarding the sustainability of its business model, the EIB Group has invested in a renewed cost management framework, headed by the Group Chief Financial Controller, and has developed a cost coverage and business profitability indicator to facilitate profitability analysis and decision-making. It is worth highlighting that the EIB Group has one of the lowest cost-to-income ratios among its peers.
9. Additionally, in the context of its Operational Plan process, the Bank has clarified roles and responsibilities related to profitability projections and reporting, as acknowledged by the Audit Committee. Furthermore, the Management Committee underlines the importance of certain ongoing internal initiatives aimed at enhancing the attractiveness of the Group's portfolio of products and increasing the net volume of lending. One of the most prominent initiatives is the "Time To Market" project to streamline processes, improve client focus and refine the internal organisation and allocation of resources.
10. The EIB has a unique mandate of "accelerating the transition to a climate-neutral, climate-resilient and sustainable economy." As the EU climate bank, our key objective is to support the green transition, not only in the European Union but also throughout the world, while contributing to the leadership of the European Union in green technologies and the efficiency and competitiveness of EU industry and SMEs. The Bank continues to receive best-in-class ratings from leading sustainability rating agencies. The EIB and the largest national promotional banks have engaged proactively with the European Commission and other partners and the recently published "simplification omnibus" of the European Commission includes very relevant changes to the applicable rules. In order to consolidate our leadership in this area, the EIB Group will conduct an applicability assessment of the new rules and regulations during 2025. In parallel, we will continue to improve methodologies, indicators, reporting and data systems, fully reflecting the contribution of EIB activities to the green transition in Europe and beyond.
11. As recognised by the Audit Committee, the EIB's loan portfolio continued to exhibit high asset quality and very low levels of non-performing exposures (NPEs). The level of credit losses is low considering the prudent lending and credit risk management, as well as the strong credit enhancement. Against this background, the Bank has nevertheless enhanced processes for credit risk identification, management and reporting. It has several ongoing projects related to the IFRS 9 expected credit loss calculation and the early warning signals (EWS) to identify non-performing exposures, with implementation advancing well.
12. The Management Committee is focused on further improving the operational resilience of the Bank and of the EIB Group, and, while acknowledging that improving data quality management is a continuous process and a long journey, it is also engaged in steering this process to a successful outcome. Regarding the five-year BCBS 239 programme, the EIB Group adopted a risk-based approach focusing first on the key risk indicators (KRIs) included in the Group Risk Appetite Framework (RAF). All the core elements of the programme were delivered in 2024, namely: (i) the foundation of data management and reporting governance with the establishment of the Group Data and Information Governance (DIG) office; (ii) the set-up and development of a single Group-wide Data Warehouse; and (iii) the target level of compliance for the Group RAF KRIs. Work will continue after the BCBS programme with dedicated initiatives to enhance and improve the risk data and reporting capabilities of the EIB Group. To reinforce operational resilience, the EIB Group is improving the monitoring of non-financial risks, including ICT and cyber risks, and third-party risks, through further implementation of the business continuity roadmap, the reinforcement of cyber resilience, and the development of a third-party management policy to complement the outsourcing and cloud policies.
13. Since the introduction of the Group Risk Management Charter, the risk function has progressively implemented key processes to ensure that group risks are managed effectively and consistently. As a result, relevant group policies, guidelines were introduced to enhance group risk alignment and monitoring, like the Group Risk Appetite Framework for both financial and non-financial risks, the Group Capital Plan, and the Group Compliance function. In 2024, the EIB Group dimension was further strengthened. Relevant examples are the progress made to align the Best Banking Practice and the Best Market Practices

Frameworks, improving EIB Group regulatory compliance, as well as the efforts made in areas such as strategy setting, securitisations and the development of group risk and compliance frameworks, aiming to ensure the consistent implementation of policies and processes at group level. The EIB and the EIF have also started developing an EIB Group Oversight Framework. In light of this, following the set-up of the EIB Group Treasury function, discussions will be held to decide on the set-up of further EIB Group functions.

14. When it comes to internal controls, a project is underway to further implement and deploy the three lines of defence model across the Group. Another ongoing related project is to enhance the Group Internal Control Framework by aligning definitions and methodologies, further reflecting on the design and set-up of key controls, and increasing their effectiveness, ensuring comprehensive testing coverage over a span of time.
15. The Management Committee is committed to further developing the operating risk culture of the EIB Group and has made it a top priority for the EIB Group and its services to remedy the findings of the EIB Review and Evaluation Process (REP) and control functions. Strong efforts are being made to move forward with remedial action plans to address open findings and recommendations. Regarding the EIB REP, the EIB has accelerated its pace on closing findings from both the 2022 and 2023 assessments. To facilitate current and future assessments, the Management Committee discussed the provision of data to support the EIB REP exercises and agreed on ways to provide the required data, considering the EIB REP mandate and respecting the governance framework of the Bank.
16. Concurring with the Audit Committee, the Management Committee believes it is important to ensure that there is a deep-rooted speak-up culture at the EIB for its staff. The EIB has launched an ambitious action plan to further improve transparency, accountability and well-being in the workplace, including the establishment of an independent Ombudsman function.
17. To continue supporting its financial strength, the Bank has improved risk documentation and processes. It will also reinforce the management of evolving risks, embedding new competences in risk management, strengthening the risk identification process and the management of compliance risks, and further enhancing its non-financial risk framework, particularly in the areas of ICT and third-party risk.
18. The Management Committee thanks the Audit Committee once again for the work done in 2024 and acknowledges the good cooperation established between the Audit Committee and the services. The Management Committee encourages the pursuit of this fruitful dialogue in 2025, particularly on the initiatives to be implemented by the EIB Group in the areas for improvement that were identified, constructively exchanging views and discussing the most appropriate solutions in line with the policy role of the EIB and the need to respond to the evolving priorities of the European Union in the current geopolitical context.

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