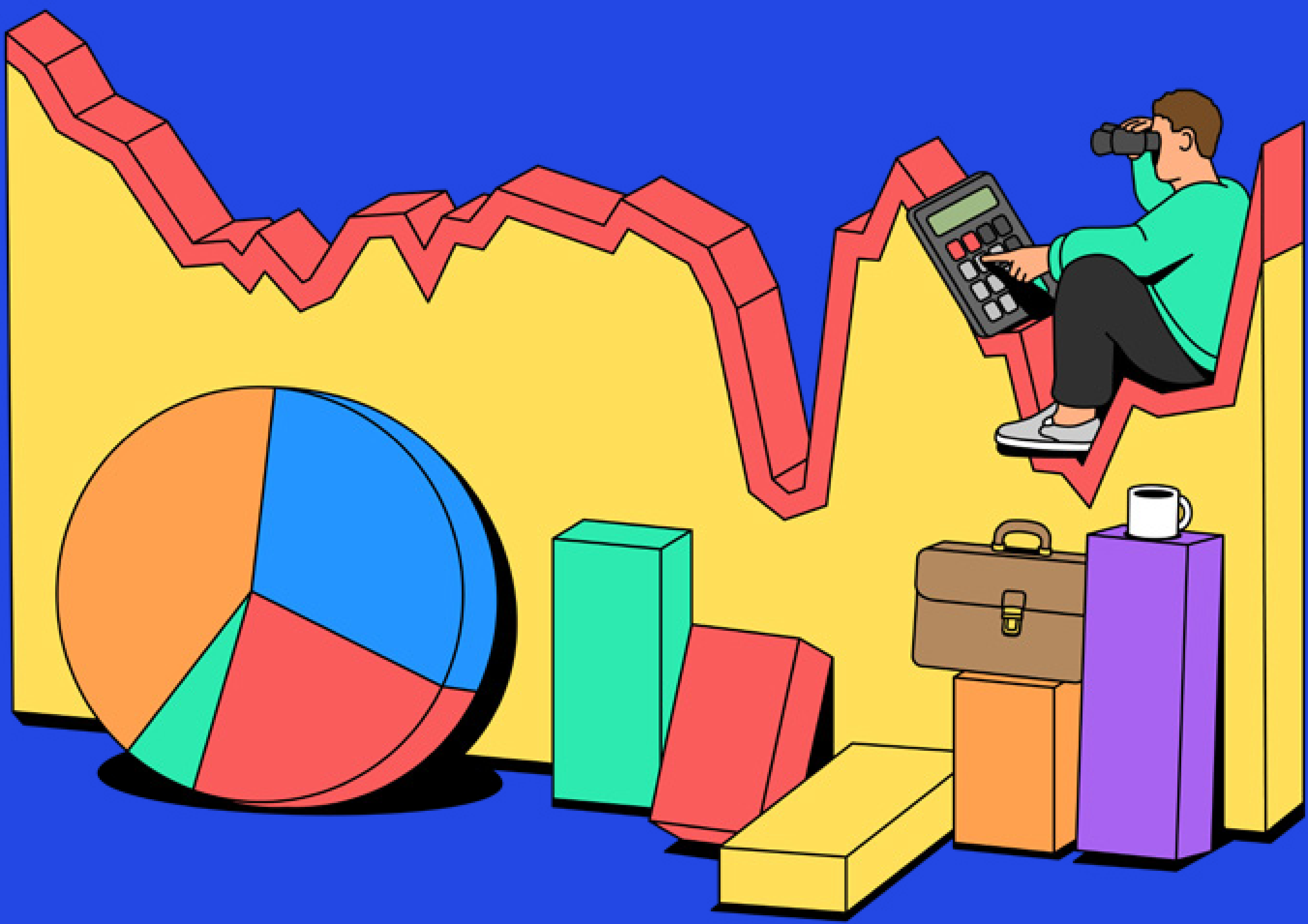
Financial Statements 2025

European Investment Fund



Contents

Independent Auditor's Report

To the Audit Board of
European Investment Fund
37B, avenue John F. Kennedy
2968 Luxembourg
Luxembourg

Report of the Réviseur d'Entreprises Agréé

Opinion

We have audited the financial statements of European Investment Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of Commission income

Why the matter was considered to be one of the most significant in the audit?
Commission income, representing the Fund's remuneration for the management of mandates entrusted by mandators such as the European Commission or the Member States for the purpose of deployment of financial instruments on their behalf, is a significant component of the Fund's operating profit with EUR 331.2 million commission income being recognized by the Fund for the year ended 31 December 2025.

Under contractual arrangements, the Fund is entrusted with the deployment and the management of mandators' resources for extended periods of time, generally receiving upfront consideration within the first years after the setup of the mandates. The Fund developed and implemented a deferred income mechanism for revenue recognition based on an input method that considers both the timing of cash inflows and the stage of completion of these contracts. As at 31 December 2025, the aggregate amount that the Fund expects to be entitled to receive over the contract life ("transaction price") allocated to the unsatisfied portion of the performance obligation, amounts to EUR 1 294.3 million, out of which EUR 432.3 million has already been invoiced and deferred in contract liabilities. The Fund expects to recognise such revenue over the remaining expected life of the mandates under management.

Deferred income models for revenue recognition are specific to each mandate and have an inherent complexity; in addition, the recognition criteria under IFRS 15 involve significant judgments and estimates to be applied by Management in its assessment of the revenue to be recognized in the relevant period. Inappropriate judgments made in relation to the methodology, inputs used or the assumptions taken may have a material impact on the amount of commission income to be recognized in the statement of comprehensive income for the financial year.

Key inputs and assumptions used by Management in its assessment of the revenue to be recognised are detailed in Note 2.17; further disclosures related to commission income are presented in Notes 4.4, 5.4 and 7.4 to the financial statements.

How our audit addressed the area of focus?
Our procedures over the recognition of commission income included, but were not limited to the following:

We obtained an understanding of Management's processes and controls for determining the transaction price that the Fund expects to be entitled to over the contract life and of the timing of the satisfaction of the performance obligation. This included obtaining from Management the model preparation governance structure and protocols around their oversight of the cost assessment and corporate operational plan review process, as well as corroborating our understanding through inquiries with appropriate personnel of the Fund.

We have identified key controls in the process, assessed the design adequacy and tested the operating effectiveness of certain key controls. In addition, we have obtained the ISAE 3402 Type 2 Controls report on the Fund's internal controls, compared our understanding of identified key controls in the process, assessed adequacy of their design and implementation and inspected the conclusions reached for the operating effectiveness of those controls. We noted no observations nor exceptions in the ISAE 3402 Type 2 Controls report which allowed us to rely on controls over fee accruals calculation, invoicing and preparation, as well as annual review of deferred income models.

We compared the revenue recognition methodology applied to IFRS 15 requirements and to the Fund's internal guidelines. We sought explanations on key judgement exercised by Management when applying the relevant standard and guidance, and we discussed and assessed their appropriateness and relevance.

For a selection of mandates, we reconciled the management fee structure in the models to the relevant contractual arrangements, assessed the assumptions made to derive the input parameters used in the deferred income models and the adequacy of their application, and reconciled the input parameters linked to past performance to annual operational reports issued to mandators.

For the selected mandates, we also evaluated the fee indicators expected to be triggered in the future according to the Corporate Operational Plan, with particular focus on adequacy of constraints applied to the variable component of the transaction price by Management. We assessed whether Corporate Operation Plans are correctly and timely updated to reflect amendments to the contractual arrangements, if any, and the current market deployment of financial instruments under those agreements.

For the selected mandates, we also compared the cost assessment over their lifetime to the prior year assessment in order to identify and investigate any changes in revenue recognition pattern, and we recalculated the revenue to be recognized for the current financial year.

Valuation of Financial guarantees

Why the matter was considered to be one of the most significant in the audit?
The financial guarantee portfolio, for which an ongoing credit quality risk monitoring process has been set up to manage the Fund's exposure, comprises both portfolio guarantees and structured financed transactions (together referred to as "financial guarantees"). As at 31 December 2025, the Fund's provisions for financial guarantees amount to EUR 9.9 million and financial guarantee assets amount to EUR 19.1 million. The Fund's exposure at risk amounts to EUR 10 767.8 million as at 31 December 2025.

The Fund's Management has developed a set of tools to measure the credit exposure on financial guarantees and to analyse and monitor portfolio guarantees and structured finance transactions using Exposure at Default and an internal rating system based on Expected Loss and Weighted Average Life.

IFRS 9 requires in particular the setup of a three-stage model of impairment based on changes in credit quality since initial recognition that leads to change in expected credit loss (ECL) measurement. The ECL is measured on either a 12-months (12M) or lifetime basis depending on the staging of the exposure.

The Fund assigns an internal rating based on quantitative parameters and qualitative aspects to each financial guarantee to estimate the credit quality in accordance with an expected loss model. Significant judgments and estimates are therefore required to be applied by Management in their assessment and measurement of financial guarantees and related provisions, especially in cases where there are differences between the rating levels assigned to these transactions among external rating agencies and the Fund's internal rating, or where the financial guarantees are not externally rated at all. Inappropriate judgments made in relation to the methodology and inputs used or the assumptions taken may have a material impact on the valuation.

Key inputs and assumptions used by Management in its assessment of the valuation of financial guarantees and related provisions are detailed in Note 2.4 with further disclosures presented in Notes 3.4 and 5.1 to the financial statements.

How our audit addressed the area of focus?
Our procedures over the valuation of the Financial Guarantees included, but were not limited to the following:

We obtained an understanding of Management's processes and controls for determining the valuation of financial guarantees. This included discussing with Management the risk management activities, the valuation governance structure and protocols around their oversight of the valuation process and corroborating our understanding through inquiries with appropriate personnel of the Fund. We also involved KPMG's internal specialists to review the internal rating model developed by the Fund that reflects its assessment of the expected loss of the underlying portfolios of SME loans covered by guarantee agreements with financial intermediaries. KPMG specialists were also involved to review the three-stage model for impairment and its impact in the expected credit loss measurement.

We have identified key controls in the process, assessed the design adequacy and tested the operating effectiveness of certain key controls. In addition, we have obtained the ISAE 3402 Type 2 Controls report on the Fund's internal controls, compared our understanding of identified key controls in the process, assessed adequacy of their design and implementation and inspected the conclusions of operating effectiveness of those controls. We did not note significant observations or exceptions in the report that would prevent us from relying on relevant controls over the valuation process of financial guarantees.

We compared Management's valuation methodology to IFRS 9 and the Fund's internal guidelines. We sought explanations from Management on key judgement exercised by Management when applying the relevant standard and guidance, and we discussed and assessed their appropriateness and relevance.

On a sample basis, we recalculated the exposure at risk based on the relevant underlying documentation.

We reconciled the amount of the provisions for financial guarantees and financial guarantee assets to the sum of the net asset/liability positions, on an item-by-item basis, of the Net Present Value ('NPV') of the receiver leg asset and payer leg liability calculated based on the Fund's methodology.

On a sample basis, KPMG's specialists have assessed the assumptions made by Management to derive the input parameters used in the internal rating model and the adequacy of their application, reconciled the input parameters described in the model documentation, and evaluated the assignment of the internal rating. We further assessed additional assumptions made to derive the valuation such as the weighted average life, expected maturity date and structuring of guarantee contracts and cross-checked these assumptions with market data where applicable.

For the sampled items, KPMG's specialists recalculated the NPV of the receiver leg asset and payer leg liability measured based on the Fund's methodology and compared against the Fund's results.

Valuation of private equity investments

Why the matter was considered to be one of the most significant in the audit?
As at 31 December 2025, the fair value of private equity investments amounts to EUR 2 064.0 million and guaranteed funded operations amounts to EUR 1 797.0 million (together "the Private Equity Portfolio"). The Private Equity Portfolio comprises mainly investment funds ("target funds") investing primarily directly or indirectly into unquoted small and medium sized enterprises. As disclosed in Notes 2.3.5.1, 2.3.6, 3.2, 3.3 and 4.3.2 to the financial statements, the fair value of the Fund's investments in these target funds is determined on the basis of its attributable share of net asset value (NAV) in each of the target funds, either on the basis of their reported unaudited NAVs calculated as at 31 December 2025 when available, or on the basis of an estimation made by applying an adjustment factor to the last available unaudited NAV reported by the target fund ("the adjusted NAV method") as a proxy to fair value.

Unaudited NAVs as at 31 December 2025 are not available as of the date of preparation of these financial statements for all target funds. Consequently, the use of the adjusted NAV method, consisting of the application of valuation techniques, assumptions and market impacts is necessary in order to determine the fair value of the Private Equity Portfolio as at 31 December 2025. The application of such valuation techniques involves the exercise of significant judgments by Management in relation to the choice of relevant inputs and assumptions used into the respective model in order to determine the NAVs as at 31 December 2025.

Due to the application of valuation techniques and use of unobservable inputs in the valuation model, we considered the valuation of private equity investments as a Key Audit Matter as at 31 December 2025.

How our audit addressed the area of focus?
Our procedures over the valuation of private equity investments included, but were not limited to the following:

We obtained an understanding of Management's processes and controls for determining the valuation of private equity investments. This included discussing with Management the risk management activities, the valuation governance structure and protocols around their oversight of the valuation process, and corroborating our understanding by making inquiries with appropriate personnel of the Fund.

We have identified key controls in the process, assessed the design adequacy and tested the operating effectiveness of some of the key controls. In addition, we have obtained the ISAE 3402 Type 2 Controls report on the Fund's internal controls, compared our understanding of identified key controls in the process, assessed adequacy of their design and implementation and inspected the conclusions of operating effectiveness of those controls. We did not note significant observations or exceptions in the report that would prevent us from relying on relevant controls over the valuation process of private equity investments.

On a sample basis, we evaluated Management's fair value estimation process by comparing Management's prior period fair value estimations to the investment funds' unaudited net asset values, to understand the reasons for any significant variances and determined whether they are indicative of bias or error in the Fund's approach to valuations. For the sampled items, we also verified whether any significant variances occurred between the investment funds' unaudited prior period reported net asset values and the net asset values reported in their audited financial statements where applicable.

On a sample basis, we verified the mathematical accuracy of the net asset values, the date of receipt of the target funds' net asset values, the ownership percentage attributable to the Fund and assessed whether the valuation methodology used was appropriate for the population of target funds not reporting their NAVs as at the year-end.

We assessed the key underlying financial data inputs used by the Fund to estimate any adjustment on the fair value of the private equity investments for which the 31 December 2025 NAVs were not reported by the Fund Managers at the reporting date of the Fund financial statements. Our work included consideration of events which occurred subsequently to the year-end until the date of this audit report.

Other information

The Management is responsible for the other information. The other information comprises the information included in the annual report and the statement of the Audit Board but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon. The annual report is expected to be made available to us after the date of our report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of the Management and Those Charged with Governance for the financial statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Luxembourg,
24 March 2026

KPMG Audit S.à r.l.
Cabinet de révision agréé

Emmanuel Dollé

Statement by the Audit Board

The Audit Board, set up pursuant to article 22 of the Statutes of the European Investment Fund ("EIF" or the "Fund"),

acting in accordance with the customary standards of the audit profession,

having designated KPMG Audit S.à r.l. cabinet de révision agréé as external auditor of the EIF pursuant to Art. 19 of the Rules of Procedure,

having studied the financial statements, which comprise the statement of financial position as at December 31, 2025 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 13 to 89 ("the Financial Statements") and such documents which it deemed necessary to examine in the discharge of its duties,

having examined and discussed the report dated 24 March 2026 drawn up by KPMG Audit S.à r.l. cabinet de révision agréé,

noting that this report gives an unqualified opinion on the Financial Statements of EIF for the financial year ending 31 December 2025,

• having examined and discussed reports and opinions issued by the EIF's Internal Audit, Risk Management and Compliance and Operational Risk functions,

• having received assurance from the Chief Executive including concerning the effectiveness of the internal control systems, risk management and internal administration,

considering Articles 17, 18 and 19 of the Rules of Procedure, hereby confirms that to the best of its knowledge and judgement,

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;

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;

the activities of the Fund are based on sound banking principles or other sound commercial principles and practices as applicable to it.

This statement is to be read in conjunction with and under the context of the information provided in the Annual Activity Report of the Audit Board of 2025.

Luxembourg,
24 March 2026

The Audit Board

Rossella Locatelli

Jacek Dominik

Delphine Reymondon

Isabelle Goubin

Edwin Croonen

Mark Scicluna Bartoli

Statement of financial position

as at 31 December 2025 (expressed in EUR)

Assets	Notes	31.12.2025	31.12.2024
Cash and cash equivalents	4.1	1 554 327 465	1 135 144 132
Financial assets at Amortised Cost	4.2		
Debt investments			
of which Treasury portfolio	4.2.1	2 330 077 019	2 422 492 829
of which Microfinance Loans	4.2.2	21 649 869	22 171 070
Guaranteed funded operations	4.2.3	41 107 592	32 070 542
		2 392 834 480	**2 476 734 441**
Financial assets at Fair Value through Profit or Loss	4.3		
Debt investments	4.3.1	412 154 961	513 935 212
Private equity investments	4.3.2	2 064 033 581	1 980 000 422
Guaranteed funded operations	4.3.3		
of which EU funded operations		1 797 010 599	944 459 470
of which EU guarantee		0	15 681 268
		1 797 010 599	**960 140 738**
		4 273 199 141	**3 454 076 372**
Financial guarantees	5.1	19 131 252	21 253 312
Other assets	4.4	783 133 463	700 554 459
Intangible assets	4.5	0	843 801
Property and equipment	4.6	0	104 391
Total Assets		**9 022 625 801**	**7 788 710 908**

Liabilities	Notes	31.12.2025	31.12.2024
Provisions for financial guarantees	5.1	9 906 252	10 461 130
Retirement benefit obligations	5.2	484 686 824	485 309 824
Financial liabilities at Amortised Cost	5.3	2 497 508 724	1 655 463 573
Financial liabilities at Fair Value through Profit or Loss			
Guaranteed funded operations	4.3.3		
of which EU guarantee		117 801 023	0
Other liabilities	5.4	774 564 391	752 902 581
Provisions	5.5	11 073 902	18 762 164
Total Liabilities		**3 895 541 116**	**2 922 899 272**

Equity	Notes	31.12.2025	31.12.2024
Share capital	5.6		
Subscribed		7 370 000 000	7 370 000 000
Uncalled		(5 896 000 000)	(5 896 000 000)
		1 474 000 000	**1 474 000 000**
Share premium		1 115 008 712	1 115 008 712
Statutory reserve	5.7	679 657 441	623 702 921
Retained earnings	5.7		
of which result brought forward after allocation approved by AGM		1 501 228 998	1 303 721 026
of which re-measurement of the defined benefit obligations		124 422 377	69 606 377
		1 625 651 375	**1 373 327 403**
Profit for the financial year		232 767 157	279 772 600
Total Equity		**5 127 084 685**	**4 865 811 636**
Total Equity and Liabilities		**9 022 625 801**	**7 788 710 908**

The notes on pages 13 to 89 are an integral part of these financial statements

Statement of comprehensive income

for the year ended 31 December 2025 (expressed in EUR)

	Notes	31.12.2025	31.12.2024
Net interest and similar income (1)	7.1	78 511 854	77 129 517
Net income from private equity investments	7.2	101 207 320	86 039 427
Net result from financial guarantee operations	7.3	36 564 531	59 452 983
Commission income	7.4	331 200 853	293 086 445
Net result on financial operations	7.5	(19 000 768)	8 672 225
Other operating income	7.6	2 411 039	4 250
General administrative expenses	7.7		
Staff costs			
of which wages and salaries		(99 656 240)	(90 954 719)
of which social security and contribution costs		(77 036 417)	(72 013 173)
		(176 692 657)	**(162 967 892)**
Other administrative expenses		(101 149 975)	(98 243 137)
		(277 842 632)	**(261 211 029)**
Depreciation and amortisation	4.5, 4.6	(9 693)	(72 740)
Operating profit for the financial year		**253 042 504**	**263 101 078**
Net result from financial instruments at fair value through profit or loss			
of which private equity investments	4.3.2	(25 391 918)	24 670 568
of which financial guarantees	5.1	7 451 716	(5 998 507)
of which debt investments	4.3.1	(2 411 605)	(2 526 438)
		(20 351 807)	**16 145 623**
Net result from guaranteed operations at fair value through profit or loss			
of which EU funded operations	4.3.3	133 531 395	(957 438)
of which EU guarantee	4.3.3	(133 531 395)	957 438
		0	**0**
Expected credit loss allowance			
of which financial guarantees	5.1	(3)	(28 817)
of which debt investments	4.2	76 463	554 716
		76 460	**525 899**
Result of the year generated by the change of the fair values		**(20 275 347)**	**16 671 522**
Net profit for the financial year		**232 767 157**	**279 772 600**
Other comprehensive income			
Re-measurement of defined benefit obligation not reclassified subsequently to profit/(loss)	5.2	54 816 000	13 770 000
Total comprehensive income for the financial year		**287 583 157**	**293 542 600**

(1) For the year ended 31 December 2025, Net interest and similar income included EUR 32 582 677 (2024: EUR 22 252 589) calculated on assets held at amortised cost based on effective interest method.

The notes on pages 13 to 89 are an integral part of these financial statements

Statement of changes in equity

for the year ended 31 December 2025 (expressed in EUR)

		Attributable to equity holders of the Fund							
		Subscribed Capital	Callable Capital	Share Capital	Share Premium	Statutory Reserve	Retained Earnings	Net profit for the financial year	Total Equity
Balance as at 31.12.2023		**7 370 000 000**	**(5 896 000 000)**	**1 474 000 000**	**1 115 008 712**	**576 954 228**	**1 195 499 633**	**233 743 467**	**4 595 206 040**
Total comprehensive income									
Net profit for the financial year		0	0	0	0	0	0	279 772 600	279 772 600
Re-measurement of the defined benefit obligation	5.2	0	0	0	0	0	13 770 000	0	13 770 000
Transactions with owners									
Appropriation of profit incl. dividend	5.7	0	0	0	0	46 748 693	164 057 770	(233 743 467)	(22 937 004)
Share issue	5.6	0	0	0	0	0	0	0	0
Balance as at 31.12.2024		**7 370 000 000**	**(5 896 000 000)**	**1 474 000 000**	**1 115 008 712**	**623 702 921**	**1 373 327 403**	**279 772 600**	**4 865 811 636**
Total comprehensive income									
Net profit for the financial year		0	0	0	0	0	0	232 767 157	232 767 157
Re-measurement of the defined benefit obligation	5.2	0	0	0	0	0	54 816 000	0	54 816 000
Transactions with owners									
Appropriation of profit incl. dividend	5.7	0	0	0	0	55 954 520	197 507 972	(279 772 600)	(26 310 108)
Share issue	5.6	0	0	0	0	0	0	0	0
Balance as at 31.12.2025		**7 370 000 000**	**(5 896 000 000)**	**1 474 000 000**	**1 115 008 712**	**679 657 441**	**1 625 651 375**	**232 767 157**	**5 127 084 685**

The notes on pages 13 to 89 are an integral part of these financial statements

Cash flow statement

for the year ended 31 December 2025 (expressed in EUR)

Cash flows from operating activities	**Notes**	**31.12.2025**	**31.12.2024**
Profit for the financial year		232 767 151	279 772 600
Adjustments for:			
Depreciation and amortisation	4.5, 4.6	9 693	72 740
Write-off of assets under development	4.6	841 515	0
Net results from sale of non-current assets	7.6	(2 411 015)	0
Net result from financial instruments at fair value through profit or loss	4.3	20 351 807	(16 145 623)
Expected credit loss allowance	4.2, 5.1	(76 460)	(525 899)
Interest income on debt investments	7.1	(48 582 942)	(46 409 831)
Net result on sale of debt investments	7.5	2 075 975	2 095 189
Provision for financial guarantees	5.1	7 938 463	(8 216 126)
Provision for retirement benefit obligations	5.2	(2 362 221)	14 742 442
Effect of exchange rate fluctuations		16 927 040	(10 767 391)
		227 479 012	**214 618 101**
Change in private equity investments	4.3.2	(125 768 145)	(145 626 053)
Change in guaranteed funded operations at fair value through profit or loss	4.3.3	(719 068 838)	(558 334 727)
Change in guaranteed funded operations at amortised cost		(9 008 371)	(17 516 600)
Financial guarantee calls paid and recoveries received	7.3	1 080 432	19 657
Change in other assets and liabilities		(4 399 018)	86 132 944
Change in provisions		(7 575 935)	(3 134 362)
		(864 739 875)	**(638 459 141)**
Net cash from operating activities		**(637 260 863)**	**(423 841 040)**
Cash flows from investing activities			
Acquisition of debt investments	4.2, 4.3.1	(624 659 891)	(706 469 264)
Proceeds from sale or matured debt investments	4.2, 4.3.1	819 500 427	652 347 762
Interest received on debt investments		44 048 551	40 119 768
Proceeds from sale of non-current assets	7.6	2 508 000	0
Disposal of intangible assets and property and equipment	4.5, 4.6	0	267 800
Net cash from investing activities		**241 397 087**	**(13 733 934)**
Cash flows used in financing activities			
Acquisition of financial liabilities at amortised cost	5.3	871 000 000	798 000 000
Disposal of financial liabilities at amortised cost	5.3	(28 954 849)	(16 983 090)
Dividend paid	5.7	(26 310 108)	(22 937 004)
Net cash from financing activities		**815 735 043**	**758 079 906**
Cash and cash equivalents at the beginning of the year	4.1	1 135 144 132	813 804 850
Effect of exchange rate fluctuations on cash and cash equivalents		(687 934)	834 350
Net cash from:			
Operating activities		(637 260 863)	(423 841 040)
Investing activities		241 397 087	(13 733 934)
Financing activities		815 735 043	758 079 906
Cash and cash equivalents at the end of the year	**4.1**	**1 554 327 465**	**1 135 144 132**

The notes on pages 13 to 89 are an integral part of these financial statements

Chapter 1.

General section

The EUROPEAN INVESTMENT FUND (hereafter the “Fund” or “the EIF”) was incorporated on 14 June 1994, in Luxembourg, as an international financial institution. The address of its registered office is 37B, avenue J.F. Kennedy, L-2968 Luxembourg.

The task of the Fund shall be to contribute to the pursuit of the objectives of the European Union.

The Fund shall pursue this task through activities consisting of:

- The provision of guarantees as well as of other comparable instruments for loans and other financial obligations in whatever form is legally permissible;
- The acquisition, holding, managing and disposal of participations in any enterprise subject to the conditions laid down in paragraph 2 (i) of Article 12 of the EIF’s Statutes (“the Statutes”).

In addition, the Fund may engage in other activities connected with or resulting from these tasks as set out in Article 2 of the Statutes. The activities of the Fund may include borrowing operations.

The activities of the Fund shall be based on sound banking principles or other sound commercial principles and practices as applicable. Without prejudice to the provisions of Article 28, the said activities shall be pursued in close co-operation between the Fund and its founder members or between the Fund and its actual members at the relevant time, as the case may be.

The Fund operates as a partnership whose members are the European Investment Bank (hereafter the “EIB”), the European Union, represented by the European Commission (the “Commission”, the “EU”), and a group of financial institutions of Member States of the European Union and of a candidate country. The members of the Fund shall be liable for the obligations of the Fund only up to the amount of their share of the capital subscribed and not paid in.

The financial year of the Fund runs from 1 January to 31 December each year.

The EIB has a majority shareholding in the Fund. Consequently, the Fund is included in the consolidated financial statements of the EIB Group. The consolidated financial statements are available at the registered office of the EIB at 98-100, boulevard Konrad Adenauer, L-2950 Luxembourg.

Chapter 2.

Material accounting policies and basis of preparation

2.1 Basis of preparation

2.1.1 Statement of compliance

The Fund's financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union (hereafter referred to as "IFRS" Accounting Standards), and on a going concern basis.

The financial statements are presented in euro (hereafter "EUR") rounded to the nearest euro, unless otherwise indicated.

The Fund's financial statements have been authorised for issue by the Board of Directors on 24 March 2026.

2.1.2 Basis of measurement

The financial statements have been prepared on an amortised cost basis except for the following material items in the statement of financial position as at 31 December 2025:

- Private equity investments, which are measured at fair value through profit or loss (hereafter "FVTPL");
- Guaranteed funded operations, which are measured at fair value through profit or loss;
- Debt investments, which are measured at fair value through profit or loss;
- The defined benefit liability, which is recognised as the present value of expected future payments;
- The payer leg of the financial guarantees, which is measured at the higher of the amount initially recognised less amortisation (if any) under IFRS 15 and the loss allowance determined in accordance with IFRS 9. The receiver leg is measured at fair value through profit or loss by discounting the future cash flows according to IFRS 9.

2.1.3 Significant accounting judgements, assumptions and estimates

The preparation of financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement when applying the Fund's policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in notes 2.3, 2.4, 2.8, 2.10, 2.11,2.17, 5.2, 5.4, 5.5 and 6.

Judgements and estimates are principally made in the following areas:

- Determination of expected credit loss allowance of debt investments at amortised cost as disclosed in notes 2.3.1 and 2.3.2;
- Determination of fair value of private equity investments as disclosed in notes 2.3.5.1 and 2.3.5.2;
- Determination of control or significant influence over investees as described in note 2.3.5.3;
- Determination of fair value of guaranteed funded operations as disclosed in note 2.3.6;
- Determination of fair value of the guarantee arising from the InvestEU Programme as disclosed in note 2.3.6;
- Determination of fair value of debt investments at fair value through profit or loss as disclosed in note 2.3.4;

- Determination of expected credit losses for financial guarantees as disclosed in note 2.4;
- Determination of contract liabilities and commission income as disclosed in notes 2.10 and 2.17;
- Actuaries' assumptions related to the measurement of pension liabilities and post-retirement benefits as described in notes 2.8 and 5.2;
- Determination of provision as described in note 2.11;
- Determination and disclosures of unconsolidated structured entities and investment entities in which the Fund has an interest as described in note 6.

2.1.4 Changes in accounting policies and presentation

Except for the changes below, the accounting policies adopted have been applied consistently with those used in the previous year.

The following new standards and amendments to existing standards, became effective as of 1 January 2025:

- Lack of exchangeability (Amendments to IAS 21).

The amendments listed above did not have any impact on the amounts recognised in the financial statements as at 31 December 2025.

The comparative figures in the cash flow statement for the year ended 31 December 2024 have been updated. An amount of EUR 834 350 was reclassified across four captions from "Net cash from operating activities" to "Effect of exchange rate fluctuations on cash and cash equivalents" in order to reflect foreign exchange impacts more accurately. This reclassification has no effect on the Fund's net cash flows or financial position.

2.1.5 Foreign currency translation

The Euro (EUR) is the functional and presentation currency.

Depending on the classification of a non-monetary financial asset, exchange differences are recognised either in the profit or loss or in equity.

Non-monetary items are reported using the exchange rate at the date of the transaction (historical cost). Exchange differences on non-monetary financial assets are a component of the change in their fair value. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Monetary items, which include all other assets and liabilities expressed in a currency other than EUR, are reported using the closing exchange rate prevailing at the reporting date of the financial statements, as issued by the European Central Bank (hereafter "ECB"). Exchange differences are recognised in the profit or loss in the year in which they arise.

Income and charges in foreign currencies are translated into EUR at the exchange rate prevailing at the date of the transaction.

2.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, short-term, highly liquid securities and interest-earning deposits with short maturities of three months or less from the date of acquisition, which are measured at amortised cost. No expected credit loss allowance is recognised for cash and cash equivalents as they are considered to have low credit risk.

2.3 Financial assets

2.3.1 Classification and measurement

2.3.1.1 Initial recognition, measurement and de-recognition

All EIF financial assets composed of debt investments at amortised cost, private equity investments at fair value through profit or loss and debt investments at fair value through profit or loss are measured initially at fair value, which corresponds to the transaction price to acquire the asset. The fair value at initial recognition is generally the cost. For financial assets at amortised cost, fair value also includes transaction costs that are directly attributable to its acquisition or issue where applicable. The subsequent measurement depends on the classification.

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

All financial assets are de-recognised when the contractual cash flows from such financial assets have expired or when EIF has substantially transferred the control of such assets.

2.3.1.2 Classification

On initial recognition, a financial asset is classified and measured at amortised cost, fair value through other comprehensive income (hereafter "FVOCI") or at fair value through profit or loss. Under IFRS 9, classification starts with determining whether the financial asset shall be considered as a debt instrument or an equity instrument.

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to deliver cash or other financial assets, that evidence a residual interest in the issuer's net assets and that do not give the holder the right to put the instrument back to the issuer for cash or another financial asset or that is automatically put back to the issuer on occurrence of an uncertain future event.

Classification and subsequent measurement of debt instruments depend on:

- The EIF business model for managing the asset; and
- The contractual cash flow characteristics of the asset.

A debt instrument is classified at amortised cost if it meets both the following conditions and is not designated at FVTPL at initial recognition:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI criteria) on the principal amount outstanding.

A debt instrument is classified at FVOCI only if it meets both the following conditions and is not designated at FVTPL at initial recognition:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are fulfilling the SPPI criteria.

The above requirements should be applied to an entire financial asset, even if it contains an embedded derivative.

On initial recognition of an equity instrument that is not held for trading, the Fund may irrevocably elect to present subsequent changes in other comprehensive income. This election is made on an investment-by-investment basis.

The Fund does not hold debt instruments at FVOCI.

All other financial assets are classified and measured at FVTPL.

Business model assessment
The Fund makes an assessment of the objective of a business model in which a debt instrument is held at a portfolio level because this best reflects the way the business is managed and information provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management´s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectation about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the stated objective for managing the financial assets is achieved and how cash flows are realised.

The EIF business model is to hold the assets to collect contractual cash flows.

SPPI criteria

For the purpose of this assessment, “principal” is defined as the fair value of the debt instrument on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The information considered includes:

- Contingent events that would change the amount and timing of cash flows;
- Performance participation features;
- Prepayment terms;
- Terms that limit the Fund’s claim to cash flows from specified assets; and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

2.3.1.3 Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the EIF measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described hereafter.

For financial instruments that trade infrequently and have limited price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

2.3.1.4 Expected credit loss measurement

The Fund assesses on a forward-looking basis the expected credit loss associated with its financial assets that are not measured at FVTPL. In the statement of financial position, the expected credit loss allowance is netted against the gross amounts of these financial assets.

Expected credit loss is recognised for the treasury portfolio, the microfinance loans and the financial guarantees. For more details, see note 3.4.1.5.

No expected credit loss allowance is recognised for cash and cash equivalents and other assets as they are considered to have low credit risk.

2.3.2 Debt investments at amortised cost

Debt investments at amortised cost are composed of the treasury portfolio and microfinance loans. They are held by the Fund with the intention to collect contractual cash flows and classified at amortised cost. As part of the Fund’s business model, disposals of these debt investments at amortised cost are considered to be infrequent or insignificant in volume.

As classified and measured at amortised cost, a 12 month or lifetime expected credit loss depending on the allocated staging is calculated and accounted for at each reporting date. See note 3.4.1.5.

2.3.3 Guaranteed funded operations at amortised cost

Guaranteed funded operations at amortised cost include capacity building microfinance loans acquired by the Fund on behalf of the European Union represented by the European Commission under the InvestEU Programme. The European Commission provides a guarantee to EIF to invest in the Guaranteed funded operations, such that all the risks and rewards ultimately belong to the European Commission. To finance the acquisition of the Guaranteed funded operations, the EIB provides a funding line to EIF.

Guaranteed funded operations are initially recorded at cost (their net disbursed amounts) and are subsequently measured at amortised cost.

The Fund benefits from a guarantee granted by the European Union represented by the European Commission in the context of the InvestEU Programme. Considering that the EU Guarantee neutralises any potential risk arising from the capacity building loan portfolio, no expected credit loss allowance is recognised for guaranteed funded operations at amortised cost.

2.3.4 Debt investments at fair value through profit or loss

These financial assets consist of Asset-Backed Securities ("ABS") with SME loans in the underlying portfolios, which take the form of notes issued by Special Purpose Vehicles ("SPV") or financial institutions.

At the reporting date, the whole portfolio does not pass the SPPI test and is thus classified and measured at FVTPL.

Debt investments at fair value through profit or loss are valued using an internal model supplemented by market observable inputs. The fair value is calculated for each scenario by discounting the risky cash flows at the appropriate risk-free rate plus a margin.

Interest income and interest expense arising from these instruments are presented separately from other fair value changes in the Statement of Comprehensive Income.

The scenarios employed cover the probability weighted default distribution of the underlying portfolios calculated under 3 different macroeconomic projections (positive, base, adverse), which are themselves weighted. The default distribution is assessed on a through-the-cycle basis according to internal methodologies accounting for information on the composition of the underlying portfolio and any relevant replenishment criteria. This is converted to a point-in-time assessment specific to each macroeconomic scenario.

The margin used in the discounting calculation of the cash flows contains two components:

- A market component accounts for the observable spread reported for high quality ABS backed by the equivalent asset class (corporate loans, consumer loans, residential mortgages) that is updated at each reporting date;
- A deal specific component is fixed at closing and accounts for deviations in structure and other factors between the transaction and the benchmark. The idiosyncratic factor is not changed over the lifetime and is calibrated to ensure that the purchase price matches the fair value at the purchase date.

2.3.5 Private equity investments at fair value through profit or loss

Private equity investments (hereafter "PE") at fair value through profit or loss include:

- Private equity investment funds;
- The EIF exposure in the European Fund for Strategic Investments SME window through sub-window 1 of the private credit tailored for SMEs product;
- The EIF senior tranche exposure through sub-window 2 of the equity product; and
- The EIF exposure in the senior tranche of the InvestEU Programme.

Acting as an investment advisor in certain vehicles, EIF holds shares with specific rights entitling EIF to receive a carried interest. These special shares do not meet the definition of an equity instrument under IAS 32 and, as a result, neither these shares nor the carried interest are included as part of PE investments.

2.3.5.1 Fair value measurement of the Private equity investments

Private equity (PE) investments are measured at FVTPL and disclosed in accordance with the fair value hierarchy required by IFRS 13. Given the nature of PE, market prices are often not readily available and in the absence of these, valuation techniques (level 3 according to the fair value hierarchy) are applied.

For specific investments where NAVs cannot readily be determined, other guidelines for example the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines, as published by the IPEV Board, might be used and more detailed monitoring and review will be required. In accordance with this method, the funds are internally classified into three categories:

- **Category A** - funds that have adopted the fair value requirements of IFRS 13 or IPEV guidelines for which a specific review is performed to ensure that the NAV is a reliable estimate of fair value;
- **Category B** - funds that have adopted other valuation guidelines (such as the former 2001 EVCA) or standards that can be considered to be in line with IFRS 13, for which an equivalent NAV can be calculated; and
- **Category C** - funds that have not adopted the fair value requirements of IFRS 13 or any other valuation guidelines complying with IFRS 13.

The fair value is determined by applying either the Fund's percentage ownership in the underlying vehicle to the net asset value reflected in the most recent report, adjusted for subsequent cash flows or, where available, the precise share value at the same date, submitted by the respective fund manager.

Foreign exchange gains and losses arising on these investments are presented separately from other fair value changes in the Statement of Comprehensive Income.

EIF developed a valuation technique to estimate any adjustment on the fair value of the PE investments for the NAVs not reported by the fund managers at the reporting date of the EIF's financial statements. EIF considers the following elements to determine the fair value of the private equity investments:

- Insight information collected from the markets;
- Comparison of the performance of the benchmarks, i.e. the MSCI benchmark, the LPX Venture Price index and the LPX Buyout Price index, with the performance of the portfolio by reviewing the correlation between the portfolios;
- Observable trends from the last quarter NAVs available at the reporting date.

Based on the three elements considered all together, EIF through its Portfolio Investment and Risk Committee for equity ("IRC-E") is able to determine an adjustment rate, if any, to be applied on the portfolio to derive a best estimate.

2.3.5.2 Fair value measurement of the EIF senior tranche exposure

Given the nature of EIF's exposure in the European Fund for Strategic Investments SME window through sub-window 1 of the private credit tailored for SMEs product, its senior tranche exposure through sub-window 2 of the equity product and the EIF exposure in the senior tranche of the InvestEU Programme, valuation techniques (level 3) according to the fair value hierarchy are applied. The net paid in represents the drawdowns paid net of any capital repayments. The fair value is composed of unrealised gains arising on EIF share of the waterfalls, if any, and the 2.5% of internal rate return expected on the underlying portfolio calculated in arears. At each reporting date, the internal rate return is reviewed and adjusted according to the performance of the underlying investments. Finally, the carrying amount of EIF's senior tranche exposure may be adjusted in case the junior tranche owned by a third party is fully utilised to cover future losses.

2.3.5.3 Interests in joint ventures and associates

The EIF complies with the conditions necessary to use the venture capital organisations and similar entities measurement exemption included in IFRS 11 and IAS 28.1 and consequently decides not to use equity accounting in respect of any investments in joint ventures or associates: upon initial recognition, holdings in the joint ventures or associates are designated as at fair value through the profit or loss, and measured subsequently at fair value, with changes in fair value recognised in the profit or loss during the year of the change.

Joint ventures are contractual agreements whereby the EIF and other parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control (the venturers).

The shares acquired by the EIF typically represent investments in private equity or venture capital funds. According to industry practices, such investments are generally investments subscribed to by a number of investors, none of whom is in a position to individually influence the daily operations and the investment activity of such funds. As a consequence, any membership by an investor in a governing body of such a fund does not, in principle, entitle said investor to influence the day-to-day operations of the fund. In addition, individual investors in a private equity or a venture capital fund do not determine policies of a fund such as distribution policies on capital repayments or other distributions. Such decisions are typically taken by the management of a fund on the basis of the shareholders' agreement governing the rights and obligations of the management and all shareholders of the fund. The shareholders' agreement also generally prevents individual investors from bilaterally executing material transactions with the fund, interchanging managerial personnel or obtaining privileged access to essential technical information.

The EIF investments, made for its own account or on behalf of its mandate providers, are executed in line with industry practices. In addition, the Fund is exposed to variability of returns from these investments. Therefore, in considering whether it has control, the Fund considers whether it manages key decisions that most significantly affect these investments' returns. As a result and according to IFRS 10, the Fund has concluded that it does not control those vehicles.

Associates are entities in which EIF has significant influence, but not control or joint control, over the financial and operating policies.

2.3.6 Guaranteed funded operations at fair value through profit or loss

Guaranteed funded operations at fair value through profit or loss include PE investments acquired by the Fund on behalf of the European Union represented by the European Commission under the InvestEU Programme. The European Commission provides a guarantee to EIF to invest in the Guaranteed funded operations, such that all the risks and rewards ultimately belong to the European Commission. To finance the acquisition of the Guaranteed funded operations, the EIB provides a funding line to EIF.

The Guaranteed funded operations are composed of two elements that are recognised with separate accounting schemes and separate measurements:

- To recognise the funded operations such as private equity transactions acquired on behalf of the European Union represented by the European Commission, which is recognised under the caption "Guaranteed funded operations – of which EU funded operations" and comprises both the net paid in and the fair value adjustments reflecting the risk of the funded operations deployed;
- To recognise the effect of the guarantee arising from the InvestEU Guarantee Programme, which is recognised under the caption "Guaranteed funded operations – of which EU guarantee" and measured at fair value through profit or loss. This reflects the terms and conditions of the coverage of the guarantee and the credit of the guarantor (i.e. the European Commission) in the form of a PE portfolio and a guarantee arising from the InvestEU Programme.

Guaranteed funded operations:
Guaranteed funded operations are initially recorded at cost (their net disbursed amounts) and are subsequently measured at FVTPL and disclosed in accordance with the fair value hierarchy required by IFRS 13. For additional details on the valuation technique, see note 2.3.5.1.

Guarantee arising from the InvestEU Programme:
The Fund benefits from a guarantee granted by the European Union represented by the European Commission in the context of the InvestEU Programme.

This guarantee is measured at fair value through profit or loss.

The EIF is ultimately protected from currency risk in relation to exposures under guaranteed operations. The European Commission provides a guarantee to EIF, such that all the risks and rewards ultimately belong to the European Commission.

2.4 Financial guarantee operations

Financial guarantee contracts are contracts that require the EIF to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees consist of a receiver leg and a payer leg. The financial guarantees are presented in the statement of financial position by offsetting the receiver leg with the payer leg. They are initially recognised at fair value plus transaction costs that are directly attributable to the issuance of the financial guarantees. At initial recognition, the obligation to pay corresponds to the Net Present Value (NPV) of expected premium inflows. The EIF has developed a model to estimate the NPV. This calculation is performed at the starting date of each transaction.

Subsequent to initial recognition, the payer leg of the financial guarantees is measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; or
- The amount initially recognised i.e. NPV less, where appropriate, cumulative amortisation recognised in accordance with IFRS 15 Revenue from contracts with customers.

The receiver leg is then measured at fair value through profit or loss by discounting the future cash flows according to IFRS 9.

The amortisation of the amount initially recognised is in line with the risk profile of the transactions. The transaction is fully amortised following full repayment of a securitisation tranche.

If the measurement of a financial guarantee contract results in a net asset position, then the operation is presented in the statement of financial position under "Financial guarantees".

If this results in a net liability, then the guarantee is presented in the statement of financial position under "Provisions for financial guarantees".

Any increase or decrease in the fair value of financial guarantees is recognised in the profit or loss under "Net result from financial instruments at fair value through profit or loss".

Other increases or decreases, such as amortisation of the payer leg but not including the recognition of new financial guarantees, are recognised in the profit or loss under "Net result from financial guarantee operations".

The expected credit loss is recognised in the profit or loss under "Expected credit loss allowance".

2.5 Other assets

Other assets which are accounted for at amortised cost include mainly the funds designated to cover the pension liability, accrued commission income, debtors, receivables arising from the InvestEU Programme and contract assets.

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Fund performs services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

2.6 Intangible assets

Intangible assets include the development costs of software that are capitalised under specific conditions such as identifiable expenses or existence of a future benefit for the Fund.

Intangible assets are valued at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated on a straight-line basis over the following estimated useful lives:

Purchased software:	2 to 5 years
Internally generated software:	3 years

2.7 Property and equipment

2.7.1 Property and equipment

Equipment is stated at cost less accumulated depreciation and impairment losses. Equipment is reviewed for indications of impairment at the date of the statement of financial position.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Fixtures and Fittings:	3 to 10 years
Office Equipment:	3 to 5 years
Computer Equipment and Vehicles:	3 years
Buildings:	30 years

2.7.2 Impairment of non-financial assets

The EIF assesses at each reporting date the carrying amounts of the non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If the carrying amount exceeds the estimated recoverable amount, impairment losses are recognised in the profit or loss.

2.8 Employee benefits

2.8.1 Post-employment benefits

Pension fund
The EIF operates an unfunded pension plan of the defined benefit type, providing retirement benefits based on final salary. The cost of providing this benefit is calculated by the actuary using the projected unit credit cost method. The defined benefit liability is recognised as the present value of expected future payments.

Actuarial valuations involve making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date. Due to the long-term nature of this pension scheme, such estimates are subject to significant uncertainty.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are debited or credited to equity in other comprehensive income in the period in which they arise.

The Fund's defined benefit scheme was initiated in March 2003 to replace the previous defined contribution scheme. The scheme is financed by contributions from staff and the Fund. These amounts are transferred to the EIB for management with the EIB's own assets and appear on the Fund's statement of financial position as an asset under the heading "Other assets".

The charge for the year, actuarial gains and losses, and the total defined benefit obligation are calculated annually by qualified external actuaries.

Optional supplementary provident scheme
The optional supplementary provident scheme is a defined contribution pension scheme, funded by voluntary staff contributions and employer contributions. It is accounted for on the basis of the contributions from staff and employer and the corresponding liability is recorded in "Other liabilities".

Health insurance scheme
The Fund has subscribed to a health insurance scheme with an insurance company for the benefit of staff at retirement age, financed by contributions from the Fund and its employees. The entitlement is of a defined benefit type and is based on the employee remaining in service up to retirement age and on the completion of a minimum service period. The expected costs of this benefit are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. Health insurance liabilities are determined based on actuarial calculations, performed annually by qualified external actuaries.

2.8.2 Short-term employee benefits

Employee entitlements to short-term benefits are recognised when they accrue to employees. A provision is made for the estimated liability for any outstanding short-term benefit entitlement as a result of services rendered by employees up to the date of the statement of financial position.

2.8.3 Other long-term employee benefits

An accrual for other long-term employee benefit costs relating to the year is included in the profit or loss under the heading "Staff costs", resulting in a provision for the estimated liability at the date of the statement of financial position.

2.9 Financial liabilities at amortised cost

Financial liabilities at amortised cost correspond to the funding line provided by EIB under the InvestEU Programme in respect of certain Guaranteed funded operations, capacity building investment operations and guarantee operations as well as currency purchases in respect of exposures in non-EUR currency.

The funding line is used to finance the acquisition of Guaranteed funded operations (see notes 2.3.3 and 2.3.6) as well as other assets giving rise to a receivable from the European Union represented by the European Commission (see note 2.5) and other liabilities giving rise to a payable from the European Union represented by the European Commission (see note 2.10).

The outstanding principal is repaid on final maturity date at the latest and prepaid with the aggregate proceeds generated from operations deployed under the InvestEU Programme and the amounts called by the EIF on the EU Guarantee under InvestEU (see notes 2.5 and 2.10).

Financial liabilities at amortised cost are initially recorded at cost and presented at amortised cost.

The cost of funding is repaid using amounts called by the EIF on the InvestEU Guarantee and is recorded under "Other assets" using the effective interest rate method.

2.10 Other liabilities

Other liabilities are classified according to the substance of the contractual arrangements entered into. Trade payables are non-interest-bearing liabilities and are stated at amortised cost. They include contract liabilities that correspond to advance commission income that the Fund receives for services that will be performed in the future. As the service is delivered over time, it will be recognised as revenue on the income statement. For the description of revenue recognition, see note 2.17.

Other liabilities also include payables arising from the InvestEU Programme.

All financial liabilities are de-recognised when such liabilities are extinguished and the contractual cash flows from such financial liabilities have expired.

2.11 Provisions

Provisions are recognised when the Fund has a present obligation, legal or constructive, as a result of a past event, and it is probable that the Fund will be required to settle that obligation.

2.12 Share capital

The authorised capital is divided into shares, which confer rights of ownership of the assets of the Fund as described in Article 8 of its Statutes. Shareholders are entitled to any distribution of net profits, which is limited by the requirements of the statutory reserve.

Dividends paid are classified in the cash flow statement as financing cash flows.

2.13 Statutory reserve and Retained earnings

Under the terms of Article 27 of its Statutes, the Fund is required to appropriate to a statutory reserve at least 20 % of its annual net profit until the aggregate reserve amounts to 10 % of subscribed capital. Such reserve is not available for distribution.

Under the terms of Article 26 of its Statutes, the Fund defines commitment ceilings in relation to its capital as follows:

- For guarantee operations and ABS investments, commitments are limited to five times the amount of subscribed capital;
- Net EIF commitments to fund exposures relative to EIF own funds may not exceed 80% as established by the EIF Board of Directors in July 2025 under the delegation of authority from the General Meeting.

2.14 Net interest and similar income

Net interest income and similar income is recognised in the profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method based on the purchase price including direct transaction costs. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Interest received on the Treasury portfolio, Microfinance Loans and ABS investments is classified in the cash flow statement as investing cash flows.

2.15 Net income from Private equity investments

Net income from Private equity investments mainly includes:

- Capital dividends and repayments, which are recognised in the statement of comprehensive income when the investment cost is fully reimbursed; and
- Returns arising from the EIF senior tranche exposure, which are recognised on an accrual basis.

2.16 Net result from financial guarantee operations

Net result from financial guarantee operations includes:

- Amortisation of the payer leg of the financial guarantees;
- Intermediation and risk cover fees, including for risk-sharing mandates; and
- Net guarantee calls.

2.17 Commission income

This heading includes fees and commissions on mandates managed by EIF on behalf of a mandator such as EIB and the European Union represented by the European Commission, advisory activities and carried interest but excludes guarantee premiums.

Commission income from mandate management activities
A mandate is a delegation agreement (hereafter “agreement”) signed between the EIF and a Mandator under which the EIF is designated responsibility for the implementation of a desired programme designed to support small and medium-sized businesses access finance, in return for which it is entitled to receive management fees and commissions.

The EIF receives remuneration from mandate management and advisory activities under an agreement with a set of clearly defined service requirements.

Commission income is recognised when control of the services is transferred at an amount that reflects the consideration that the EIF expects to be entitled to in exchange for these services in accordance with IFRS 15.

Fees and commissions are recognised on an accruals basis when the service foreseen under an agreement has been provided. Management, advisory and service fees are recognised based on the applicable service contracts, usually on a pro-rata basis. Asset management fees related to investment funds are recognised over the period in which the service is provided.

The EIF considers services promised under agreements to be a series of distinct services that are satisfied over time (continuous service) and the same methodology is used to measure progress. Given the service criteria to be met, the EIF accounts for all services that make up the series as a single performance obligation.

The amount of commission income received is fixed or variable, based on certain criteria depending on different variable components such as percentage of the EU contribution committed or linked to this single performance obligation. If the consideration includes a variable amount, the EIF estimates the amount of consideration to which it will be entitled to in exchange for transferring the services to the customer.

Regarding the performance obligations satisfied over time, the EIF uses the "Input Method" to recognise income on the basis of its efforts or inputs to the satisfaction of these performance obligations and recognises such fees over time. The resources consumed and costs incurred are deemed proportionate to the EIF progress in satisfying the performance obligation, and hence the input method is a faithful depiction of the transfer of services.

Part of the management fees earned by the EIF can be seen as incentive or performance fees. They usually relate to the deployment of the mandate rather than on returns or profits resulting from the investments.

However, maximum amounts, or "caps" on management fees are applicable to certain mandates managed by the EIF. Where this applies, management fees will likely cease to be received before the end of the mandate, which is typically in 15 to 25 years, and will be paid over a limited timeframe such as in the first few years of the mandate, and which are therefore not correlated with the services performed and costs incurred by the EIF.

The EIF uses a deferred income policy (thereafter "contract liabilities mechanism") to address the issue of misalignment in cost of managing the mandates as incurred by EIF and the revenue recognised due to the administrative and performance fees cap issue that is further compounded by billing indicators being concentrated during the availability periods of the mandates.

The contract liabilities mechanism is based on the total costs to be incurred by the EIF in relation to the mandate using ex-ante financial models for all new mandates as part of their approval process. The three main drivers of the ex-ante model are actual data in terms of: (i) number of transactions, (ii) mandate size, and (iii) duration of the mandate together with the total income to be recognised each year to ensure cost coverage or at least to meet the expected cost/income ratio determined as part of the mandate approval process. This deferral policy ensures sustainable operations and revenue recognition based on percentage of completion of the contract.

The EIF considers the fee structure of all relevant mandates and exercises its judgement concerning revenue recognition as follows:

Determination of the transaction price

For mandates in scope of the contract liabilities mechanism, where the management fees are capped in their respective contracts and contain a significant portion of variable consideration, management's judgement is required to derive the amount which the EIF expects to be entitled to over the contract life (the "transaction price"), particularly in respect of the uncertainty related to performance fees.

These fees are only included in the transaction price to the extent that it is highly probable that their inclusion will not result in a significant reversal in the future when the uncertainty has been subsequently resolved.

The EIF estimates the transaction price through financial modelling based on expected deployment of the mandates and market absorption of their products having regards to its experience with similar financial instruments and on their actual performance compared to its corporate operational plan. Significant judgement is applied to those fee indicators that are considered to be outside of EIF control.

Determination of the timing of the satisfaction of performance obligation

In determining the stage of completion of mandate management contracts, the EIF applies judgement in respect of the expected costs for the duration of these contracts, which serves as input in the deferred income models to determine the timing of the transaction price recognition in the commission income. The EIF has developed a cost assessment methodology that considers the expected costs at various stages of lifecycle of the mandates based on the efforts needed. The transaction price is then allocated to each period on a constant cost/income ratio that is revised annually based on the actual performance of the mandate.

Carried interest
Due to its role as an investment advisor in certain structures, specific shares were attributed to EIF entitling EIF to receive a carried interest. Such carried interest is a share of profits paid as compensation to incentivise the investment advisor to act in the best interest of the fund in its role of advisor and to maximise the returns to the investors. Unlike traditional fees, carried interest is only paid when the investment portfolio achieves a certain level of performance, typically defined as exceeding a predetermined hurdle rate.

Considering that the carried interest should be considered as remuneration for services provided as a service provider, defined as a “service model”, the recognition of this type of revenue is subject to IFRS 15 Revenue Recognition.

Consequently, carried interest is only recognised either when received or when a distribution notice is issued.

2.18 New standards and interpretations not yet adopted or not yet effective

The following IFRS Accounting Standards and IFRIC interpretations applicable to the EIF were issued but are not yet effective. The Fund has chosen not to early adopt these standards and interpretations:

Amendments to existing standards endorsed by the EU:

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Classification and Measurement of Financial Instruments:

These amendments will require an entity to reassess the classification of financial assets, particularly those with ESG-linked features, and update disclosures on contingent features and derecognition policies, potentially affecting presentation and transparency of financial instruments.

The amendments are applied prospectively and are effective for annual periods beginning on or after 1 January 2026.

The Fund is in the process of analysing the impact of this standard on its operations. The amendments are not expected to materially impact the Fund’s financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11:

The improvements introduce minor clarifications and corrections across IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7, which will slightly refine an entity’s disclosures and consistency in areas such as derecognition, transaction price, and cash flow reporting without changing recognition or measurement.

The amendments are applied prospectively and are effective for annual periods beginning on or after 1 January 2026.

The Fund is in the process of analysing the impact of this standard on its operations. The amendments are not expected to materially impact the Fund’s financial statements.

Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity:

An entity will need to evaluate renewable energy contracts under revised “own-use” and hedge accounting rules and provide new disclosures, reducing income statement volatility and improving transparency on power purchase agreements.

The amendments are applied prospectively and are effective for annual periods beginning on or after 1 January 2026.

The Fund is in the process of analysing the impact of this standard on its operations. The amendments are not expected to materially impact the Fund’s financial statements.

Amendments not yet endorsed by the EU:

IFRS 18 Presentation and Disclosure in Financial Statements:

This standard is expected to have a significant impact on entities that prepare IFRS financial statements, as it replaces key parts of IAS 1 and introduces major changes to the structure and presentation of the primary financial statements.

The amendments are applied prospectively and are effective for annual periods beginning on or after 1 January 2027.

The Fund is in the process of analysing the impact of this standard on its operations. The amendments are expected to impact the Fund’s financial statements, they will require changes to the presentation of the statement of comprehensive income and in the notes with disclosures of management performance measures.

IFRS 19 Subsidiaries without Public Accountability: Disclosures:

Eligible entities can adopt reduced disclosure requirements while maintaining full recognition and measurement under IFRS, simplifying reporting and reducing compliance costs.

The amendments are applied prospectively and are effective for annual periods beginning on or after 1 January 2027.

The Fund is in the process of analysing the impact of this standard on its operations. The amendments are not expected to materially impact the Fund’s financial statements.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture:

These amendments clarify accounting for upstream and downstream transactions, which may impact an entity’s recognition of gains or losses and equity method adjustments when contributing assets to associates or joint ventures.

The amendments are applied prospectively and the effective date of application is not yet available.

The Fund is in the process of analysing the impact of this standard on its operations. The amendments are not expected to materially impact the Fund’s financial statements.

Chapter 3.

Financial Risk Management

3.1 Introduction

This note presents information about the Fund's exposure to and its management and control of risks, specifically those associated with its financial instruments.

The main financial assets and financial liabilities by categories of financial instruments for which the Fund is exposed to risks are as follows:

31.12.2025 (in EUR)	Amortised cost	Fair value through profit or loss	Financial guarantees	Total
Cash and cash equivalents	1 554 327 465	0	0	1 554 327 465
Financial assets at Amortised Cost:				
Debt investments	2 351 726 888	0	0	2 351 726 888
Guaranteed funded operations	41 107 592	0	0	41 107 592
Financial instruments at Fair Value through Profit or Loss:				
Debt investments	0	412 154 961	0	412 154 961
Private equity investments	0	2 064 033 581	0	2 064 033 581
Guaranteed funded operations:				
of which EU funded operations	0	1 797 010 599	0	1 797 010 599
of which EU guarantee	0	0	0	0
Financial guarantees	0	0	19 131 252	19 131 252
Total Financial Assets	**3 947 161 945**	**4 273 199 141**	**19 131 252**	**8 239 492 338**
Provisions for financial guarantees	0	0	9 906 252	9 906 252
Financial liabilities at Amortised Cost	2 497 508 724	0	0	2 497 508 724
Financial liabilities at Fair Value through Profit or Loss:				
Guaranteed funded operations:				
of which EU guarantee	0	117 801 023	0	117 801 023
Total Financial Liabilities	**2 497 508 724**	**117 801 023**	**9 906 252**	**2 625 215 999**

31.12.2024 (in EUR)	Amortised cost	Fair value through profit or loss	Financial guarantees	Total
Cash and cash equivalents	1 135 144 132	0	0	1 135 144 132
Financial assets at Amortised Cost:				
Debt investments	2 444 663 899	0	0	2 444 663 899
Guaranteed funded operations	32 070 542	0	0	32 070 542
Financial instruments at Fair Value through Profit or Loss:				
Debt investments	0	513 935 212	0	513 935 212
Private equity investments	0	1 980 000 422	0	1 980 000 422
Guaranteed funded operations:				
of which EU funded operations	0	944 459 470	0	944 459 470
of which EU guarantee	0	15 681 268	0	15 681 268
Financial guarantees	0	0	21 253 312	21 253 312
Total Financial Assets	**3 611 878 573**	**3 454 076 372**	**21 253 312**	**7 087 208 257**
Provisions for financial guarantees	0	0	10 461 130	10 461 130
Financial liabilities at Amortised Cost	1 655 463 573	0	0	1 655 463 573
Financial liabilities at Fair Value through Profit or Loss:				
Guaranteed funded operations:				
of which EU guarantee	0	0	0	0
Total Financial Liabilities	**1 655 463 573**	**0**	**10 461 130**	**1 665 924 703**

3.1.1 Types of risk

The EIF is exposed to three primary categories of risk on its own resources, these are described in the following sections, first in general terms and then specifically by product line.

3.1.1.1 Credit Risk

Credit risk concerns the Guarantee and Securitisation ("G&S") activity, treasury instruments such as fixed income securities and floating-rate notes held in the treasury portfolio, commercial paper, deposits, microfinance loans and debt investments at fair value through profit or loss. There is a limited credit exposure for the EIF Private Equity portfolio as investments in PE funds represent equity investments and related financing structures and are always made through an equity-like participation.

3.1.1.2 Liquidity Risk

Liquidity risk is the risk that the EIF will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

3.1.1.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Market risk - Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The EIF may invest in financial instruments denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the euro.

The Fund's currency risk is kept at a low level with 5.3% of net assets in 2025 (2024: 5.4%) through a policy of limiting its investment in non-euro denominated instruments. The Fund's capital is denominated in EUR and the majority of its assets and liabilities are in that currency.

The EIF is ultimately protected from currency risk in relation to exposures under guaranteed operations. The European Commission provides a guarantee to EIF, such that all the risks and rewards ultimately belong to the European Commission.

The currency exposure (in EUR) of EIF's financial assets and financial liabilities is as follows:

At 31.12.2025 (in EUR)	EUR	Pound Sterling	US Dollar	Other currencies	Sub total except EUR	Total
Cash and cash equivalents	840 968 995	18 092 817	8 290 904	686 974 749	713 358 470	1 554 327 465
Financial assets at Amortised Cost:						
Debt investments	2 342 002 897	0	0	9 723 991	9 723 991	2 351 726 888
Guaranteed funded operations	30 132 107	0	0	10 975 485	10 975 485	41 107 592
Financial assets at Fair Value through Profit or Loss:						
Debt investments	412 154 961	0	0	0	0	412 154 961
Private equity investments	1 827 586 480	57 699 669	97 284 675	81 462 757	236 447 101	2 064 033 581
Guaranteed funded operations:						
of which EU funded operations	1 721 933 621	0	0	75 076 978	75 076 978	1 797 010 599
of which EU guarantee	0	0	0	0	0	0
Financial guarantees	18 506 998	0	0	624 254	624 254	19 131 252
Total Assets	**7 193 286 059**	**75 792 486**	**105 575 579**	**864 838 214**	**1 046 206 279**	**8 239 492 338**
Provisions for financial guarantees	9 845 653	0	0	60 599	60 599	9 906 252
Financial liabilities at Amortised Cost	2 497 508 724	0	0	0	0	2 497 508 724
Financial liabilities at Fair Value through Profit or Loss:						
Guaranteed funded operations:						
of which EU guarantee	112 986 502	0	0	4 814 521	4 814 521	117 801 023
Total liabilities	**2 620 340 879**	**0**	**0**	**4 875 120**	**4 875 120**	**2 625 215 999**
Foreign currencies in % of net assets		**1.5%**	**2.1%**	**16.8%**	**20.4%**	
of which EIF own risk		1.5%	2.1%	1.7%	5.3%	
of which guaranteed operations		0.0%	0.0%	15.1%	15.1%	
Net commitments to private equity	2 606 082 434	22 183 142	54 195 126	122 715 629	199 093 897	2 805 176 331
Guarantees' exposure at risk	9 061 240 736	0	4 442 930	1 702 190 468	1 706 633 398	10 767 874 134
Total Off-balance sheet	**11 667 323 170**	**22 183 142**	**58 638 056**	**1 824 906 097**	**1 905 727 295**	**13 573 050 465**

At 31.12.2024 (in EUR)	EUR	Pound Sterling	US Dollar	Other currencies	Sub total except EUR	Total
Cash and cash equivalents	708 678 409	10 045 439	5 526 341	410 893 943	426 465 723	1 135 144 132
Financial assets at Amortised Cost:						
Debt investments	2 266 043 213	0	0	178 620 686	178 620 686	2 444 663 899
Guaranteed funded operations	21 437 428	0	0	10 633 114	10 633 114	32 070 542
Financial assets at Fair Value through Profit or Loss:						
Debt investments	513 935 212	0	0	0	0	513 935 212
Private equity investments	1 734 564 493	73 856 774	125 331 029	46 248 126	245 435 929	1 980 000 422
Guaranteed funded operations:						
of which EU funded operations	919 675 594	0	0	24 783 876	24 783 876	944 459 470
of which EU guarantee	13 692 927	0	0	1 988 341	1 988 341	15 681 268
Financial guarantees	20 512 292	0	0	741 020	741 020	21 253 312
Total Assets	**6 198 539 568**	**83 902 213**	**130 857 370**	**673 909 106**	**888 668 689**	**7 087 208 257**
Provisions for financial guarantees	9 960 629	0	0	500 501	500 501	10 461 130
Financial liabilities at Amortised Cost	1 655 463 573	0	0	0	0	1 655 463 573
Financial liabilities at Fair Value through Profit or Loss:						
Guaranteed funded operations:						
of which EU guarantee	0	0	0	0	0	0
Total liabilities	**1 665 424 202**	**0**	**0**	**500 501**	**500 501**	**1 665 924 703**
Foreign currencies in % of net assets		**1.7%**	**2.7%**	**13.8%**	**18.2%**	
of which EIF own risk		1.7%	2.7%	1.0%	5.4%	
of which guaranteed operations		0.0%	0.0%	12.8%	12.8%	
Net commitments to private equity	2 408 917 004	26 625 405	75 615 454	88 038 729	190 279 588	2 599 196 592
Guarantees' exposure at risk	7 281 436 962	642 443	28 792 704	1 645 336 093	1 674 771 240	8 956 208 202
Total Off-balance sheet	**9 690 353 966**	**27 267 848**	**104 408 158**	**1 733 374 822**	**1 865 050 828**	**11 555 404 794**

Market risk – Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Market risk – Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

3.2 Private equity investments

3.2.1 Risk Management Process

In the framework of the EIF private equity business, the objective of Risk Management is to identify and measure the risk of its portfolio related to PE assets, to monitor its evolution and consistency with EIF's objectives and to propose corrective actions in case of divergence.

Such investments include private equity investment funds as well as the EIF exposure in the European Fund for Strategic Investments SME window through sub-window 1 of the private credit tailored for SMEs product, its senior tranche exposure through sub-window 2 of the equity product and its exposure in the senior tranche of the InvestEU Programme.

Risk Management is an integral part of the management of EIF's investment activities.

3.2.1.1 Portfolio Design Process

Designing a portfolio consistent with EIF's objectives and constraints is a key element of the EIF's investment activity. No liquid market exists for investments in private equity funds. Therefore, only marginal changes to the portfolio composition can be implemented after the portfolio has been built. At this stage Risk Management department ("RO") ensures that the target portfolio is consistent with:

- The return objectives of the EIF;
- The tolerance for risk of the EIF;
- The liquidity needs of the EIF.

3.2.1.2 Investment Process

The investment process at the EIF is led by the Investment Office ("IO") department. Following initial screenings of an investment opportunity by IO, RO is informed by IO if it decides to proceed to the due diligence stage and may, at this point, request to participate in the due diligence process. Subsequently RO reviews the investment proposal prepared by IO and issues a Risk Opinion to the Chief Executive and Deputy Chief Executive. All proposed investments are submitted to the Board of Directors for final approval. Investment decisions are taken by the Board of Directors or, under delegation from the Board of Directors, by the Chief Executive.

3.2.1.3 Monitoring Process

Monitoring includes the valuation review of PE funds and the monitoring of the portfolio.

Valuation Review
As part of the annual equity risk monitoring review, RO controls both (i) alignment with the IPEV guidelines and (ii) aims to identify inconsistent valuations reported by the fund manager, regarding underlying companies that qualify as material.

Portfolio Monitoring
Through portfolio monitoring, RO assesses the evolution of the portfolio composition relative to the return and risk profile of its underlying investments. The EIF has developed a set of tools to design, monitor and manage the portfolio of PE funds. This set of tools is based on an internal process and Grading-based model, which allows the EIF to systematically and consistently assess and verify funds' operational quality and expected performances. This approach, supported by adequate Information Technology ("IT") systems, assists the investment decision process and the management of the portfolio's financial risks.

Risk scoring

The risk assessment of a fund aims at evaluating the degree of risk on a number of key dimensions (Market and Product, Investment Strategy and Fundraising Traction, Management Team, Governance and Alignment of Interest and Terms & Conditions) and on the investment as a whole, to identify potential risk areas.

Performance Grade

The expected return of a fund is expressed as the expected relative final performance of this fund ("P-Grade") compared to the funds belonging to the same asset class/ investment stage for the same vintage year.

The P-Grade seeks to provide a consistent grading scale for the assessment of the performance of all the funds at EIF (private equity, infrastructure and selective loan funds) without quantifying the absolute return.

The P-grade is monitored during all the life of the Fund and is reviewed for each fund at least once per year using Insight Benchmarking tables. Investment Office holds primary responsibility for the P-Grade, but it is subject to an annual review by Risk Office, which can suggest changes.

The P-Grades are defined as follow:

A – 1st Quartile: The fund's performance is expected to fall into the 1st quartile of its benchmark

B – 2nd Quartile: The fund's performance is expected to fall into the 2nd quartile of its benchmark.

C – 3rd Quartile: The fund's performance is expected to fall into the 3rd quartile of its benchmark.

D – 4th Quartile: The fund's performance is expected to fall into the 4th quartile of its benchmark.

Equity Scoring

The Equity Scoring combines the expected relative return of a transaction (i.e. the P (performance)-grade) with its risk score (expressed in %). For each P-grade, three levels of risk are defined ("-", " " and "+").

Therefore, it leads to 12 different grading classes (A+, A, A-, B+, B, B-, C+, C, C-, D+, D, D-).

The Risk Score cut-offs were defined following an extensive back-testing of past transactions at EIF (at the time of their appraisal) and have been reviewed and amended in 2023. The cut-offs are reassessed every 3 years.

The "-" associated to a P-Grade corresponds to a fund that belongs to the last quartile in term of Risk Score for the given P-Grade.

The "+" associated to a P-Grade corresponds to a fund that belongs to the first quartile in term of Risk Score for the given P-Grade.

A P-grade is kept standard (i.e. without "+" or "-") if the Risk Score of the fund belongs to the second or the third quartile in term of Risk Score for the given P-Grade.

The cut-offs of the Risk Score within a same P-Grade are defined as follows:

Risk Scoring

P-Grade (Exp. Perf)	A	<78% A-	78-86% A	>86% A+
	B	<72% B-	72-80% B	>80% B+
	C	<61% C-	61-70% C	>70% C+
	D	<47% D-	47-54% D	>54% D+

The equity risk monitoring activity is overseen by the Portfolio Investment and Risk Committee (P-IRC). This Committee covers the regular review of the equity portfolio, including changes in Performance Grades and Monitoring Status, including those that take place via changes in Investment Compliance Grades. The P-IRC also oversees the developments on equity portfolio performance or the occurrence of an event of significance.

3.2.2 Credit Risk

Investments in PE funds are always made through an equity-like participation. Even in the case where these are channelled through mezzanine loans, currently representing less than 1% of the portfolio, their risk profile is typically akin to an equity participation. Therefore, the credit risk of the PE portfolio is deemed not significant.

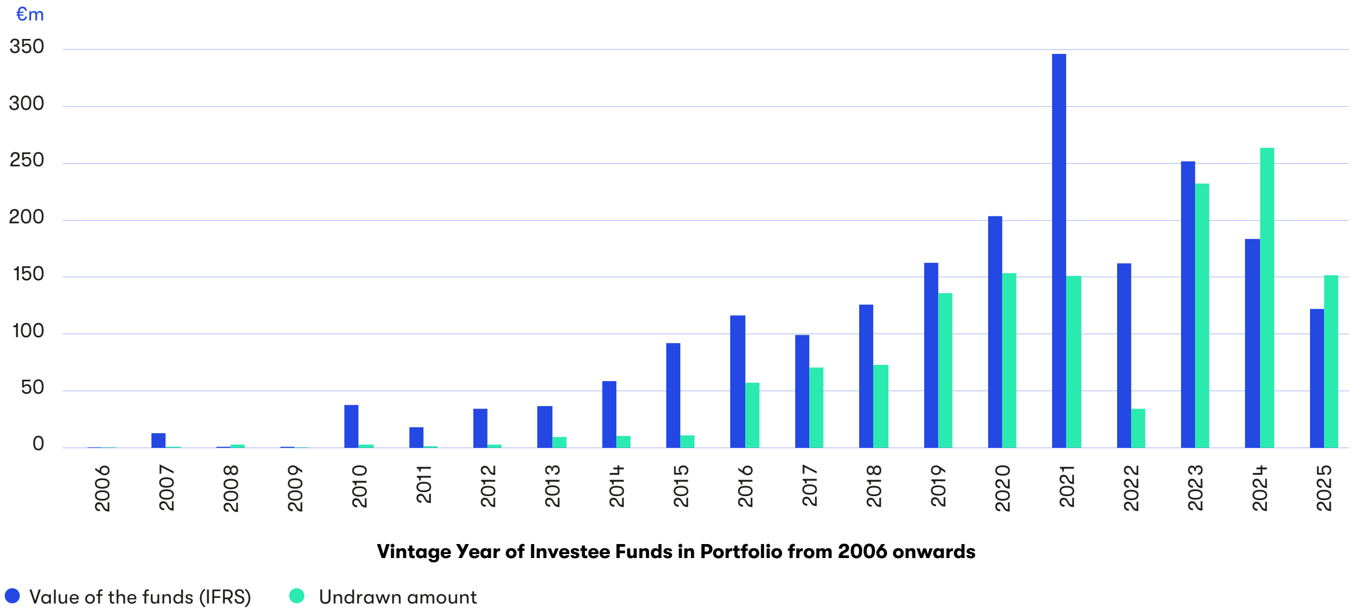
3.2.3 Liquidity Risk

PE Funds are generally structured as Limited Partnerships, where the Limited Partners, such as the EIF, commit a certain amount of capital to be called at the discretion of the fund manager, which is acting as General Partner. Such Limited Partnerships are generally structured as closed-end funds; therefore, the discretion of the General Partner in deciding the timing of the capital calls is generally restricted by:

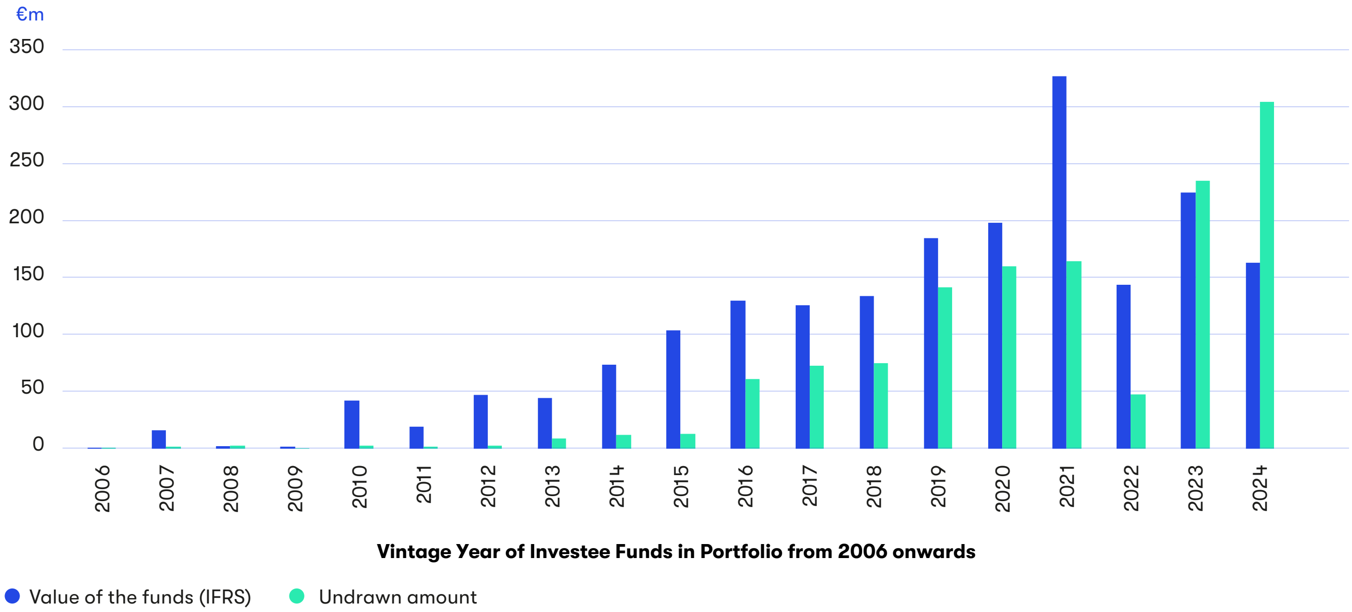
1. The contractual duration of the Limited Partnership, often being 10 to 12 years;
2. The investment period, often being defined as the first 5 years of the life of the Partnership. After the end of the investment period, the General Partner cannot make new investments. Capital calls post investment period are generally made for follow-on investments in existing investee companies or to cover the fees and costs of the Limited Partnership.

Due to the discretion of General Partners in deciding the timing of the capital calls, the schedule of the future liquidity requirements of EIF PE portfolio cannot be precisely defined. However, as a result of the typical Limited Partnership structure described above, the majority of the capital is generally called during the investment period. Conversely, capital reflows resulting from the disposal of the investee companies generally take place after the investment period. Having a portfolio of investments in PE Funds which is well diversified across a wide range of vintage years, such as for EIF PE portfolio, is an important component in the management of liquidity risk. Liquidity requirements resulting from capital calls of PE funds in the investment period can be matched by the stream of capital reflows generated by older PE funds in their divestment phase. The magnitude of this stream of reflows depends on the market conditions and the proportion of the portfolio that is in its divestment phase. Due to the inherent illiquid nature of the PE market, once a commitment has been signed it is difficult for a Limited Partner to sell its interest in a PE fund. One of the limited possibilities is by finding a buyer in the secondary market. This is usually only possible by offering to sell at a substantial discount to the fund's Net Asset Value ("NAV").

VINTAGE YEAR DIVERSIFICATION OF THE EIF PE PORTFOLIO AS OF 31.12.2025



VINTAGE YEAR DIVERSIFICATION OF THE EIF PE PORTFOLIO AS OF 31.12.2024



UNDRAWN COMMITMENTS OF THE EIF PE PORTFOLIO, SPLIT BY TIME REMAINING TO THE END OF THE CONTRACTUAL LIFETIME* OF THE INVESTEE FUNDS:

EUR Private Equity	Not more than 3 months	Three months to one year	One year to 5 years	More than 5 years	Total
As of 31.12.2025	21 023 159	26 429 568	79 819 323	1 236 723 792	1 363 995 842
As of 31.12.2024	19 127 992	25 278 076	85 985 579	1 170 693 420	1 301 085 067

* The duration of the contractual lifetime is generally 10 to 12 years starting from the inception of the fund. There is no obligation for a fund manager to call the full amount of capital committed by the investors.

CAPITAL CALLS NET OF REFLOWS, WHICH RESULTED FROM THE EIF PE PORTFOLIO:

EUR millions	Net Capital Calls	Net Capital Calls in relation to EFSI - SW2	Net Capital Calls in relation to EFSI - Private Credit	Net Capital Calls in relation to InvestEU in EIF	Total Net Capital Calls
2025	42.3	-5.3	-97.1	183.4	123.3
2024	33.4	19.0	-51.9	147.3	147.8

3.2.4 Market Risk

The main types of market risk affecting the EIF PE portfolio are equity risk and foreign currency risk. Most funds in the portfolio make little or no use of leverage; therefore, interest rate risk does not directly affect the EIF PE portfolio.

3.2.4.1 Equity risk

Equity risk analysis requires an estimation of the sensitivity of the value of a stock towards a change in value in the overall market where this stock is traded. This can be done based on the Capital Asset Pricing Model. This model uses the beta, i.e. a measure of risk relative to the market, which is estimated by regressing returns of an asset against a public market index.

The specific characteristics of the PE asset class make it difficult to apply traditional approaches to equity risk analysis. While public market asset managers can use reliable statistical data to support their analysis, such data is lacking for PE and in particular for Venture Capital. The analysis of PE returns, volatility and correlations is limited by the relatively short time series of the publicly available data, which is not fully representative of the market, and the inherent lower transparency of the PE market in general. In particular, data does not fully capture the uncertainty of the asset class. Furthermore, as the Internal Rate of Return ("IRR"), the standard performance measure used for PE funds, is capital-weighted, while the performance measure of public market assets is traditionally time-weighted, it is not possible to analyse the correlation between PE and other asset classes without significant adjustments and therefore potentially large biases.

The EIF uses a beta derived from the betas of three listed PE indices, LPX Europe Price Index, LPX Venture Price Index and LPX Buyout Price Index, to estimate the sensitivity of the valuation of the private equity investment funds, as defined in note 2.3.5, to market prices. Regression has been carried out using the Dow Jones Euro Stoxx 50 over the last three years.

Using the most conservative beta from the three indices mentioned above and assuming market price movements of ±10 %, the final sensitivity (i.e. beta x ±10 %) is applied to the net asset value to give an adjusted net asset value, which is then compared to the net paid in. The value of the private equity investment funds would be impacted as follows:

31.12.2025

Public market risk: All Private Equity	
+10%	-10%
Retained Beta 0.965	
Final Sensitivity: +9.65%	Final Sensitivity: -9.65%
Profit or loss/ Retained earnings	Profit or loss/ Retained earnings
(EUR)	(EUR)
102 230 839	(102 230 839)

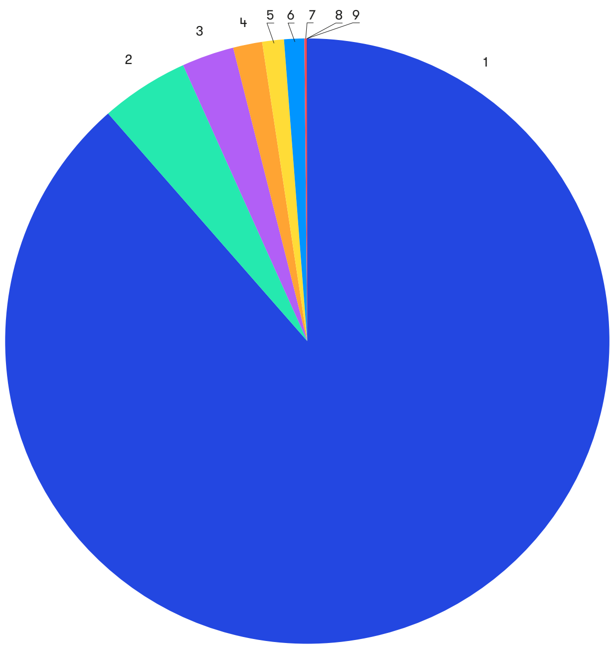
31.12.2024

Public market risk: All Private Equity	
+10%	-10%
Retained Beta 0.965	
Final Sensitivity: +10.87%	Final Sensitivity: -10.87%
Profit or loss/ Retained earnings	Profit or loss/ Retained earnings
(EUR)	(EUR)
116 719 234	(116 719 234)

3.2.4.2 Foreign currency risk

The currency exposure of the EIF PE portfolio, based on the currency denomination of the investee funds, can be broken down as follows:

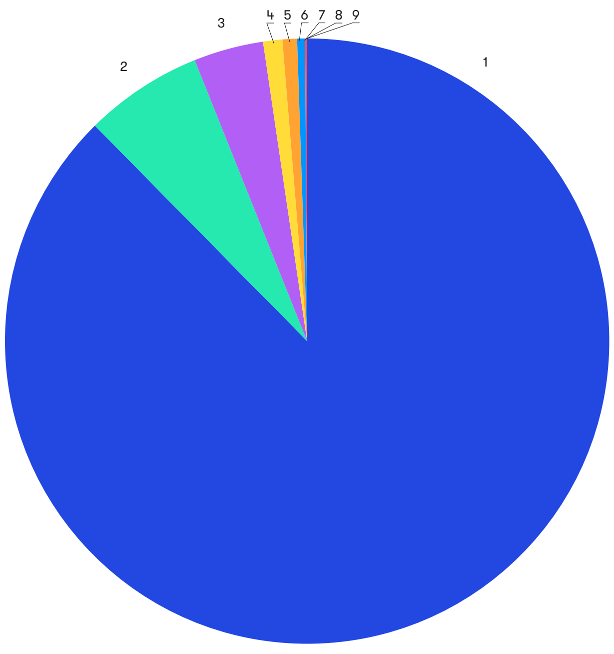
As of 31.12.2025



1. EUR 88.5%
2. USD 4.7%
3. GBP 2.8%
4. SEK 1.6%
5. DKK 1.2%
6. NOK 1.1%
7. CHF 0.1%
8. PNL 0.0%
9. HUF 0.0%

(as % of the total fair value, EUR 2 064.0m)

As of 31.12.2024



1. EUR 87.7%
2. USD 6.3%
3. GBP 3.7%
4. DKK 1.0%
5. SEK 0.8%
6. NOK 0.4%
7. CHF 0.1%
8. PNL 0.0%
9. HUF 0.0%

(as % of the total fair value, EUR 1 980.0m)

For 2025, changes due to foreign exchange rates for private equity investments amount to EUR (13 776 867) (2024: EUR 8 769 863), which has been recognised in the statement of comprehensive income.

A sensitivity analysis is performed for all currencies representing more than 5 % of the total exposure to assess the impact of currency movements. USD falls into this category and the impact of an increase/decrease of 15 % vs. the Euro is as follows:

31.12.2025

Foreign exchange rate risk	
USD increase of 15% vs. EUR	USD decrease of 15% vs. EUR
Profit or loss/ Retained earnings	Profit or loss/ Retained earnings
(EUR)	(EUR)
14 592 701	(14 592 701)

31.12.2024

Foreign exchange rate risk	
USD increase of 15% vs. EUR	USD decrease of 15% vs. EUR
Profit or loss/ Retained earnings	Profit or loss/ Retained earnings
(EUR)	(EUR)
18 799 654	(18 799 654)

These impacts are measured only at investee fund level. They do not take into account indirect potential impacts on the value of underlying portfolio companies, which could have a different currency exposure than the investee fund (e.g.: a fund denominated in GBP might invest in a company based in Germany or deriving most of its income in EUR).

3.2.5 Idiosyncratic risks

Idiosyncratic or non-systematic risk is a risk unique to a certain asset. This is a type of risk that can typically be managed via portfolio diversification. In the case of the EIF PE portfolio, the main types of idiosyncratic risks identified are strategy risk, geographic risk, fund risk, sector risk and technology risk.

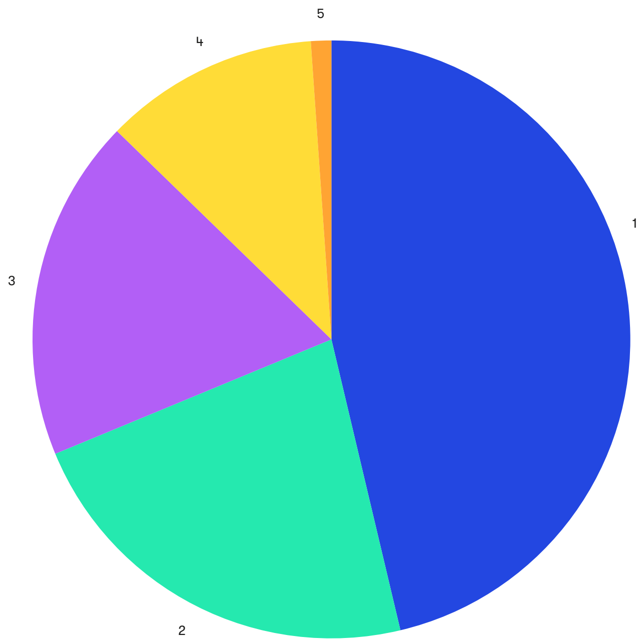
3.2.5.1 Strategy risk

Strategy risk is defined as the risk resulting from over/ under-weighting a specific investment strategy. The PE funds in the EIF portfolio can be generally grouped into five main investment strategies:

1. Venture Capital: such definition covers strategies targeting venture capital investments ranging between the Early and Late stage;
2. Private Equity: such definition covers strategies targeting Equity and Mezzanine investments at Growth and Buyout stages and targeting Small and Medium size Enterprises (“SMEs”);
3. Private Debt: such definition covers strategies targeting direct investments in senior or uni-tranche (secured or unsecured) loans/bonds or in subordinated securities, quasi-equity and hybrid debt instruments;
4. Infrastructure: such definition covers strategies targeting committing equity capital toward tangible, physical assets, whether existing or development phase that are expected to exhibit stable, predictable cash flows over a long-term investment horizon;
5. Generalist: such definition covers strategies of one or more above categories, usually via dedicated fund-of-funds vehicle.

The five strategies follow different dynamics, and involve different risk and return profiles. The EIF portfolio currently has a balanced exposure to Venture Capital, Infrastructure, Private Equity and Private Debt, with a smaller exposure to Generalist funds.

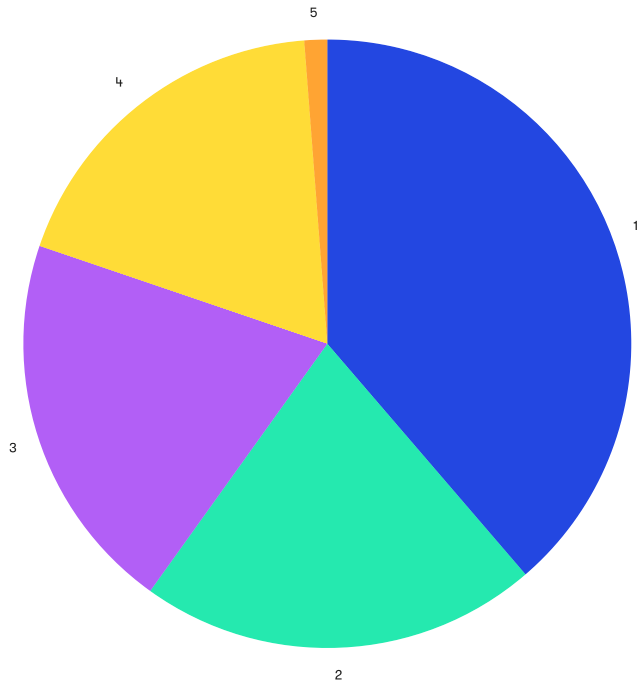
EIF Own Risk PE Portfolio: Fair Value Split by Investment Strategy as of 31.12.2025



1. Venture Capital 46.3%
2. Infrastructure 22.5%
3. Private Equity 18.5%
4. Private Debt 11.6%
5. Generalist 1.1%

(as % of the total fair value, EUR 2 064.0m)

EIF Own Risk PE Portfolio: Fair Value Split by Investment Strategy as of 31.12.2024



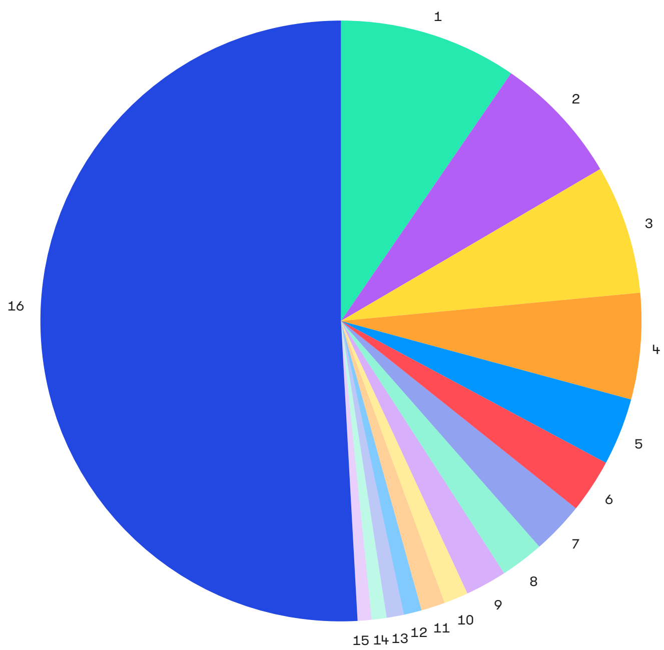
1. Venture Capital 38.7%
2. Infrastructure 21.2%
3. Private Equity 20.3%
4. Private Debt 18.6%
5. Generalist 1.2%

(as % of the total fair value, EUR 1 980.0m)

3.2.5.2 Geographic risk

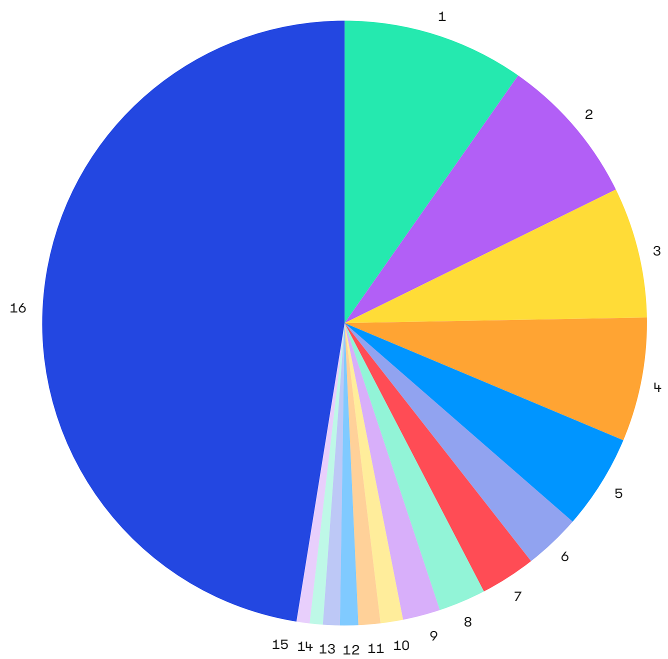
Geographic risk is defined as the risk resulting from under/over-weighting a specific country or region. The geographic scope of the EIF PE investment activity is currently principally focused on Europe, with limited outside exposure. The resulting geographic exposure of the EIF PE portfolio is as follows:

EIF Own Risk portfolio: Split of Investee Companies by Country of Domiciliation as of 31.12.2025
(Based on the valuation reported in the latest available report by the investee funds)



1. France 9.6%
2. United Kingdom 7.0%
3. Germany 6.9%
4. United States 5.7%
5. Spain 3.6%
6. Italy 2.9%
7. Netherlands 2.8%
8. Belgium 2.3%
9. Sweden 2.2%
10. Denmark 1.3%
11. Switzerland 1.3%
12. Ireland 1.0%
13. Finland 0.9%
14. Poland 0.8%
15. Luxembourg 0.8%
16. Others 50.9%

EIF Own Risk portfolio: Split of Investee Companies by Country of Domiciliation as of 31.12.2024
(Based on the valuation reported in the latest available report by the investee funds)

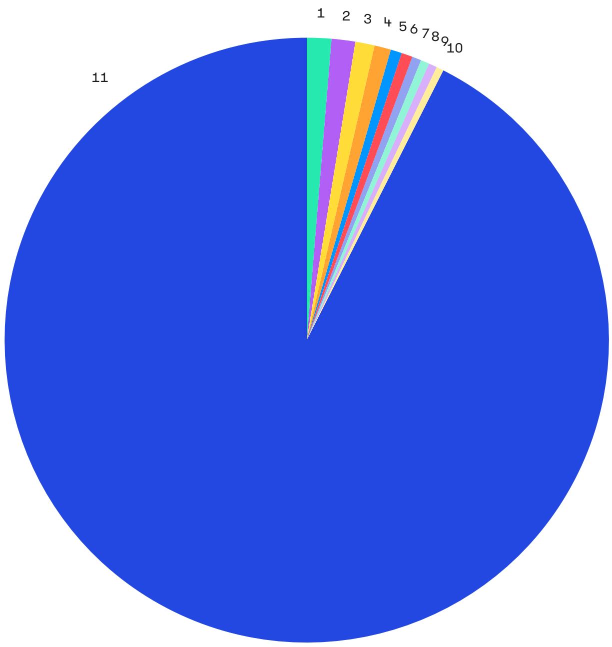


1. France 9.7%
2. United Kingdom 8.0%
3. Germany 7.0%
4. United States 6.6%
5. Spain 5.1%
6. Italy 3.0%
7. Netherlands 3.0%
8. Belgium 2.5%
9. Sweden 2.0%
10. Denmark 1.2%
11. Switzerland 1.2%
12. Ireland 1.0%
13. Finland 0.9%
14. Poland 0.7%
15. Luxembourg 0.7%
16. Others 47.4%

3.2.5.3 Fund risk

Fund risk refers to the risk of over/under-performance due to factors linked to a specific PE fund in a portfolio (e.g.: the departure of a key executive from the management team of a fund). The EIF PE portfolio is well diversified across a large number of funds. The largest fund in the EIF's portfolio represents 1.3% of the portfolio fair value (2024: 1.4%) and the largest 10 funds represent in aggregate 7.5% (2024: 9.3%).

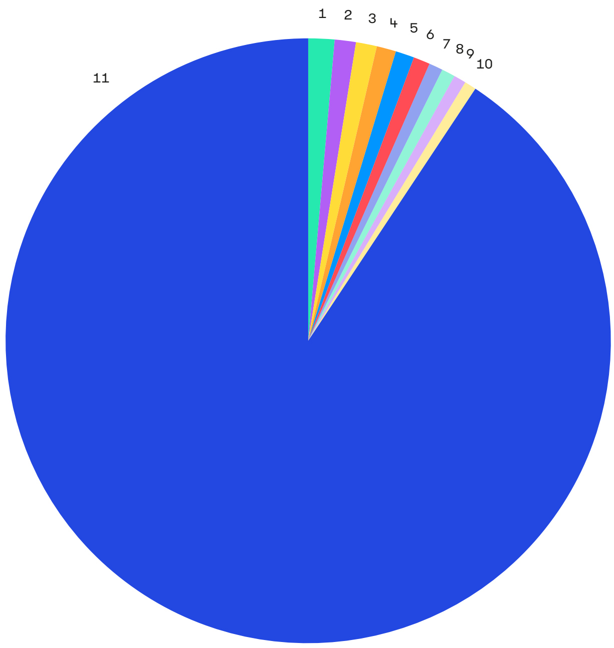
EIF Own Risk PE Portfolio: Largest PE Funds in Portfolio as of 31.12.2025
(Total funds in portfolio = 1063)



1. Fund 1 - 1.3%
2. Fund 2 - 1.3%
3. Fund 3 - 1.0%
4. Fund 4 - 0.9%
5. Fund 5 - 0.6%
6. Fund 6 - 0.6%
7. Fund 7 - 0.5%
8. Fund 8 - 0.5%
9. Fund 9 - 0.4%
10. Fund 10 - 0.4%
11. Other - 92.5%

(as % of the total fair value, EUR 2 064.0m)

EIF Own Risk PE Portfolio: Largest PE Funds in Portfolio as of 31.12.2024
(Total funds in portfolio = 977)



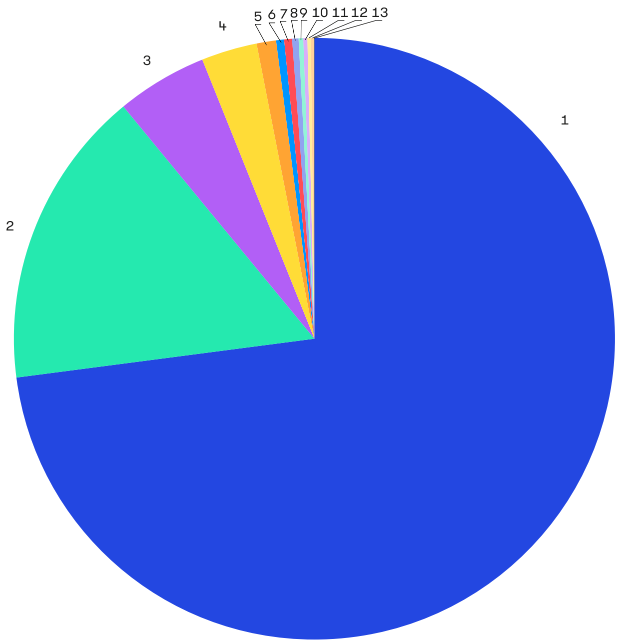
1. Fund 1 - 1.4%
2. Fund 2 - 1.1%
3. Fund 3 - 1.1%
4. Fund 4 - 1.0%
5. Fund 5 - 1.0%
6. Fund 6 - 0.9%
7. Fund 7 - 0.7%
8. Fund 8 - 0.7%
9. Fund 9 - 0.7%
10. Fund 10 - 0.6%
11. Other - 90.8%

(as % of the total fair value, EUR 1 980.0m)

3.2.5.4 Sector risk

Sector risk is defined as the risk resulting from under/over-weighting a specific sector. The largest sector exposure (excluding Generalist) of the EIF PE portfolio is to the Information and Communication Technologies and Life Science sectors. Such exposure is by design and is the result of the portfolio allocation to private equity fund.

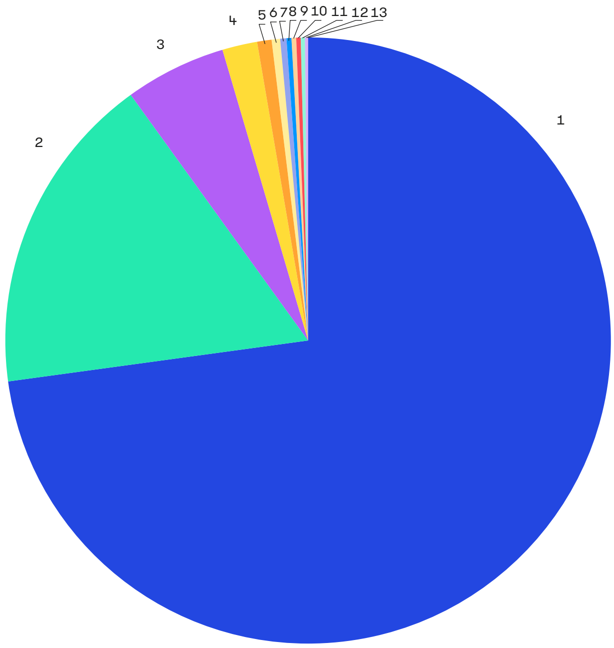
EIF Own Risk Portfolio: Fair Value Split by Sector Focus of Investee Funds as of 31.12.2025



1. Generalist 73.0%
2. ICT 16.1%
3. Life Science 4.9%
4. Infrastructure 3.0%
5. Energy and Environment 1.0%
6. Agricultural, Chemicals and Materials 0.4%
7. Business and Industrial Products and Services 0.4%
8. Consumer Products, Services and Retail 0.3%
9. Financial Services 0.3%
10. Cleantech/Manufacturing 0.2%
11. Renewable Energy 0.2%
12. Energy Efficiency 0.2%
13. Resource Efficiency 0.2%

(as % of the total fair value, EUR 2 064.0m)

EIF Own Risk Portfolio: Fair Value Split by Sector Focus of Investee Funds as of 31.12.2024



1. Generalist 72.7%
2. ICT 17.2%
3. Life Science 5.4%
4. Infrastructure 1.9%
5. Energy and Environment 0.8%
6. Renewable Energy 0.5%
7. Consumer Products, Services and Retail 0.3%
8. Agricultural, Chemicals and Materials 0.3%
9. Energy Efficiency 0.3%
10. Business and Industrial Products and Services 0.2%
11. Financial Services 0.2%
12. Cleantech/Manufacturing 0.2%
13. Resource Efficiency 0.0%

(as % of the total fair value, EUR 1 980.0m)

3.2.5.5 Technology risk

PE funds investing in Venture Capital and Technology Transfer are significantly affected by technology risk, defined as the risk of successfully developing and commercialising a new technology. The earlier the stage of investment is, the higher the technology risk is. Due to its often-binary nature, technology risk is difficult to model but can be effectively managed through adequate diversification.

Regarding the technology risk, the fair value of the 10 largest technology investee companies (based on the last available reports) amounted to EUR 88.4m (2024: EUR 113.4m) and represented 8.9% of the total value of the investee companies (2024: 11.0%).

3.3 Guaranteed funded operations

3.3.1 Introduction

Guaranteed funded operations include PE investments and capacity building investment operations disbursed by the Fund on behalf of the European Union represented by the European Commission under the InvestEU Programme and that are guaranteed by the European Union represented by the European Commission under the InvestEU Programme.

The financial asset is funded via the funding line provided by EIB under the InvestEU Programme. For more details, see note 3.6.

The financial asset is composed of two elements as follows:

- Guaranteed funded operations at fair value through profit or loss, which are initially recorded at cost and subsequently measured at FVTPL, and a guarantee arising from the InvestEU Programme in order to neutralise the fair value fluctuations in respect of the guaranteed funded operations;
- Guaranteed funded operations at amortised cost, which are initially recorded at cost and subsequently measured at amortised cost, and a guarantee arising from the InvestEU Programme that is an integral component of the debt investment, meaning that it is not recognised separately.

3.3.2 Credit risk

EIF is protected by the InvestEU budgetary guarantee from the European Union represented by the European Commission whenever cash is deployed in relation to underlying transactions.

EIF is exposed to the counterparty risk that the European Union represented by the European Commission would default, which considering the strong capacity of the European Union represented by the European Commission to meet its obligations being AAA rated, is approximated to nil. In addition, the European Union represented by the European Commission, a body with a legal personality recognised by its Member States, guarantees irrevocably, unconditionally and on a demand as a primary obligor and not merely as surety to EIF, among other things, the full and punctual of funded operations call amounts.

3.3.3 Liquidity risk

EIF signed a Funding Agreement with EIB to receive the necessary funding in the context of InvestEU transactions. EIB shall provide the liquidity to EIF at any time, in EUR. EIF is protected by the InvestEU budgetary guarantee from the European Union represented by the European Commission.

3.3.4 Market risk

Market risk – Currency risk
Underlying InvestEU deals may be in EUR and non-EUR. Any realised foreign exchange loss suffered by EIF shall be reimbursed by the European Union represented by the European Commission, meaning that there is ultimately no currency risk for EIF.

Market risk – Interest rate risk
The value of Guaranteed funded operations at FVTPL is not subject to interest rate, meaning that there is ultimately no interest rate risk for EIF.

The value of Guaranteed funded operations at amortised cost is subject to interest rate. Any interest collected by EIF shall be reimbursed to the European Union represented by the European Commission, meaning that there is ultimately no interest rate risk for EIF.

Market risk – Valuation risk
Valuation risk is the risk that EIF suffers a loss when trading the asset due to a difference between the accounting value and the price effectively obtained in the trade. Considering the fact that EIF is protected by the InvestEU budgetary guarantee from the European Union represented by the European Commission, there is ultimately no valuation risk for EIF.

3.4 Portfolio Guarantees and Securitisation ("G&S")

3.4.1 Introduction

The EIF has developed a set of tools for its G&S business to measure credit risk and to analyse and monitor portfolio guarantees and structured finance transactions in line with common market practices.

Assets arising from financial guarantees are included within Financial guarantees. Liabilities arising from financial guarantees are included within Provisions for financial guarantees.

3.4.1.1 Credit risk measurement

The estimation of credit exposure on the G&S portfolio is complex and requires the use of models in which not all input parameters may be observable in the market. In particular, there is a reliance on the estimations for the underlying portfolio of the likelihood of different levels of defaults occurring, the timing of defaults, and their associated losses, which often depend strongly on the correlation between obligors. The exposure can vary with changes in market conditions, expected cash flows and the passage of time. The EIF measures credit risk on the G&S portfolio using Exposure at Default ("EAD") and an internal rating system based on Expected Loss ("EL") and Weighted Average Life ("WAL").

3.4.1.2 Credit risk grading

The EIF uses an internal rating system that reflects its assessment of the Expected Loss of an individual its exposure over the WAL of that exposure. In each case both the EL and WAL are calculated using a probability weighted average of the outcomes of large number of scenarios. Where the internal rating is particularly sensitive to model inputs an override may be applied to cap the rating to ensure the assigned internal rating is robust to small perturbations of the assumptions.

The internal rating models are tailored to each specific transaction with two primary models in use. The principal determinant of which model is used is the granularity of the obligor exposures in the underlying portfolio which then determines whether the EIF considers that reliable estimates of performance can be achieved through a consideration of the characteristics of the aggregated portfolio or whether idiosyncratic risk can play a significant part in the attribution of losses to the EIF exposure.

The EIF Risk Management has developed detailed guidelines on the derivation of inputs to the internal models based on transaction experience and benchmarking to industry/literature practises, however, there remains reliance on the use of expert judgement given the range of counterparties, products, structures and jurisdictions that the policy objectives of the EIF can trigger.

The EIF applies a rating scale ranging from iAaa, for the highest investment grade exposures, down to iCaa3, for the weakest non-defaulted positions, and iCa which is considered as a Non-Performing Exposure under internal procedures. The EIF scale is calibrated with the intention of mapping directly to the equivalent expected loss rating of Moody's. The risk management activity can be split into two parts: an initial risk assessment and ongoing risk monitoring.

3.4.1.3 Initial risk assessment

In the context of the independent opinion process, RO reviews the investment proposal provided by EI in accordance with the EIF's internal rules and procedures. This review includes a detailed analysis of the risks related to the new G&S transaction, as well as the independent calculation of the relevant risk parameters (internal rating, PD, RR, EL, etc. as appropriate) following the EIF's internal methodologies. A transaction is only eligible for investment if, at the time the EIF enters into the transaction, the assigned internal rating is in the range of iAaa-iB2 (iAaa and iB2 are mapped to Moody's Aaa and B2, respectively).

The EIF assigns an internal rating to each new transaction to estimate the credit quality based on an expected loss concept. The EIF's internal rating is based on quantitative and qualitative analyses. The following quantitative factors are examples of variables having an impact on the determination of the EIF's internal rating: weighted average rating of the underlying portfolio and volatility of the default rates distribution, weighted average life of transaction, possible loan portfolio performance triggers, available credit enhancement, timing of defaults, expected recovery rates and its volatility, and level of diversification in the underlying pool of assets. The credit risk estimation also takes into account various qualitative factors, such as: reliability and completeness of the available data, size, quality and time horizon of the statistical samples, discontinuity in the origination criteria and servicing procedures, macro-economic effects.

To allocate capital for an EIF guaranteed tranche, EIF computes the economic capital allocation rates based on its internal guidelines, which follow a conservative approach that define a minimum level of capital that needs to be allocated to EIF investments and operations to target a 1-year 99.99% level of confidence that investment/operational losses can be absorbed. The rating used to calculate the economic capital allocation is the EIF internal rating.

3.4.1.4 Ongoing risk monitoring

The performance of a transaction is reviewed regularly – at least on a quarterly basis. Information on the amortisation of the portfolio, realised default levels, recovery rates is gathered for each transaction based on monthly or quarterly external reports. This information is then used to feed the point-in-time credit risk model every quarter, to generate expected losses (for guarantee transactions) and fair value assessments (for cash investments in ABS transactions) used for the IFRS 9 reporting. In addition, the through-the-cycle model for EIF's Internal Rating is run on trigger breach basis. The process was updated in 2023 to include a provision for EIF Internal Rating models to be re-run at least annually, in addition to the performance related triggers, and started to be deployed on a subset of transactions. This latter model review leads to a revision of the risk assumptions for the EIF internal rating going forward, as well as for the point-in-time credit risk model going forward.

EIF's surveillance triggers take into account elements such as the level of cumulative defaults, the credit enhancement and any rating actions by external rating agencies, if applicable.

In case of breach of such triggers and depending on the magnitude and expected consequence(s) of such a breach, a transaction can either change its status (e.g. Under Review, Positive or Negative Outlook) or a model re-run is initiated to reassess EIF's internal rating. RO submits to the relevant Investment Risk Committee ("IRC") the changes in monitoring status for transactions and/or propose an EIF model re-run. Permission to carry out the EIF's rating model re-run may also be requested from the IRC before an EIF's trigger is breached (upon request by EI or RO) when other circumstances suggest that the EIF's internal rating may already be affected.

Transactions flagged Under Review, Negative Outlook or Positive Outlook are closely scrutinised for a possible breach of EIF's surveillance triggers, as they have the potential to trigger a model re-run and an internal rating action proposal, which in turn could impact the expected loss.

The status of the EIF's guarantee transactions in terms of Exposure at Risk is as follows:

Transaction status	31.12.2025		31.12.2024	
	EUR	%	EUR	%
Defaulted	9 685 489	0.1%	9 685 489	0.1%
Under review	423 216 673	3.9%	358 668 851	4.0%
Performing	10 334 967 184	96.0%	8 579 142 771	95.8%
Positive outlook	4 788	0.0%	8 711 091	0.1%
Total Exposure at Risk	**10 767 874 134**	**100.0%**	**8 956 208 202**	**100.0%**

The surveillance activity includes the following tasks:

- Checking compliance of the counterparties with any relevant contractual covenants and triggers;
- Assessing the evolution of an operation's performance compared to estimates set prior to its signature (e.g. actual cumulative default rate is compared to a given predetermined threshold level or default base case scenario);
- Following up on any external rating agencies' actions (if applicable) that might indicate a substantial change in the performance of the underlying portfolio;
- Monitoring any other element of concern which calls for additional scrutiny (e.g. negative news regarding the servicer or originator);
- Presenting potential status changes or rating actions to the relevant IRC, if necessary;
- Assessing the staging and the expected credit loss for financial guarantee transactions;
- Assessing the expected credit loss and the fair value for ABS investments in line with IFRS 9.

The restructuring activity is carried out by professionals within RO. RO is in charge of proposing, during the IRC, the assignment of a Work-Out Case status ("WOC") to a transaction, whenever there is a high likelihood that a loss may arise for the EIF and that specific actions may be taken to avoid or minimise such loss - typically for underperforming deals. The assignment of a WOC status can be also proposed by EI or decided by the IRC Chair during the IRC meeting.

The overall goal of a dedicated management of WOC status transactions is to minimise the loss, which may arise from the deterioration of the performance of such transactions.

3.4.1.5 Expected credit loss measurement

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition that leads to change in expected credit loss ("ECL") measurement as follows:

- **Stage 1:** No significant increase in credit risk ("SICR") since initial recognition – measured using 12-month (12M) ECL;
- **Stage 2:** a SICR since initial recognition but not credit-impaired – measured using lifetime ECL;
- **Stage 3:** instrument is credit-impaired – measured using lifetime ECL.

3.4.1.5.1 SICR – Stage 2 exposures

The following re-staging attributes are used to determine whether an SICR, and hence a transition from stage 1 to stage 2, has occurred and described in further detail thereafter:

ID	Re-staging attribute
1	Re-classification as an Early Warning Signal (EWS) transaction with Red or Amber outlook
2	Watch-listing
3	For guarantees only: guarantee fee payment delinquency > 30 days past due
4	For non-investment grade exposures: 3 notch or higher internal rating downgrade compared to the initial internal rating assigned and the current rating is below iBaa3

EWS transaction with Red or Amber outlook: specific triggers that relate to underperformance (short of a default event) belonging to one of the following categories:

1. Cash flow;
2. Accounting;
3. Rating action;
4. Event resolution;
5. Business continuity.

Examples of EWS events include but are not limited to:

- Creation of a Stage 3 provision;
- Internal rating downgrade of two or more notches (compared to initial rating) to iBa3 or below, or downgrade of one or more notches (compared to initial rating) to iB1 or below;
- Negative credit enhancement of securitisation exposure;
- Servicer/originator affected by a recovery plan, corrective measures, or bankruptcy;
- Activation of a back-up servicer.

Watch-listing: the following criteria are used for Watch-listing:

Initial Expected Loss	Current Expected Loss	Additional Criteria to be met	Removal from Watch-list
Is 2% or lower	Is higher than 2%	None	Expected loss reduces below 2%
Is higher than 2% and less than 3%	Is higher than or equal to 3%	"Material credit event" diagnosed	Either condition is no longer satisfied.
Is higher than 3% and less than 5%	Is higher than or equal to 5%		
Is higher than 5% and less than 7%	Is higher than or equal to 7%		
Is higher than 7% and less than 10%	Is higher than or equal to 10%		
Is higher than 10% and less than 15%	Is higher than or equal to 15%		
Is higher than 15% and less than 20%	Is higher than or equal to 20%		
Is higher than 20% and less than 25%	Is higher than or equal to 25%		
Is higher than 25%	Is higher than 25%	None	Expected loss reduces below 25%

Whenever the SICR event no longer applies, an exposure can return from Stage 2 to Stage 1.

3.4.1.5.2 Non-Performing Exposures – Stage 3 exposures

Transition to stage 3 is governed by the classification as a Non-Performing Exposure ("NPE").

NPE transaction: specific triggers that relate to underperformance (short of a default event) belonging to one of the following categories:

1. Cash flow;
2. Accounting;
3. Rating action;
4. Event resolution;
5. Business continuity.

Examples of NPE criteria include but are not limited to:

- Counterparty is overdue more than 90 calendar days on any material credit obligation;
- Impairment is made (cash positions);
- Internal rating downgrade to iCa or below;
- External rating downgraded to default status;
- Restructuring of obligation to avoid a default;
- In relation to a cash investment, EIF accelerates all or part of its investment following a contractual event of default;
- In relation to a guarantee, EIB/EIF purchases (part of) a tranche from the beneficiary in lieu of a future guarantee payment;
- Breach of material financial covenant(s) remaining unresolved (or not waived) for more than 12 months;
- In relation to a Diversified Payment Rights (DPR) transaction, the counterparty refers to the bank providing second recourse for the ABS notes. In such case, the counterparty has sought or has been placed in pre-insolvency/restructuring proceedings, insolvency, administration, receivership, bankruptcy, or similar protection. In addition, for banks, this condition occurs when a recovery plan was activated, the bank is under resolution or is required to "bail-in" other creditors;
- In relation to a DPR transaction, where the counterparty is a regulated entity, a permanent and full revocation of authorisation to perform regulated activities by the national regulator;
- Other triggers as assessed on an individual basis by risk analysts.

Lifetime ECLs are the ECLs that result from all possible NPE over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which EIF is exposed to credit risk. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). Financial instruments for which a 12-month ECL is recognised are referred to as "Stage 1" financial instruments. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as "Stage 2" financial instruments. Financial instruments for which a lifetime ECL is recognised and which are credit-impaired are referred to as "Stage 3" financial instruments. Stage 3 exposures can return to Stage 2 or Stage 1 once no IDE event remains applicable.

3.4.1.5.3 Measuring ECL

The Expected Credit Loss is measured on either a 12M or lifetime basis depending on the staging of the exposure in question determined in accordance with the procedure above.

The G&S portfolio consists predominantly of securitisation exposures with an underlying asset pool of a highly diversified nature in which the EIF position is initially protected by a layer of credit enhancement in the form of subordination or over-collateralisation that provides a buffer to cover some multiple of the expected losses on the portfolio.

Since, under the base case assumptions it would be expected that the ECL 12M and lifetime would generally be zero, for Stage 1 and Stage 2 exposures, EIF calculates the ECL by applying a probability weighted scenario analysis to the performance of these exposures. As losses are often not applied directly as write-downs, or may only be applied sometime after the corresponding assets have defaulted, EIF further calculates ECL values based on a discounted measure of the under-collateralisation of the exposure with a positive ECL being registered if the EIF exposure becomes uncollateralised at any point over the measurement horizon (12M or lifetime).

The cash flow model for ECL calculation is tailored to each specific transaction, projects exposures and cash flows forwards for the transaction lifetime, and is updated on a quarterly basis to reflect current transaction conditions and forward-looking information. Data on current transaction conditions is updated based on information provided in servicer reports and any other information available to EIF from time to time. Fields that can be updated based on servicer reports typically include inter alia:

- Outstanding tranche balances;
- Outstanding asset balances: bank and reserve accounts, performing collateral, delinquent collateral (30+, 60+, 90+), defaulted balance;
- Cumulative default and loss rates;
- Status of performance triggers;
- Prepayment rates.

Where model input fields related to current transaction conditions cannot be updated based on reported information directly, values are re-normalised from quarter-to-quarter based on the passage of time. This procedure may be applied to portfolio amortisation assumptions in the absence of granular information. Assumptions related to future performance, particularly asset pool mean cumulative default rate and prepayment rates, blend initial assumptions and actual performance, giving greater weight to actual performance as seasoning increases. The cumulative default rate assumption is also influenced by the forward-looking information.

The ECL values are taken directly from the model implying the Exposure at Default ("EaD"), Probability of Default ("PD") and Loss Given Default ("LGD") of each exposure are aggregated in a complex scenario dependent manner.

3.4.1.5.4 Forward-looking information

In addition to reproducing the current transaction conditions, the ECL and determination of a SICR is based on projections, which incorporate certain forward-looking information, which are updated on a quarterly basis.

The following forward-looking information is included in the model:

- Macro-economic projection based on Gross Domestic Product (hereafter "GDP") – provided by the Economics department of the European Investment Bank each quarter;
- Risk-free interest rate forward curve – updated from Bloomberg each month.

GDP projections are provided for EU countries. The EIF also uses a further curve to cater for the limited non-European exposure. The projection most relevant to the exposure jurisdiction is used to determine an adjustment to the mean cumulative default curve based on historical data. Where more than one region is relevant to a transaction the overall adjustment is calculated by weighting the adjustment of each regional share.

The risk-free rate impacts the model through a change on both cash flows due under the structure to which EIF is exposed, since assets and/or liabilities incorporate floating-rate instruments, and through the discounting in the ECL calculation.

Sensitivity Analysis: of these parameters, the GDP is the most significant assumption affecting the ECL allowance due to the direct impact on the performance of the underlying companies.

3.4.2 Credit Risk

The maximum principal exposure to credit risk (not including possible guarantee calls on interest shortfalls or foreign currency fluctuations) corresponds to the Exposure at Risk as at 31 December 2025 of EUR 10 767.9m (2024: EUR 8 956.2m).

The credit risk is managed by risk management policies covered by the statutes and the EIF Credit Risk Policy Guidelines.

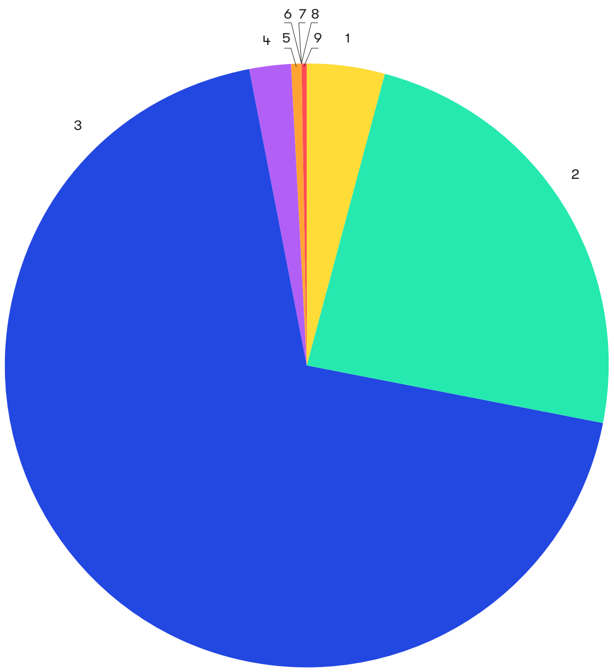
The statutes of the EIF limit guarantee operations to five times the subscribed capital, as per amendment approved by the Board of Directors (2024: five times). This amounted to EUR 7 370m at year-end 2025 (2024: EUR 7 370m). Hence, the EUR 10 767.9m Exposure at Risk at year-end 2025 (2024: EUR 8 956.2m), together with the funded exposure of EUR 412.2m in respect of ABS investments (2024: EUR 513.9m) was below the statutory limit of EUR 36 850m (2024: EUR 36 850m).

The EIF Credit Risk Policy Guidelines ensure that the EIF continues to develop a diversified G&S portfolio with regard to credit quality, geographic coverage, concentration risk, obligor exposure and counterparty risk.

The credit risk is tracked from the outset on a deal-by-deal basis by adopting a different model analysis depending on the granularity and homogeneity of the underlying portfolio.

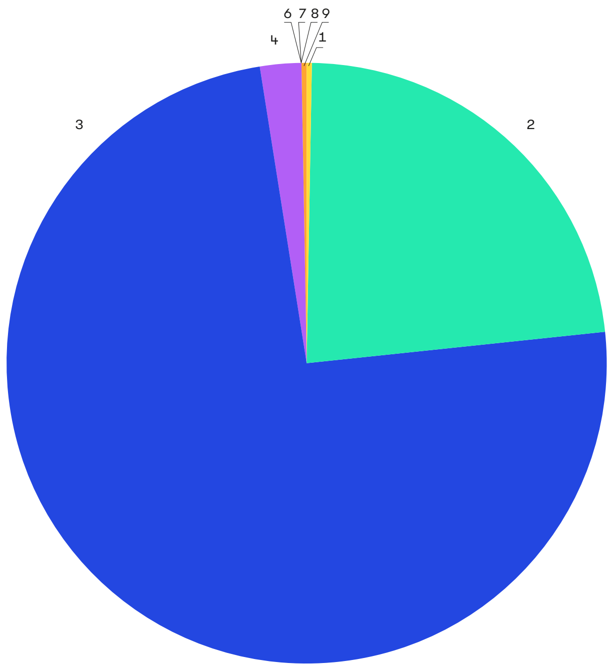
The split of the financial guarantees in terms of credit quality using Exposure at Risk (based on the EIF's Internal Rating approach) is as follows:

% of Exposure at Risk as of 31.12.2025 (EUR 10 767.9m)



1. Aaa 4.2%
2. Aa 24.0%
3. A 68.9%
4. Baa 2.1%
5. Ba 0.7%
6. B 0.0%
7. Caa 0.0%
8. Ca 0.0%
9. C 0.1%

% of Exposure at Risk as of 31.12.2024 (EUR 8 956.2m)



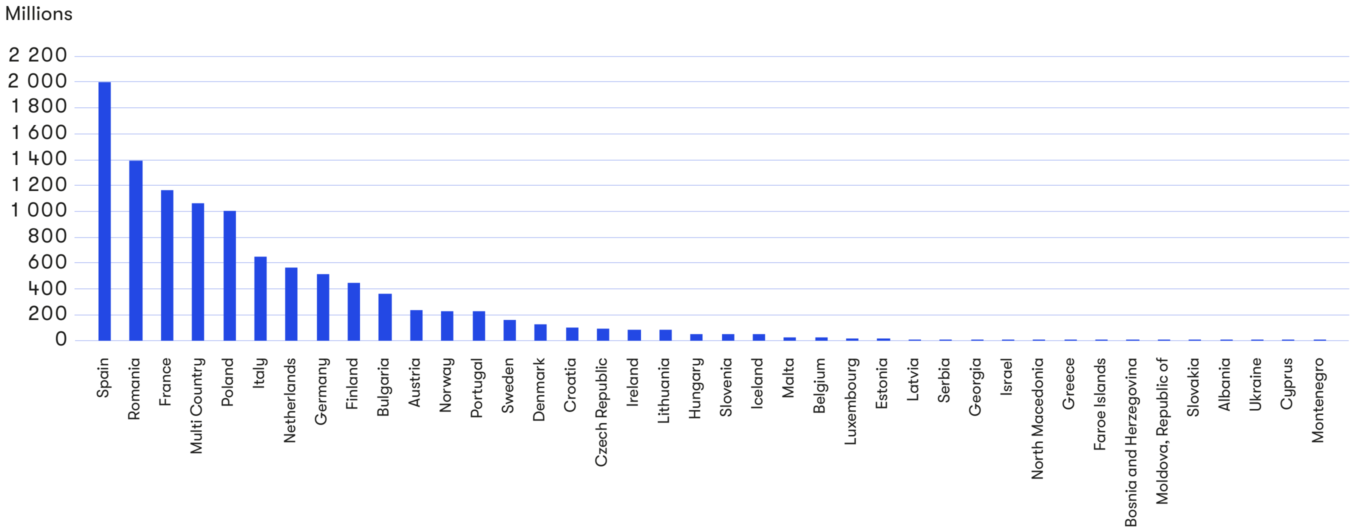
1. Aaa 0.4%
2. Aa 23.0%
3. A 74.1%
4. Baa 2.4%
5. Ba 0.0%
6. B 0.0%
7. Caa 0.0%
8. Ca 0.0%
9. C 0.1%

3.4.2.1 Geographic Coverage

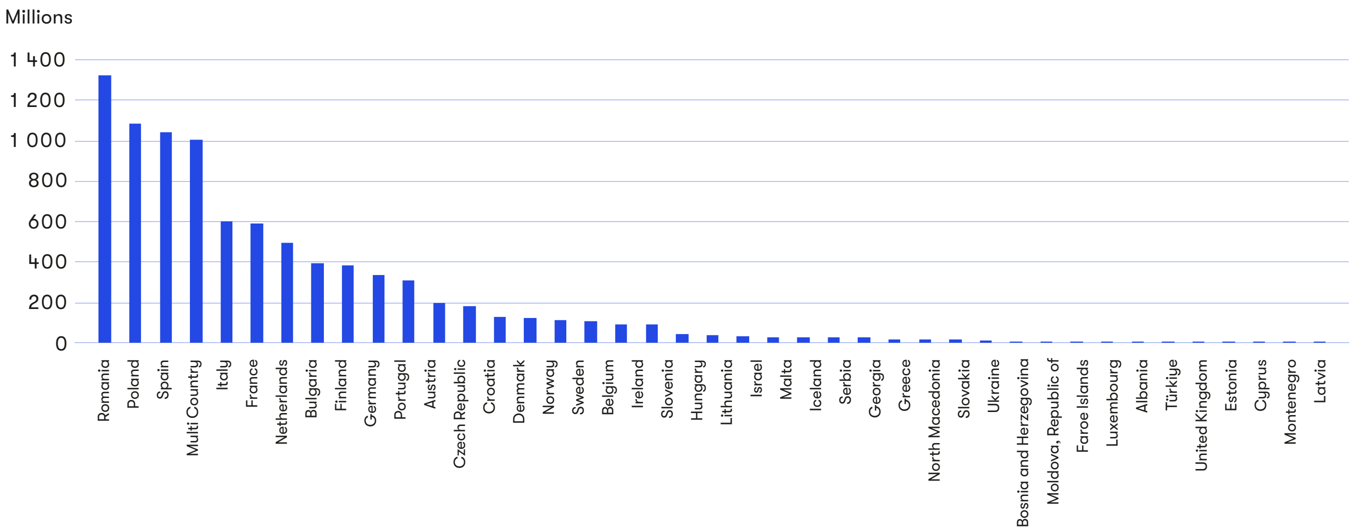
As at 31 December 2025, the EIF's financial guarantees were spread over 39 countries (2024: 40 countries).

The tables below show the geographic distribution of the EIF's financial guarantees for Exposure at Risk (EUR 10 767.9m as at 31 December 2025 and EUR 8 956.2m as at 31 December 2024). The largest weight is to Spain with 18.6% (2024: Romania 14.9%), followed by Romania with 12.9% (2024: Poland 12.1%) and France with 10.8% (2024: Spain 11.7%).

Exposure at Risk as of 31.12.2025 (EURm)



Exposure at Risk as of 31.12.2024 (EURm)



3.4.2.2 Concentration risk

To limit the concentration risk in the portfolio, the EIF has internal limits based on maximum exposure and capital allocation both at individual transaction and originator level. Transaction limits define maximum possible exposure dependent on underlying rating and Weighted Average Life (“WAL”). Originator group limits constrain the exposure within the same country per originator group by considering the group rating. Concentration risk on a deal-by-deal basis is also limited because of the granular nature of the EIF’s transactions; typically, the underlying portfolios are highly diversified in terms of single obligor concentration, industry sectors and regional diversification.

3.4.2.3 Industry sector exposures

The industry sector exposures are analysed on a deal-by-deal basis through their impact on the ratings assigned by the EIF to each transaction/tranche. For instance, depending on the financial model used to analyse the transaction, industry exposures can be reflected in implicit correlation or can be indirectly captured based on assumption of default rate volatility, as a key model input variable.

3.4.2.4 Counterparty risk

Counterparty risk in the own resources portfolio is mitigated by the quality of the EIF counterparties, which are usually major market players, and by rating triggers on the counterparty which require, in case of breach, actions such as substitution of the counterparty or collateralisation of its obligation. Another key mitigant of the counterparty risk is the general use of structures with a true sale of assets (for the cash flow transactions). Additionally, interruption of servicing is alleviated by the set-up of a back-up servicer agreement in securitisation deals.

3.4.3 Liquidity risk

The nature of the EIF’s G&S business implies in general a low level of liquidity risk. Furthermore, the EIF’s treasury guidelines (see note 3.5.1) ensure a high degree of liquidity to cover potential guarantee calls arising from the G&S activity.

The Exposure at Risk for financial guarantees broken down by expected maturity is as follows:

Exposure at risk (EUR)	3 months to 1 year	1 year to 5 years	More than 5 years	Total
As of 31.12.2025	346 195 542	1 868 322 785	8 553 355 807	10 767 874 134
As of 31.12.2024	643 612 220	1 539 074 393	6 773 521 589	8 956 208 202

3.4.4 Market risk

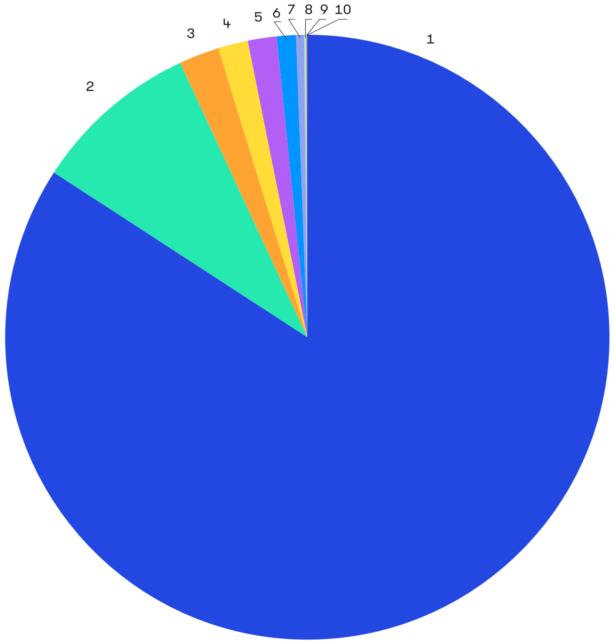
3.4.4.1 Market risk: Interest rate risk

The value of guarantee transactions is not subject to fluctuations with interest rates as long as a transaction is performing. However, transactions for which the EIF is being called on interest are typically generating exposure to short-term interest rates through the coupon definition of the guaranteed tranche.

3.4.4.2 Market risk: Foreign currency risk

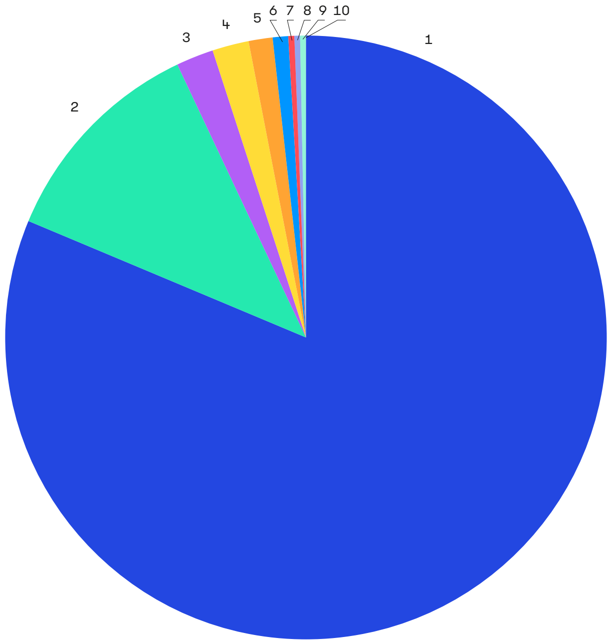
The split by currency for the EIF guarantees using Exposure at Risk is as follows:

% Exposure at Risk as of 31.12.2025 (EUR 10 767.9m)



1. EUR 84.3%
2. PLN 8.9%
3. NOK 2.2%
4. DKK 1.6%
5. RON 1.5%
6. SEK 1.0%
7. ISK 0.4%
8. CZK 0.1%
9. USD 0.0%
10. HUF 0.0%

% Exposure at Risk as of 31.12.2024 (EUR 8 956.2m)



1. EUR 81.3%
2. PLN 11.7%
3. RON 2.0%
4. DKK 2.0%
5. NOK 1.3%
6. SEK 0.8%
7. USD 0.3%
8. ISK 0.3%
9. CZK 0.3%
10. HUF 0.0%

The following table shows the impact on the financial guarantees position regarding a 15% increase/decrease in the currency rate for currencies representing more than 5% of the total exposure:

31.12.2025

Currency	Exposure at Risk (EUR)	Impact of 15% increase on Exposure at Risk (EUR)	Impact of 15% decrease on Exposure at Risk (EUR)
PLN	961 579 320	(125 423 390)	169 690 468

31.12.2024

Currency	Exposure at Risk (EUR)	Impact of 15% increase on Exposure at Risk (EUR)	Impact of 15% decrease on Exposure at Risk (EUR)
PLN	1 044 754 026	(136 272 264)	184 368 358

The EIF is monitoring its non-euro financial guarantees and performs regular stress tests with regard to currency risk.

3.4.4.3 Market risk: Other price risk

EIF's G&S transactions are not sensitive to price risk.

3.5 Debt investments

Debt investments are classified either at amortised cost, which corresponds to the treasury portfolio and the microfinance loans detailed in sections 3.5.1 and 3.5.2 respectively, or at fair value through profit or loss, which corresponds to the ABS Investments detailed in section 3.5.3.

For debt investments at amortised cost, the expected credit loss allowance is measured using the inputs, assumptions and techniques described below.

Lifetime ECL measurement applies to stage 2 and stage 3 assets, while 12-month ECL measurement applies to stage 1 assets.

The expected credit losses were calculated based on the following variables:

- Probability of default ("PD");
- Loss Given default ("LGD");
- Exposure at default ("EAD").

The probability of default represents the likelihood of a counterparty defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation. PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures.

Ratings are the primary input in the determination of the term structure of probability of default for exposures. The EIF collects performance and default information about its credit risk exposures. The collected data are segmented by type of industry and by type of region. Different industries and regions reacting in a homogenous manner to credit cycles are analysed together.

The EIF employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The loss given default represents the EIF's expectation of the ratio of the loss on an exposure due to the default of a counterparty to the amount outstanding at default. Loss given default can be also defined as "1 - Recovery Rate". LGD estimates are determined mainly by geography and by type of counterparty, with five main exposure classes: Sovereigns, Public Institutions, Financial Institutions, Corporate and Project Finance. LGD values can be further adjusted based on the product and contract specific features of the exposure.

The EIF incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of expected credit losses.

For the measurement of ECL, the EIF has developed a conditional modelling approach for calculating PD term structures involving:

- The definition of an economically reasonable link function between the credit cycle; and
- A set of three macro-economic scenarios (one baseline and two symmetrical ones) with each of them attributed a certain realisation probability and with GDP growth rate as a variable.

The EAD represents the expected exposure in the event of a default EAD and is based on the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract.

3.5.1 Treasury portfolio

3.5.1.1 Introduction

Treasury management of the long-term treasury portfolio has been outsourced to the EIB under a treasury management agreement mandating the EIB services to perform selection, execution, settlement and monitoring of transactions. Management follows treasury guidelines annexed to the agreement, which define the EIF's intention to hold the treasury portfolio to maturity, reflect the investment strategy, and mirror closely the relevant sections of the EIB's own treasury guidelines. Quarterly meetings between the EIB and the EIF take place to review the performance of the treasury portfolio, relevant market events and to discuss any adjustment to be approved by the EIF in relation to the annual investment strategy.

Additionally, the Asset & Liquidity Committee ("ALC") analyse liquidity issues of strategic relevance with the objective of maintaining the balance between risk and return objectives. As part of its responsibilities, the ALC advise on the management of the EIF treasury portfolio entrusted to the EIB for management.

3.5.1.2 Portfolio overview

The Cash and cash equivalents and the Treasury portfolio are broken down as follows:

	31.12.2025 EUR	31.12.2024 EUR
Current accounts	927 458 814	647 216 221
Money market instruments and short-term securities	626 868 651	487 927 911
Long-term bank deposits	9 723 991	178 620 686
Long-term portfolio	2 320 353 028	2 243 872 143
Total Cash and cash equivalents and treasury portfolio	**3 884 404 484**	**3 557 636 961**

3.5.1.3 Credit Risk

The Fund is mainly exposed to credit risk relating to its assets held in the treasury portfolio. However, the EIF adheres to conservative credit investment guidelines and internal limits by selecting sound counterparties and issuers with a minimum rating at the outset set above investment grade. The EIF considers that the credit risk on treasury portfolio has not increased significantly since initial recognition due to the inherent low credit risk.

Consequently, the loss allowances relating to treasury assets measured at amortised cost are determined at an amount equal to 12-month ECL.

For each portfolio, the eligibility criteria for counterparties are fixed according to their nature, to their credit quality (as measured by their external credit ratings) and to their own funds.

As at 31 December 2025 and 2024, all investments in the long-term portfolio are denominated in EUR.

The maximum exposure to credit risk is as follows:

	2025 EUR	2024 EUR
Cash and cash equivalents	1 554 327 465	1 135 144 132
Treasury portfolio	2 330 077 019	2 422 492 829
Total Credit Risk Exposure	**3 884 404 484**	**3 557 636 961**

Cash and cash equivalents include current accounts and money-market instruments and short-term securities. According to the EIF Liquidity Bank Credit Risk Eligibility Guidelines, they are made with financial institutions having a minimum rating of BBB/Baa2/BBB and F2/P-2/A-2 by Moody's, S&P and Fitch as applicable.

The long-term bank deposits are placed using the same guidelines with financial institutions having a minimum rating of BBB/Baa2/BBB and F2/P-2/A-2 by Moody's, S&P and Fitch as applicable.

The credit quality of the Fund's Long-term portfolio (not including long-term bank deposits) as at 31 December 2025 and 2024, based on external ratings and ECL, is as follows:

Credit Risk Exposures by external rating (Based on gross carrying amount)	2025			
(in EUR)	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Long-term portfolio				
Aaa	537 500 611	0	0	537 500 611
Aa1	57 771 616	0	0	57 771 616
Aa2	51 861 063	0	0	51 861 063
Aa3	140 286 835	0	0	140 286 835
A1	426 558 448	0	0	426 558 448
A2	293 127 557	0	0	293 127 557
A3	432 101 603	0	0	432 101 603
Baa1	230 878 864	0	0	230 878 864
Baa2	144 789 291	0	0	144 789 291
Baa3	6 000 322	0	0	6 000 322
Loss allowance	(523 182)	0	0	(523 182)
Carrying amount at 31 December 2025	**2 320 353 028**	**0**	**0**	**2 320 353 028**

Credit Risk Exposures by external rating (Based on gross carrying amount)	2024			
(in EUR)	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Long-term portfolio				
Aaa	466 115 208	0	0	466 115 208
Aa1	40 043 872	0	0	40 043 872
Aa2	34 790 970	0	0	34 790 970
Aa3	355 602 232	0	0	355 602 232
A1	132 806 935	0	0	132 806 935
A2	308 786 945	0	0	308 786 945
A3	473 029 410	0	0	473 029 410
Baa1	139 575 960	0	0	139 575 960
Baa2	271 696 067	0	0	271 696 067
Baa3	12 012 584	0	0	12 012 584
Ba2	10 036 210	0	0	10 036 210
Loss allowance	(624 250)	0	0	(624 250)
Carrying amount at 31 December 2023	**2 243 872 143**	**0**	**0**	**2 243 872 143**

The breakdown of the credit risk exposure per country with a distinction between bonds issued by EU sovereigns and bonds issued by corporate entities and non-EU sovereigns is as follows:

	31.12.2025 EUR	31.12.2024 EUR
EU sovereigns		
Austria	7 028 654	0
Bulgaria	48 950 734	39 562 408
Estonia	7 170 657	7 164 939
European Union	10 231 710	10 229 560
France	45 752 176	33 181 232
Hungary	16 171 352	16 324 602
Italy	14 959 290	14 889 831
Lithuania	42 404 342	38 353 600
Poland	107 687 520	93 801 720
Portugal	46 885 001	46 955 921
Republic of Latvia	14 897 732	14 870 863
Slovakia	10 288 088	18 295 378
Slovenia	54 506 307	54 639 254
Spain	14 585 540	9 742 285
Total EU sovereigns	**441 519 103**	**398 011 593**

	31.12.2025 EUR	31.12.2024 EUR
Corporate bonds and non-EU sovereign		
Australia	33 165 902	33 218 827
Austria	48 836 013	45 042 366
Belgium	44 109 147	18 502 412
Canada	129 626 842	81 539 900
Chile	65 234 411	50 025 263
Côte d'Ivoire	6 014 474	6 007 446
Denmark	25 645 979	21 571 520
Estonia	2 547 189	0
European Union	17 541 170	9 553 067
Finland	14 516 390	14 508 576
France	309 971 699	282 245 005
Germany	179 273 091	147 982 010
Iceland	29 459 781	59 213 654
Ireland	18 007 444	20 496 847
Italy	48 034 586	31 052 071
Japan	86 736 141	120 694 829
Lithuania	3 219 484	3 269 332
Luxembourg	15 604 096	3 016 593
Mexico	18 091 401	18 125 502
Netherlands	78 382 598	78 334 496
New Zealand	7 660 004	0
Norway	76 369 159	76 081 877
Poland	0	6 301 816
Republic of Korea	36 887 676	70 388 047
Singapore	12 408 737	12 409 431
Spain	213 790 952	196 885 585
Sweden	32 474 639	40 579 603
Switzerland	32 965 944	39 562 880
United Kingdom	121 065 301	108 976 208
United States	142 161 065	172 730 780
Venezuela	29 032 610	77 544 607
Total Corporate bonds and non-EU sovereign	**1 878 833 925**	**1 845 860 550**
Total	**2 320 353 028**	**2 243 872 143**

As at 31 December 2025, the EIF long-term treasury portfolio was spread over 36 countries (2024: 35 countries). The highest individual country exposures were France, Spain, Germany, United States, and Canada, which jointly represented 45% of total nominal value (2024: France, Spain, United States, Germany, and Japan represented 43% of the long-term treasury portfolio).

As at 31 December 2025, the exposure to Republic of Korea, as country of risk, was composed of 2 bonds issued by a quasi-governmental financial institution, 2 covered bonds issued by financial institutions, in Venezuela, 4 bonds issued by a Venezuelan-based Supranational, in Chile, 4 sovereign bonds, and in Ivory Coast 1 bond issued by a Supranational based in Ivory Coast.

3.5.1.4 Liquidity risk

The treasury is managed to protect the value of the paid-in capital, ensure an adequate level of liquidity to meet possible guarantee calls, PE undrawn commitments, administrative expenditure and earn a reasonable return on assets invested with due regard to the minimisation of risk.

The treasury funds are available and sufficient to meet the Fund's liquidity needs and the treasury guidelines are designed to ensure funds are available when needed. The guidelines also prescribe the order in which investments would be utilised to meet exceptional liquidity requirements, starting with cash, highly-liquid money-market instruments, then the regular maturities of longer investments as well as the option to sell securities or use them as collateral to generate liquidity if appropriate.

3.5.1.5 Market risk – interest rate risk

In nominal terms, 78.5% of all assets held have a duration of 5 years or less (2024: 83.5%).

Speculative operations are not authorised. Investment decisions are based on the interest rates available in the market at the time of investment.

The Fund's exposure to interest rate risk at the time they reprice or mature is as follows:

At 31.12.2025 (in EUR)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Fixed rate					
Cash and cash equivalents	1 554 327 465	0	0	0	1 554 327 465
Treasury portfolio	71 788 475	238 090 815	1 184 520 864	835 676 865	2 330 077 019
Floating rate					
Treasury portfolio	0	0	0	0	0
Total	**1 626 115 940**	**238 090 815**	**1 184 520 864**	**835 676 865**	**3 884 404 484**
Percentage	**41.9%**	**6.1%**	**30.5%**	**21.5%**	**100.0%**

At 31.12.2024 (in EUR)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Fixed rate					
Cash and cash equivalents	1 135 144 132	0	0	0	1 135 144 132
Treasury portfolio	73 681 230	390 647 724	1 347 446 017	585 535 715	2 397 310 686
Floating rate					
Treasury portfolio	5 024 559	0	20 157 584	0	25 182 143
Total	**1 213 849 921**	**390 647 724**	**1 367 603 601**	**585 535 715**	**3 557 636 961**
Percentage	**34.1%**	**11.0%**	**38.4%**	**16.5%**	**100.0%**

The average yield on the securities portfolio in EUR was 1.63% for 2025 (2024: 1.06%).

Sensitivity of earnings
The sensitivity of earnings is an estimate of the change over the next 12 months in the earnings of the EIF treasury portfolio if all interest rates rise by one percentage point or fall by one percentage point. The sensitivity measure is computed by considering the coupon re-pricings of all the positions present in the EIF treasury portfolio on a deal-by-deal basis. Each fixed rate asset is assumed to be reinvested at maturity in a new asset with the same residual life as the previous one as at 31 December 2025. For the positions in place as at 31 December 2025, the earnings of the EIF treasury portfolio would increase by EUR 1.6m (2024: EUR 1.7m) if interest rates rose by one percentage point and decrease by the same amount if interest rates fell by one percentage point.

Value at Risk
As at 31 December 2025, the Value at Risk of the EIF treasury portfolio was EUR 4.5m (2024: EUR 5.3m). It was computed on the basis of the RiskMetrics VaR methodology, using a confidence level of 99.0 % and a 1-day time horizon. The VaR figure represents the maximum loss over a one-day horizon such that the probability that the actual loss will be larger is 1.0%. Given the nature of the EIF treasury positions, the choice of the RiskMetrics methodology is deemed appropriate to measure their exposure to interest rate risk.

3.5.2 Microfinance Loans

The microfinance loans portfolio is made up of 10 transactions (2024: 10 transactions). All deals are in EUR and they are maturing between 2026 and 2028.

The Fund also invested in a mezzanine-loan facility agreement in relation to the European Union Programme for Employment and Social Innovation (EaSI). The deal is in EUR and is maturing in 2031.

As the total amount of the portfolio is non-material, a detailed risk management analysis was not performed.

3.5.3 ABS Investments

Securitisation backed by SME financing is an asset class in which EIF has accumulated considerable and widely recognised experience as part of its core guarantee and securitisation activity. Third party investors are not always available for the subscription of guaranteed notes, due to specific tranche features or to the sum of the EIF guarantee fee and the cash investor's return exceeding the tranche market return. EIF, therefore, envisaged filling the gap through a product consisting in direct investments in asset-backed securities issued out of securitisations focusing on SME assets ("ABS Investments") within a limited scope and as an ancillary activity to the core EIF guarantee business.

EIF can invest directly in asset-backed securities issued out of securitisations focusing on SME assets ("Direct Investments") and in covered bond investments backed by SMEs or residential mortgage assets. The ABS Investments target:

- Mainly mezzanine classes of SME securitisations originated by financial intermediaries (i) for which there is a limited purposes and/or (ii) as a way to maximise the funding obtained from their securitisation transactions, in situations where there is limited or no third-party investors' demand for EIF guaranteed notes;
- Residually and with EIF's own resources only, senior classes of SME focused securitisations (i) for which there is limited or no third-party investors' demand for EIF guaranteed notes and (ii) which require a moderate direct investment.

3.5.3.1 Risk assessment and on-going risk monitoring

The EIF's ABS Investments follow the same independent opinion process and on-going risk monitoring as the transactions under EIF's portfolio guarantee and structured business (see note 3.4.1).

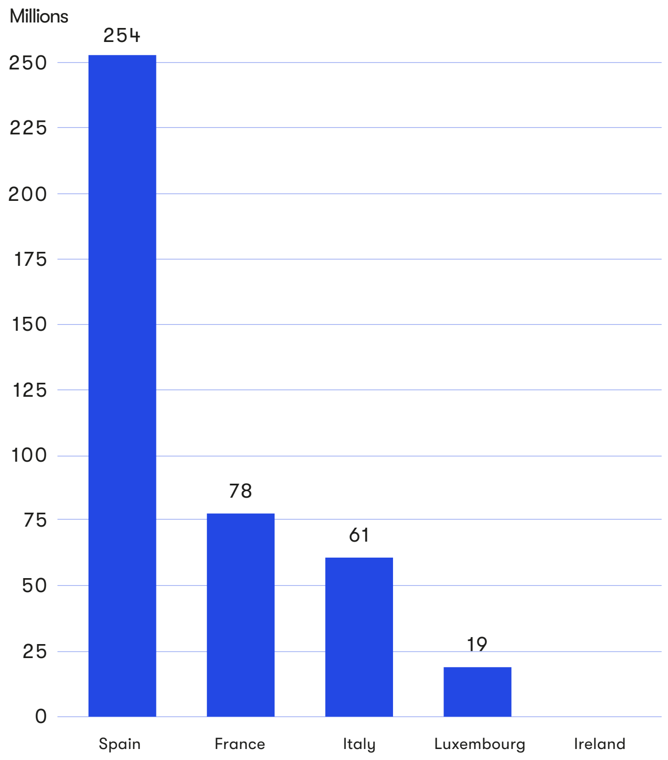
Transaction status	31.12.2025		31.12.2024	
	EUR	%	EUR	%
Under review	59 158 077	14.4%	58 087 955	11.3%
Performing	317 092 616	76.9%	334 235 236	65.1%
Positive outlook	26 574 061	6.4%	102 873 821	20.0%
Negative outlook	9 330 207	2.3%	18 738 200	3.6%
Total Exposure at risk	**412 154 961**	**100.0%**	**513 935 212**	**100.0%**

3.5.3.2 Credit Risk

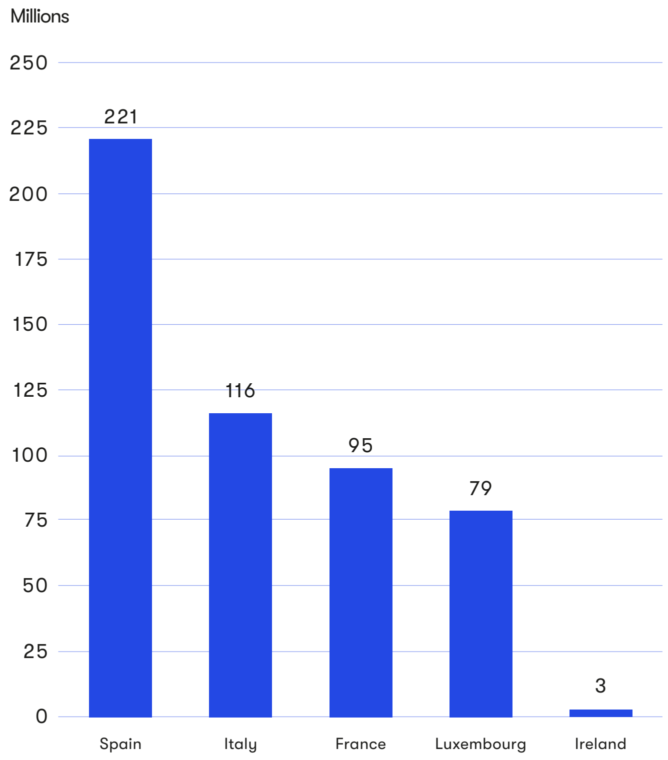
ABS Investments are exposed to credit risk by way of rating downgrade and default risk. EIF manages these risks by adhering to risk management policies laid out in its statutes, EIF Credit Risk Policy Guidelines and internal concentration limits (see note 3.4.2).

The breakdown of the portfolio by country exposure is as follows:

Fair Value as of 31.12.2025 (EUR)



Fair Value as of 31.12.2024 (EUR)



The breakdown of the portfolio per rating is as follows:

% of Fair Value as of 31.12.2025 (EUR 412.2m)

1. Aaa 24.8%
2. Aa 33.5%
3. A 11.9%
4. B 29.8%

% of Fair Value as of 31.12.2024 (EUR 513.9m)

1. Aaa 22.4%
2. Aa 15.1%
3. A 23.0%
4. B 39.5%

3.5.3.3 Liquidity risk

EIF invests in ABS Investments listed on a regulated exchange but without an active and liquid secondary market, implying a potential liquidity risk in case of settlement before maturity. Nevertheless, liquidity risk is limited for these investments as EIF intends to hold them until redemption.

The ABS portfolio split by the expected maturity dates of the transactions to which they are related is as follows:

EUR	Not more than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
As of 31.12.2025	9 312 476	31 399 596	215 472 326	155 970 563	412 154 961
As of 31.12.2024	2 907 508	44 105 225	235 570 087	231 352 392	513 935 212

3.5.3.4 Market risk

3.5.3.4.1 Market risk – interest rate risk

ABS Investments are debt securities with either a variable interest rate plus a quoted spread or a fixed coupon. Floating-rate securities carry little interest rate risk as its duration is usually close to zero (it converges to zero as reset date approaches), meaning that its price has very low sensitivity to changes in interest rates.

The Fund's exposure to interest rate risk through the portfolio based on its repricing dates is as follows:

31.12.2025 (in EUR)	Not more than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Fixed rate	9 312 476	0	0	0	9 312 476
Floating rate	1 575 799	31 279 361	214 831 183	155 156 142	402 842 485
Total	**10 888 275**	**31 279 361**	**214 831 183**	**155 156 142**	**412 154 961**

31.12.2024 (in EUR)	Not more than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Fixed rate	2 938 858	44 078 825	6 024 311	0	53 041 994
Floating rate	1 368 374	0	228 990 254	230 534 590	460 893 218
Total	**4 307 232**	**44 078 825**	**235 014 565**	**230 534 590**	**513 935 212**

3.5.3.4.2 Market risk: Foreign currency risk

As at 31 December 2025 and 2024, EIF's transactions are invested in EUR only.

3.6 Financial liabilities at amortised cost

3.6.1 Introduction

Financial liabilities at amortised cost correspond to the funding provided by EIB in order to provide the required liquidity to EIF to finance operations recognised under Guaranteed funded operations in the context of the InvestEU Programme (see note 3.3) as well as currency purchases in respect of exposures in non-EUR currency.

3.6.2 Credit risk

EIF is protected by the InvestEU budgetary guarantee from the European Union represented by the European Commission whenever funding is provided in relation to underlying transactions.

EIF is exposed to the counterparty risk that the European Union represented by the European Commission would default, which considering the strong capacity of the European Union represented by the European Commission to meet its obligations being AAA rated, is approximated to nil.

3.6.3 Liquidity risk

EIF signed a Funding Agreement with EIB to receive the necessary funding in the context of InvestEU transactions. EIB shall provide the liquidity to EIF at any time, in EUR.

The funding line split by the expected maturity dates is as follows:

Funding line (in EUR)	Less than 3 months	More than 5 years	Total
As of 31.12.2025	2 355 306	2 495 153 418	2 497 508 724
As of 31.12.2024	2 141 456	1 653 322 117	1 655 463 573

EIF is protected by the InvestEU budgetary guarantee from the European Union represented by the European Commission in order to reimburse the funding provided by EIB (capital and interest), meaning that there is no liquidity risk for EIF.

3.7 Fair value of financial assets and financial liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the EIF measures the fair value of an instrument using quoted prices in an active market for that instrument.
A market is regarded as active if transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 2.3 in relation to private equity investments.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

PE is an appraised asset class, valued not by the consensus of many market players in an active and efficient market but by a few experts, normally the fund managers who value each investment based on their views of the investment's earnings potential and/or comparisons with other investments and in accordance with customary industry valuation guidelines.

The fair value hierarchy reflects the significance of the inputs used in making the measurements. These levels differ from the category classification mentioned under 2.3.5.1:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value is set to book value when the carrying amount is a reasonable approximation of fair value.

The fair value of each class and category of financial assets and financial liabilities by the level in the fair value hierarchy into which the fair value measurement is categorised is as follows:

At 31.12.2025	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Financial assets				
Cash and cash equivalents	0	1 554 327 465	0	1 554 327 465
Financial assets at Amortised Cost:				
Debt investments	2 239 957 343	49 767 615	0	2 289 724 958
Guaranteed funded operations	0	35 749 943	0	35 749 943
Financial assets at Fair Value through Profit or Loss:				
Debt investments	0	412 154 961	0	412 154 961
Private equity investments	0	0	2 064 033 581	2 064 033 581
Guaranteed funded operations:				
of which EU funded operations	0	0	1 797 010 599	1 797 010 599
of which EU guarantee	0	0	0	0
Financial guarantee	0	0	19 131 252	19 131 252
	2 239 957 343	**2 051 999 984**	**3 880 175 432**	**8 172 132 759**
Financial liabilities				
Provisions for financial guarantees	0	0	9 906 252	9 906 252
Financial liabilities at Amortised Cost	0	2 497 508 724	0	2 497 508 724
Financial liabilities at Fair Value through Profit or Loss:				
Guaranteed funded operations:				
of which EU guarantee	0	0	117 801 023	117 801 023
	0	**2 497 508 724**	**127 707 275**	**2 625 215 999**

At 31.12.2024	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Financial assets				
Cash and cash equivalents	0	1 135 144 132	0	1 135 144 132
Financial assets at Amortised Cost:				
Debt investments	2 291 615 690	57 989 433	0	2 349 605 123
Guaranteed funded operations	0	28 785 722	0	28 785 722
Financial assets at Fair Value through Profit or Loss:				
Debt investments	0	513 935 212	0	513 935 212
Private equity investments	0	0	1 980 000 422	1 980 000 422
Guaranteed funded operations:				
of which EU funded operations	0	0	944 459 470	944 459 470
of which EU guarantee	0	0	15 681 268	15 681 268
Financial guarantee	0	0	21 253 312	21 253 312
	2 291 615 690	**1 735 854 499**	**2 961 394 472**	**6 988 864 661**
Financial liabilities				
Provisions for financial guarantees	0	0	10 461 130	10 461 130
Financial liabilities at Amortised Cost	0	1 655 463 573	0	1 655 463 573
Financial liabilities at Fair Value through Profit or Loss:				
Guaranteed funded operations:				
of which EU guarantee	0	0	0	0
	0	**1 655 463 573**	**10 461 130**	**1 665 924 703**

The Fund’s policy is to recognise the transfers between levels as of the date of the event or change in circumstances that caused the transfer.

There was no transfer between levels in 2025 or 2024.

Chapter 4.

Detailed disclosures relating to asset headings

4.1 Cash and cash equivalents

Cash and cash equivalents is as follows:

	31.12.2025 EUR	31.12.2024 EUR
Current accounts	927 458 814	647 216 221
Money-market instruments	626 868 651	487 927 911
	1 554 327 465	**1 135 144 132**

As at 31 December 2025, the current accounts and money-market instruments included EUR 213 206 431 and EUR 611 860 551 used exclusively in relation to the InvestEU Programme (2024: EUR 70 040 054 and EUR 428 716 380 respectively).

The effective interest rate on short-term bank deposits is 3.08% (2024: 3.71%). These deposits have an average remaining maturity of 37 days (2024: 36 days).

4.2 Financial assets at amortised cost

Financial assets at amortised cost are made up of:

- The treasury portfolio and long-term bank deposits for EUR 2 330 077 019 (2024: EUR 2 422 492 829);
- Microfinance loans for EUR 21 649 869 (2024: EUR 22 171 070); and
- Guaranteed funded operations for EUR 41 107 592 (2024: EUR 32 070 542).

4.2.1 Treasury portfolio and long-term bank deposits

The treasury portfolio includes long-term debt instruments i.e. long-term bank deposits, bonds, notes and other obligations.

	31.12.2025 EUR	31.12.2024 EUR
Treasury portfolio	2 306 101 857	2 402 875 074
Accrued interest on treasury portfolio	23 975 162	19 617 755
	2 330 077 019	**2 422 492 829**

As at 31 December 2025, bank deposits between 3 months and 1 year amount to EUR 9 606 018 (2024: EUR 177 018 616).

Movements in treasury portfolio are as follows:

	31.12.2025 EUR	31.12.2024 EUR
Carrying amount at 1 January	2 422 492 829	2 352 144 903
Additions	511 562 517	541 297 721
Disposals/matured	(608 436 802)	(477 812 000)
Change in expected credit loss allowance	101 068	334 763
Change in accrued interest	4 357 407	6 527 442
Carrying amount at 31 December	**2 330 077 019**	**2 422 492 829**

As at 31 December 2025, the expected credit loss allowance amounts to EUR 523 182 (2024: EUR 624 250).

As at 31 December 2025, the treasury portfolio is only composed of investments classified under Stage 1 of the ECL model (2024: only stage 1).

The fair value of the treasury portfolio and long-term bank deposits as at 31 December 2025 amounts to EUR 2 268 185 224 (2024: EUR 2 327 511 199).

As at 31 December 2025, EUR 2 239 957 343 is classified as Level 1 and EUR 28 227 881 is classified as Level 2 in the Fair Value hierarchy (2024: EUR 2 291 615 690 and EUR 35 895 509 respectively).

4.2.2 Microfinance Loans

The loan portfolio includes microfinance loans.

	31.12.2025 EUR	31.12.2024 EUR
Loan portfolio	21 644 241	22 158 889
Accrued interest on loan portfolio	5 628	12 181
	21 649 869	**22 171 070**

Movements in microfinance loan portfolio are as follows:

	31.12.2025 EUR	31.12.2024 EUR
Carrying amount at 1 January	22 171 070	15 603 446
Additions	597 374	7 971 543
Disposals/matured	(1 087 417)	(1 612 155)
Change in expected credit loss allowance	(24 605)	219 953
Change in accrued interest	(6 553)	(11 717)
Carrying amount at 31 December	**21 649 869**	**22 171 070**

The microfinance loans are classified under the Stages of the ECL model as follows:

	31.12.2025 EUR	31.12.2024 EUR
Disbursed	21 671 148	22 161 191
Stage 1	858 732	22 161 191
Stage 2	20 812 416	0
Undisbursed	0	2 334 586
Stage 1	0	2 334 586
Expected credit loss	26 907	2 302
Stage 1	847	2 302
Stage 2	26 060	0

The fair value of the microfinance loans as at 31 December 2025 amounts to EUR 21 539 734 (2024: EUR 22 093 924).

4.2.3 Guaranteed funded operations at amortised cost

Guaranteed funded operations at amortised cost are analysed as follows:

	31.12.2025 EUR	31.12.2024 EUR
Loan portfolio	41 041 485	32 033 114
Accrued interest on loan portfolio	66 107	37 428
	41 107 592	**32 070 542**

Movements in guaranteed funded operations at amortised cost are as follows:

	31.12.2025 EUR	31.12.2024 EUR
Carrying amount at 1 January	32 070 542	14 583 192
Additions	9 008 371	17 516 600
Change in accrued interest	28 679	(29 250)
Carrying amount at 31 December	**41 107 592**	**32 070 542**

The guaranteed funded operations are classified under the Stages of the ECL model as follows:

	31.12.2025 EUR	31.12.2024 EUR
Disbursed	41 041 485	32 033 114
Stage 1	28 160 477	31 783 114
Stage 2	10 981 008	250 000
Stage 3	1 900 000	0
Undisbursed	12 834 000	9 201 033
Stage 1	11 334 000	8 951 033
Stage 2	1 500 000	250 000
Expected credit loss - Disbursed	1 292 457	435 092
Stage 1	329 264	374 958
Stage 2	634 208	60 134
Stage 2	328 985	0
Expected credit loss - Undisbursed	563 195	343 738
Stage 1	454 447	283 604
Stage 2	108 748	60 134

The fair value of the guaranteed funded operations as at 31 December 2025 amounts to EUR 35 749 943 (2024: EUR 28 785 722).

As at 31 December 2025, the Guaranteed funded operations amount to EUR 41 107 592 (2024: EUR 32 070 542), for which the Fund has a funding line provided by EIB under the InvestEU Programme. For more details, see note 5.3. As all the risks and rewards ultimately belong to the European Commission via the guarantee provided to EIF, EIF is not exposed to any risk linked to the underlying Guaranteed funded operations and solely to residual counterparty risk from the European Commission.

As the guarantee arising from the InvestEU Programme is an integral component of the debt investment and covers any potential risk arising from the guaranteed funded operations, no expected credit loss allowance is recognised in the statement of comprehensive income.

4.3 Financial assets at Fair Value through Profit or Loss

4.3.1 Debt investments

Debt investments at Fair Value through Profit or Loss include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

	31.12.2025 EUR	31.12.2024 EUR
Debt portfolio	410 571 847	512 535 635
Accrued interest on debt portfolio	1 583 114	1 399 577
	412 154 961	**513 935 212**

Movements in debt investments are as follows:

	31.12.2025 EUR	31.12.2024 EUR
Carrying amount at 1 January	513 935 212	534 506 108
Additions	112 500 000	157 200 000
Disposals/matured	(212 052 183)	(175 018 796)
Change in fair value	(2 411 605)	(2 526 438)
Change in accrued interest	183 537	(225 662)
Carrying amount at 31 December	**412 154 961**	**513 935 212**

As at 31 December 2025, the total debt investments at cost amount to EUR 419 988 438 (2024: EUR 519 540 621) and the accumulated change in fair value on debt investments amounts to EUR (9 416 591) (2024: EUR (7 004 986)).

4.3.2 Private equity investments

Private equity investments at fair value through profit or loss are as follows:

	2025 EUR	2024 EUR
Investment at cost at 1 January	1 341 418 415	1 191 775 750
Disbursements	122 101 196	121 471 205
Disbursements in relation to EFSI EP - SW2	32 950 586	48 922 278
Disbursements in relation to EFSI - Private Credit	10 350 653	67 845 292
Disbursements in relation to the InvestEU Programme	196 689 871	154 985 111
Capital repayments	(79 843 987)	(88 069 345)
Capital repayments in relation to EFSI EP - SW2	(38 278 571)	(29 884 812)
Capital repayments in relation to EFSI - Private Credit	(107 492 146)	(119 756 278)
Capital repayments in relation to the InvestEU Programme	(13 195 591)	(7 712 484)
Terminated deals	(1 200 922)	(972 112)
Earn out transactions - cost de-recognition	(673 532)	0
Foreign exchange	(4 304 968)	2 813 810
Investment at cost at 31 December	**1 458 521 004**	**1 341 418 415**
Fair value adjustment and foreign exchange adjustment at 1 January	638 582 007	607 825 324
Adjustments to fair value during the financial year:		
Changes in fair value through profit or loss	(42 787 349)	(3 118 844)
Changes in fair value in relation to EFSI EP - SW2	37 131 421	9 561 030
Changes in fair value in relation to EFSI - Private Credit	(23 910 246)	13 665 398
Changes in fair value in relation to the InvestEU Programme	4 174 257	4 562 985
Terminated transactions - cumulated fair value adjustments until de-recognition	1 160 545	130 061
Earn out transactions - cumulated fair value adjustments until de-recognition	633 841	0
Foreign exchange	(9 471 899)	5 956 053
Fair value adjustment and foreign exchange adjustment at 31 December	**605 512 577**	**638 582 007**
Carrying amount at 31 December	**2 064 033 581**	**1 980 000 422**

As at 31 December 2025 and 2024, the private equity investments are all classified under level 3 of the fair value hierarchy.

At 31 December 2025, the fair value through profit or loss amounts to EUR 605 512 577 (2024: EUR 638 582 007), of which EUR 15 974 244 (2024: EUR 19 289 352) was estimated using the methodology described in the accounting policy (see note 2.3.5.1).

The fair value movement from the private equity investments observed are primarily based on the individual valuations of the invested funds received from the relevant fund managers. From total private equity investments valuations received, 99.6% are under Category A or Category B pursuant to the classification included in note 2.3.5.1.

4.3.3 Guaranteed funded operations at Fair Value through Profit or Loss

Guaranteed funded operations at fair value through profit or loss are as follows:

	2025 EUR	2024 EUR
Investment at cost at 1 January	960 140 738	401 806 011
Disbursements	743 539 091	582 724 913
Capital repayments	(25 988 784)	(24 036 691)
Foreign exchange	1 518 531	(353 495)
Investment at cost at 31 December	**1 679 209 576**	**960 140 738**
Fair value adjustment at 1 January	(15 681 268)	(14 826 582)
Adjustments to fair value during the financial year:		
Changes in fair value through profit or loss	133 531 395	(957 438)
Foreign exchange	(49 104)	102 752
Fair value adjustment at 31 December	**117 801 023**	**(15 681 268)**
Guarantee adjustment at 1 January	15 681 268	14 826 582
Adjustments to fair value during the financial year:		
Changes in fair value through profit or loss	(133 531 395)	957 438
Foreign exchange	49 104	(102 752)
Guarantee adjustment at 31 December	**(117 801 023)**	**15 681 268**
Carrying amount at 31 December	**1 679 209 576**	**960 140 738**

As at 31 December 2025 and 2024, the Guaranteed funded operations at fair value through profit or loss are all classified under level 3 of the fair value hierarchy.

At 31 December 2025, the fair value through profit or loss amounts to EUR 117 801 023 (2024: EUR (15 681 268)), of which EUR 7 359 595 (2024: EUR 4 440 438) was estimated using the methodology described in the accounting policy (see note 2.3.5.1).

The value of the guarantee arising from the InvestEU Programme changes in response to the change in the fair value of Guaranteed funded operations.

As at 31 December 2025, the Guaranteed funded operations amount to EUR 1 679 209 576 (2024: EUR 960 140 738), for which the Fund has a funding line provided by EIB under the InvestEU Programme. For more details, see note 5.3. Ultimately, all the risks and rewards belong to the European Commission via the guarantee provided to EIF. Therefore, EIF is not exposed to any risk linked to the underlying Guaranteed funded operations and solely to residual counterparty risk from the European Commission.

The fair value movement from the Guaranteed funded operations observed are primarily based on the individual valuations of the invested funds received from the relevant fund managers. From total private equity investments valuations received, 100% are under Category A or Category B pursuant to the classification included in note 2.3.5.1.

4.4 Other assets

Other assets are as follows:

	31.12.2025 EUR	31.12.2024 EUR
Accounts receivable relating to pensions managed by the EIB	441 094 079	380 325 891
Accrued commission & other income	269 677 255	239 164 065
Receivables from financial guarantees	12 371 346	13 384 218
Receivables from earn-out agreements	1 200	1 200
Other debtors	59 989 583	67 679 085
	783 133 463	**700 554 459**

Following the introduction of a defined benefit pension scheme in 2003 (see note 2.8), contributions from staff and the Fund are set aside to cover future obligations. The assets of the scheme are managed by EIB on behalf of the Fund. See also note 5.2.

The ageing of other assets is as follows:

		Past due but not impaired			
	Neither past due nor impaired EUR	0-6 months EUR	6-12 months EUR	>12 months EUR	Total EUR
2025	783 028 384	14 221	0	90 858	783 133 463
2024	700 449 074	4 556	8 314	92 515	700 554 459

4.5 Intangible assets

Intangible assets are as follows:

	2025 EUR	2024 EUR
Cost	1 220 048	1 487 848
Accumulated amortisation	(376 247)	(349 329)
Carrying amount at 1 January	**843 801**	**1 138 519**
Opening carrying amount	843 801	1 138 519
Disposals	0	(267 800)
Write-off	(841 515)	0
Amortisation charge	(2 286)	(26 918)
Carrying amount at 31 December	**0**	**843 801**
At 31 December		
Cost	378 533	1 220 048
Accumulated amortisation	(378 533)	(376 247)
Carrying amount at 31 December	**0**	**843 801**

There were no indications of impairment of intangible assets in either 2025 or 2024.

As at 31 December 2025, intangible assets under development amount to EUR 0 (2024: EUR 841 515).

4.6 Property and equipment

Property and equipment is as follows:

	Other properties EUR	Office Equipment EUR	Computer Equipment EUR	Total Equipment EUR
Cost	530 652	202 401	818 355	1 020 756
Accumulated depreciation	(380 439)	(202 401)	(818 355)	(1 020 756)
Carrying amount at 01.01.2024	**150 213**	**0**	**0**	**0**
Opening carrying amount	150 213	0	0	0
Depreciation charge	(45 822)	0	0	0
Carrying amount at 31.12.2024	**104 391**	**0**	**0**	**0**
Cost	530 652	202 401	818 355	1 020 756
Accumulated depreciation	(426 261)	(202 401)	(818 355)	(1 020 756)
Carrying amount at 01.01.2025	**104 391**	**0**	**0**	**0**
Opening carrying amount	104 391	0	0	**0**
Disposal	(96 984)	0	0	**0**
Depreciation charge	(7 407)	0	0	**0**
Carrying amount 31.12.2025	**0**	**0**	**0**	**0**
31.12.2025				
Cost	433 668	202 401	818 355	1 020 756
Accumulated depreciation	(433 668)	(202 401)	(818 355)	(1 020 756)
Carrying amount	**0**	**0**	**0**	**0**

There were no indications of impairment of property and equipment in either 2025 or 2024.

Chapter 5.

Detailed disclosures relating to liabilities and equity headings

5.1 Financial guarantees

Depending on whether the measurement of a financial guarantee contract results in a net asset or net liability position (see note 2.4), financial guarantees are as follows:

	31.12.2025 EUR	31.12.2024 EUR
Financial guarantees	(19 131 252)	(21 253 312)
Provisions for financial guarantees	9 906 252	10 461 130
	(9 225 000)	**(10 792 182)**

Movements in financial guarantees are as follows:

2025 (in EUR)	Stage 1	Stage 2	Stage 3	Foreign exchange	Total
Financial guarantees as at 1 January	(20 523 785)	0	9 404 055	327 548	(10 792 182)
Amortisation of the payer leg	(34 566 603)	0	0		(34 566 603)
Adjustment of the receiver leg	36 907 670	0	0		36 907 670
Expected credit loss allowance	3	0	0		3
Amortisation of financial guarantees de-recognised due to termination	(775 870)	0	0		(775 870)
Foreign exchange impact				1 982	1 982
Financial guarantees as at 31 December	**(18 958 585)**	**0**	**9 404 055**	**329 530**	**(9 225 000)**

2024 (in EUR)	Stage 1	Stage 2	Stage 3	Foreign exchange	Total
Financial guarantees as at 1 January	(18 399 130)	16 759	9 407 882	351 452	(8 623 037)
Amortisation of the payer leg	(58 161 247)	(19 543)	(28 817)		(58 209 607)
Adjustment of the receiver leg	56 990 154	26 966	(3 827)		57 013 293
Expected credit loss allowance	0	0	28 817		28 817
Amortisation of financial guarantees de-recognised due to termination	(953 562)	(24 182)	0		(977 744)
Foreign exchange impact				(23 904)	(23 904)
Financial guarantees as at 31 December	**(20 523 785)**	**0**	**9 404 055**	**327 548**	**(10 792 182)**

In 2025, there were no transfers of financial guarantees between stages (2024: none).

The adjustment of the receiver leg corresponds to guarantee fees received and accrued during the year and value adjustments due to changes in credit ratings.

The change in the fair value of the receiver leg of financial guarantees amounts to EUR 7 451 716 (2024: EUR (5 998 507)).

As at 31 December 2025, the net of the receiver leg and the payer leg amounts to EUR (9 225 000) (2024: EUR (10 792 182)) as follows:

31.12.2025	Receiver leg EUR	Payer leg EUR	Total EUR
Financial guarantees	(139 005 819)	119 874 567	(19 131 252)
Provisions for financial guarantees	(24 104 685)	34 010 937	9 906 252
	(163 110 504)	**153 885 504**	**(9 225 000)**

31.12.2024	Receiver leg EUR	Payer leg EUR	Total EUR
Financial guarantees	(151 280 104)	130 026 792	(21 253 312)
Provisions for financial guarantees	(22 912 244)	33 373 374	10 461 130
	(174 192 348)	**163 400 166**	**(10 792 182)**

5.2 Retirement benefit obligations

The retirement benefit obligation comprises the pension scheme and the health insurance scheme as follows:

Retirement benefit obligations	31.12.2025 EUR	31.12.2024 EUR
Pension scheme	422 679 824	426 866 824
Health insurance scheme	62 007 000	58 443 000
	484 686 824	**485 309 824**

Commitments in respect of retirement benefits as at 31 December 2025 have been valued by an independent actuary. The calculations are based on the following main assumptions:

Principal Assumptions	2025	2024
Discount rate for obligations	4.37%	3.75%
Rate of future compensation increases	3.30%	3.30%
Rate of pension increases	2.30%	2.30%
Actuarial tables	ICSLT (*)	ICSLT

(*) International Civil Servants Life Table (hereafter “ICSLT”)

The discount rate is based on the IBOXX index extrapolated at the average duration of EIF post-retirement obligations (approximately 20.5 years) using an estimated slope determined with ECB EURO Spot yield curve.

Regarding the inflation and indexation of pensions, the long-term consensus forecast of inflation in the Eurozone remained the basis. The rate of adjustments of pensions for the year was 2.3% (2024: 2.3%).

The combined average impact of the increase in the cost of living and career progression is 3.3% (2024: 3.3%).

The defined benefit obligation for pensions as valued in the independent actuary report dated 29 January 2026 amounts to EUR 422 679 824 (2024: EUR 426 866 824). As at 31 December 2025, the Fund allocated EUR 313 548 525 (2024: EUR 261 760 689) to pension assets.

Amounts recognised in comprehensive income as at 31.12.2025	EIF Pension EUR	Health Insurance EUR	Total 2025 EUR
Current service cost	20 703 000	4 964 000	25 667 000
Special termination benefits/past service cost	0	0	0
Interest cost	16 042 000	2 189 000	18 231 000
Net benefit expense recognised in profit or loss	36 745 000	7 153 000	43 898 000
Re-measurement on the defined benefit obligation:			
Experience loss/(gain)	16 477 000	4 047 000	20 524 000
(Gain) due to assumption changes	(67 838 000)	(7 502 000)	(75 340 000)
Defined benefit obligation recognised in other comprehensive income	(51 361 000)	(3 455 000)	(54 816 000)
Total	**(14 616 000)**	**3 698 000**	**(10 918 000)**

Amounts recognised in comprehensive income as at 31.12.2024	EIF Pension EUR	Health Insurance EUR	Total 2024 EUR
Current service cost	21 695 000	4 930 000	26 625 000
Special termination benefits/past service cost	281 000	0	281 000
Interest cost	14 508 000	2 048 000	16 556 000
Net benefit expense recognised in profit or loss	36 484 000	6 978 000	43 462 000
Re-measurement on the defined benefit obligation:			
Experience loss/(gain)	10 051 000	(644 000)	9 407 000
(Gain) due to assumption changes	(19 347 000)	(3 830 000)	(23 177 000)
Defined benefit obligation recognised in other comprehensive income	(9 296 000)	(4 474 000)	(13 770 000)
Total	**27 188 000**	**2 504 000**	**29 692 000**

The movements in the Defined Benefit Obligation rounded to the nearest EUR 1 000 are as follows:

Changes in Defined Benefit Obligation as at 31.12.2025	EIF Pension EUR	Health Insurance EUR	Total 2025 EUR
Defined benefit obligation, Beginning of year	426 866 824	58 443 000	485 309 824
Current service cost	20 703 000	4 964 000	25 667 000
Interest cost	16 042 000	2 189 000	18 231 000
Employee contributions	8 581 000	0	8 581 000
Benefits paid in/(out)	1 848 000	(134 000)	1 714 000
Special termination benefits/past service cost	0	0	0
Experience loss/(gain)	16 477 000	4 047 000	20 524 000
(Gain) due to assumption changes	(67 838 000)	(7 502 000)	(75 340 000)
Defined benefit obligation, End of year	**422 679 824**	**62 007 000**	**484 686 824**

Changes in Defined Benefit Obligation as at 31.12.2024	EIF Pension EUR	Health Insurance EUR	Total 2024 EUR
Defined benefit obligation, Beginning of year	400 921 824	56 006 000	456 927 824
Current service cost	21 695 000	4 930 000	26 625 000
Interest cost	14 508 000	2 048 000	16 556 000
Employee contributions	7 803 000	33 000	7 836 000
Benefits paid in/(out)	(9 046 000)	(100 000)	(9 146 000)
Special termination benefits/past service cost	281 000	0	281 000
Experience loss/(gain)	10 051 000	(644 000)	9 407 000
(Gain) due to assumption changes	(19 347 000)	(3 830 000)	(23 177 000)
Defined benefit obligation, End of year	**426 866 824**	**58 443 000**	**485 309 824**

The sensitivity of the Defined Benefit Obligation to possible changes at the reporting date to key actuarial assumptions, holding other assumptions constant, is as follows:

31.12.2025		Effect on the defined benefit obligation EIF Pension	Health Insurance
Discount rate	0.5% increase	-11%	-13%
Discount rate	0.5% decrease	13%	16%
Life expectancy	1 year increase	3%	4%
Life expectancy	1 year decrease	-3%	-4%
Inflation	1% increase	14%	
Inflation	1% decrease	-12%	
Salary rate	1% increase	7%	
Salary rate	1% decrease	-6%	
Medical cost	1% increase		34%
Medical cost	1% decrease		-24%

31.12.2024		Effect on the defined benefit obligation EIF Pension	Health Insurance
Discount rate	0.5% increase	-12%	-14%
Discount rate	0.5% decrease	14%	17%
Life expectancy	1 year increase	3%	4%
Life expectancy	1 year decrease	-3%	-4%
Inflation	1% increase	14%	
Inflation	1% decrease	-12%	
Salary rate	1% increase	7%	
Salary rate	1% decrease	-6%	
Medical cost	1% increase		36%
Medical cost	1% decrease		-25%

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the Defined Benefit Obligation at the reporting date were as follows:

31.12.2025	EIF Pension years	Health Insurance years
Duration of active members	27.0	32.0
Duration of deferred members*	26.0	30.0
Duration of retired members	13.1	17.1

Life expectancy at age 60 for a Male using ICSLT mortality tables: 26.7 years

Life expectancy at age 60 for a Female using ICSLT mortality tables: 29.0 years

31.12.2024	EIF Pension years	Health Insurance years
Duration of active members	27.9	32.6
Duration of deferred members*	27.0	32.3
Duration of retired members	13.8	17.7

Life expectancy at age 60 for a Male using ICSLT mortality tables: 26.6 years

Life expectancy at age 60 for a Female using ICSLT mortality tables: 28.9 years

* Staff members who have left the Fund before retirement age and have a right to a deferred pension.

5.3 Financial liabilities at Amortised Cost

Financial liabilities at amortised cost are as follows:

	31.12.2025 EUR	31.12.2024 EUR
Financial liabilities at amortised cost	2 495 153 418	1 653 322 117
Accrued interest on Financial liabilities at amortised cost	2 355 306	2 141 456
	2 497 508 724	**1 655 463 573**

As at 31 December 2025, the funding line provided by EIB under the InvestEU Programme amounts to EUR 2 497 508 724 (2024: EUR 1 655 463 573), which was used, amongst others, to finance guaranteed funded operations at fair value through profit or loss amounting to EUR 1 679 209 576 (2024: EUR 960 140 738) and guaranteed funded operations at amortised cost amounting to EUR 41 107 592 (2024: EUR 32 070 542).

The interest on the funding line for the year ended 31 December 2025 amounts to EUR 56 670 369 (2024: EUR 49 817 404).

5.4 Other liabilities

Other liabilities are as follows:

	31.12.2025 EUR	31.12.2024 EUR
Related parties payables	92 248 956	93 928 610
Employee benefit payables	172 945 170	153 704 134
Trade creditors	509 370 265	505 269 837
	774 564 391	**752 902 581**

Employee benefit payables mostly include staff-related costs such as the performance award, the optional supplementary provident scheme (OSPS) and the severance grant.

Trade creditors include EUR 432 335 374 of contract liabilities (2024: EUR 359 142 014). Contract liabilities represent accumulated income to be amortised over the expected life of the mandates under management.

Movements in contract liabilities are as follows:

	31.12.2025 EUR	31.12.2024 EUR
Contract liabilities at 1 January	359 142 014	323 365 164
Additions	224 160 616	177 034 359
Transfer to profit or loss	(150 967 256)	(141 257 509)
Contract liabilities at 31 December	**432 335 374**	**359 142 014**

Additions represent management fees invoiced during the year on existing mandates and new mandates signed during the year, which were not recognised in the profit or loss because of the deferral mechanism.

As at 31 December 2025, the aggregate amount of the transaction price allocated to the unsatisfied part of the performance obligation amounts to EUR 1 294 302 586 (2024: EUR 1 293 270 732) of which EUR 432 335 374 (2024: EUR 359 142 014) has already been invoiced and deferred in contract liabilities. The Fund expects to recognise such revenue over the remaining expected life of the mandates under management.

5.5 Provisions

Provisions are as follows:

	2025 EUR	2024 EUR
Provisions at 1 January	18 762 164	21 813 592
Additions	4 125 330	2 900 000
Amounts used	0	(5 951 428)
Amounts reversed	(11 813 592)	0
Contract liabilities at 31 December	**11 073 902**	**18 762 164**

Provisions consist primarily of potential reimbursement of advisory fees received in relation to certain performance criteria in mandate agreements.

5.6 Share capital

As at 31 December 2025, the authorised and subscribed share capital of EUR 7 370 000 000 (2024: EUR 7 370 000 000) representing 7 370 shares (2024: 7 370 shares) is called and paid in for an amount of EUR 1 474 000 000 (2024: EUR 1 474 000 000) representing 20 % of the authorised and subscribed share capital.

The subscribed share capital is as follows:

	31.12.2025 EUR	31.12.2024 EUR
Subscribed and paid in (20%)	1 474 000 000	1 474 000 000
Subscribed but not yet called (80%)	5 896 000 000	5 896 000 000
	7 370 000 000	**7 370 000 000**

The capital is subscribed as follows:

	31.12.2025 Number of shares	31.12.2024 Number of shares
European Investment Bank	4 398	4 401
European Commission	2 190	2 190
Financial Institutions	782	779
	7 370	**7 370**

5.7 Statutory reserve and retained earnings

A minimum amount of EUR 46 553 431 is required to be appropriated in the statutory reserve in 2026 with respect to the financial year ended 31 December 2025.

A dividend of EUR 26 310 108 (EUR 3 570 per share) was distributed following the approval of the General Meeting of Shareholders on 30 April 2025 (2024: EUR 22 937 004, EUR 3 112 per share). Dividends are distributed in line with Article 27 of the Fund's Statutes.

5.8 Capital risk management

EIF is not subject to prudential supervision neither subject to externally imposed capital requirements on a standalone basis. Nevertheless, EIF contributes to the EIB Group adherence with the EU banking directives and best banking practice, such as the Capital Requirements Regulation (CRR), by providing EIF data for the computation of the EIB Group regulatory capital requirements performed by the EIB.

To manage EIF capital position, EIF calculates its economic capital requirements and conducts stress tests, as determined by the EIB Group Stress Testing Framework for its relevant parts, to assess the sensitivity of its economic capital.

EIF has implemented sound risk management policies and procedures to manage its capital sustainability. EIF has defined a set of risk capital metrics, which are included in EIF Risk Appetite Framework and monitored on a frequently basis, allowing EIF to deploy its business plan within its risk appetite.

On an annual basis, EIF performs an Internal Capital Adequacy Assessment Process (ICAAP) assessing its economic capital adequacy under stress scenarios with a forward-looking perspective. EIF ICAAP is included in the EIB Group ICAAP.

Chapter 6.

Interest in unconsolidated structured entities and in investment entities

The EIF has interests in entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements. The Fund has interests in unconsolidated structured entities.

Structured entities are used either to meet statutory obligations or to provide mandators with access to EIF expertise in relation to its primary activities. Structured entities or investment entities may be established as corporations, trusts or partnerships. Structured entities or investment entities generally:

- Subscribe to equity issued by SMEs in the context of private equity transactions; or
- Issue debt securities guaranteed either directly by the Fund or by a structured entity managed by the EIF on behalf of a mandator.

The types of structured entities in which the EIF concluded that the Fund has an interest and no control are as follows:

Type of structured entity	Nature and purpose	Interest held by the Fund
Limited Partnership in relation to PE operations (see section 6.1)	Acquisition, holding, managing and disposal of participations in any enterprise subject to the conditions laid down in paragraph 2 (i) of Article 12 of the EIF Statutes	Investments in shares issued by the Limited Partnership Capital and revenues repayments
Special Purpose Vehicles ("SPV") in relation to financial guarantee operations (see section 6.2)	Provision of guarantees as well as of other comparable instruments for loans and other financial obligations in whatever form	Fees for financial guarantee servicing
Special Purpose Vehicles ("SPV") in relation to ABS investments (see section 6.3)	Acquisition of ABS investments	Interest income from ABS investments
Mandates in relation to management of facilities by the Fund on behalf of a mandator (see section 6.4 and section 6.5)	To deploy the resources allocated to the mandate by any Managing Authority and according to each individual agreement and to the EIF expertise	Fees for mandates servicing

The Fund is involved in unconsolidated structured entities by type. The Fund concluded that it does not control and therefore should not consolidate any entity described in sections 6.1, 6.2, 6.3, 6.4 and 6.5, as the Fund does not have power over the relevant activities of the entities.

6.1 Interest in structured entities in relation to private equity operations

Operations are typically structured as follows:

An investment fund is setup with a General Partner (hereafter “GP”) and with a number of Limited Partners (hereafter “LPs”), who form together the Limited Partnership. In addition, the Limited Partnership Agreement discloses the investment strategy foreseen within the entity and agreed between the GP and the LPs;

When financing is brought by the LPs, full authority and power is given to the GP, which could delegate the investment part to an investment manager;

The use of voting rights by the LPs is often foreseen to revoke the GP either with a cause or without cause. Even if an investment board within the entity is setup, such an investment board has a consultative role only and is not therefore one of the decision-making bodies of the Limited Partnership.

The Fund is a LP, it does not act as a GP and is from time to time a member of the consultative investment board. The Fund’s interest typically ranges from 0.1% to 50%.

Maximum loss exposure from PE structured entities is limited to the amount of committed investment as disclosed in note 3.2.

For more quantitative details on PE operations, please refer to note 3.2.

6.2 Interest in structured entities in relation to financial guarantee operations

When the Fund enters into a securitisation transaction in the context of its activity of financial guarantee provided to the European financial institutions, the Fund could be exposed to a special purpose vehicle (hereafter “SPV”) as follows:

In the context of a bilateral guarantee

Under this type of financial guarantee, even if the Fund provides a bilateral guarantee for the benefit of the holder of the mezzanine/senior notes, the Fund is not a direct party to the securitisation transactions agreement to benefit from the operation. The Fund enters into a financial guarantee agreement directly with the beneficiary, which is typically the beneficiary of the securitisation transaction agreement. Through the financial guarantee agreement, the Fund has no negotiating power and no voting rights within the structure and the role of the Fund is to guarantee one of the tranches of a more global transaction.

In the context of such transactions, a SPV could be established to initially purchase a pool of receivables from the originator and to issue consequently several classes of notes, which will be guaranteed. On the other hand, if no SPV is established, the originator will issue the notes and will retain the pool of receivables.

In the context of an embedded guarantee

Under this type of operation and contrary to a bilateral guarantee, a SPV shall be established to issue the notes and to be the owner of the pool of receivables. In such operations, the Fund, as guarantor, will be part of the structure of the transaction and will be part of the agreement without having any control over the SPV.

Maximum loss exposure from guarantee operations structured entities is limited to the total Exposure at Risk as disclosed in note 3.4.

As at December 31, 2025, the Fund is exposed to 48 bilateral guarantees (2024: 48) and to 5 embedded guarantees (2024: 2), which represent respectively EUR 10 097m (2024: EUR 8 898m) and EUR 671m (2024: EUR 58m) of the EIF’s guarantees in terms of Exposure at Risk.

For more quantitative details on the guarantee portfolio, please refer to note 3.4.

6.3 Interest in structured entities in relation to ABS investments

When the Fund enters into a securitisation backed by SME financing, the Fund could be exposed to a SPV, which may be established to issue the ABS investment. In such operations, the Fund will make a direct investment in the ABS issued by the SPV.

As at December 31, 2025, the Fund invested in 22 ABS investments issued by SPVs (2024: 24) for a total amount of EUR 412.2m, which are classified into the caption "Debt investments at fair value through profit or loss" (2024: EUR 513.9m).

For more quantitative details on ABS investments, please refer to note 3.5.

6.4 Interest in structured entities in relation to management of facilities by the Fund on behalf of a mandator

The Fund acts as an integrated operational platform for SME finance, deploying resources mandated for management by its related parties (EIB and EC, see notes 8.1 and 8.2, respectively) and other third parties (public and private entities) depending on the nature of the investment but also in relation to the Fund's expertise and in compliance with its Statutes. When the Fund manages a facility on behalf of a mandator, the management will be performed by the Fund either through a trusteeship or partnership depending on the requirements of the mandator, which have been classified as follows:

- The EIB, which means EIB resources managed by the Fund according to a defined scope;
- The European Commission, which means European Commission contributions managed by the Fund according to the financial regulation and to dedicated agreements;
- Other third parties: the Fund has sought to further enhance its market impact by establishing joint investment facilities with public and private entities through trust accounts and country, multi-country or sector-specific funds-of-funds.

The EIF is entrusted with the management of the funds, operating under clear rules defined in an agreement, investing in entities whose maximum risk is defined in the agreement and performing the treasury asset management under guidelines defined in the agreement. The Fund is remunerated for its services through management fees (or on a cost recovery basis for some mandates) which are defined upfront in the agreement. In that context, the Fund classifies the mandates as follows and according to the nature of financial instruments foreseen under each individual agreement:

Mandator	Nature and purpose of the structured entity	Interest held by the Fund	Resources(1)	Committed transactions(2)
Services offered in the context of financial guarantee operations				
European Investment Bank	On behalf of the mandator and according to the Fund's expertise: • To originate financial guarantee transactions; • To monitor the financial guarantee transactions; • To report to the mandator accordingly.	Management fees for servicing	13 897 714 328	9 636 991 697
European Commission			7 069 885 136	5 992 159 448
Other third parties			5 049 694 144	2 951 665 008
Services offered in the context of private equity operations				
European Investment Bank	On behalf of the mandator and according to the Fund's expertise: • To originate private equity transactions; • To monitor the private equity transactions; • To report to the mandator accordingly.	Management fees for servicing	14 399 660 000	25 734 250 017
European Commission			5 409 724 127	4 697 773 741
Other third parties			14 847 765 285	10 680 834 937
Services offered in the context of microfinance operations				
European Investment Bank	On behalf of the mandator and according to the Fund's expertise: • To originate microfinance transactions; • To monitor microfinance transactions; • To report to the mandator accordingly.	Management fees for servicing	185 535 000	95 475 000
European Commission			45 000 000	40 612 639
Services offered in the context of multi-products structured entities				
European Investment Bank	On behalf of the mandator and according to the Fund's expertise: • To originate multi products transactions; • To monitor the multi products transactions; • To report to the mandator accordingly.	Management fees for servicing	13 331 000 000	8 887 900 061
European Commission			12 305 526 515	8 797 719 571
Other third parties			1 097 010 606	1 268 108 794

(1) "Resources" means the net amount of the contribution already paid by the mandator to the Fund or the amount committed to be paid by the mandator.

(2) "Committed transactions" corresponds to the transactions committed by the Fund for the purpose of managing the mandate on behalf of the mandator.

6.5 Interest in investment entities in relation to management of facilities by the Fund on behalf of a mandator

Under certain circumstances and depending on the requirements of a mandator, the EIF could establish a legal entity from which the EIF will act as an integrated operational platform for SME finance, deploying resources mandated for management by its related parties and other third parties.

The EIF is entrusted with the management of the funds, operating under clear rules defined in an agreement, investing in entities whose maximum risk is defined in the agreement and performing the treasury asset management under guidelines defined in the agreement. The Fund is remunerated for its services through management fees (or on a cost recovery basis for some mandates) which are defined upfront in the agreement. In that context, the Fund classifies the mandates as follows and according to the nature of financial instruments foreseen under each individual agreement:

Mandator	Country	Nature and purpose of the structured entity	Interest held by the Fund	Resources(1)	Committed transactions(2)
European Investment Bank	Multi-country with a focus on European Microfinance	On behalf of the mandator and according to the Fund's expertise: • To act as investment adviser and to propose private equity transaction for the approval of governing bodies of the fund of funds; • To originate private equity transactions; • To monitor the private equity transactions; • To report to the mandator accordingly.	Management fees for servicing	98 834 586	95 810 700
European Commission	Multi-country with a focus on Global Energy Efficiency and Renewable Energy Fund			308 579 409	220 756 458
Other third parties	Portugal			111 330 000	74 566 116
	Spain			183 000 000	136 680 160
	The Netherlands			402 500 000	379 500 000
	The United Kingdom			221 500 000	226 169 706
	Türkiye			360 000 000	332 776 596
	Multi-country			1 868 102 435	1 386 531 812

(1) "Resources" means the net amount of contribution already paid by the mandator to the Fund or the amount committed to be paid by the mandator.

(2) "Committed transactions" corresponds to the transactions committed by the Fund for the purpose of managing the mandate on behalf of the mandator.

As at 31 December 2025, total assets under management defined as the initial resources and contributions allocated to each mandate amounts to EUR 91.19 billion (2024: EUR 91.73 billion).

Chapter 7.

Detailed disclosures related to the statement of comprehensive income

7.1 Net interest and similar income

Net interest and similar income comprises:

	31.12.2025 EUR	31.12.2024 EUR
Net interest income on debt investments	48 582 942	46 409 831
Interest income on money-market instruments	4 863 856	3 995 062
Net interest income on bank current accounts	7 583 540	8 515 159
Other interest income	17 481 516	18 209 465
	78 511 854	**77 129 517**

Interest income on debt investments comprises EUR 31 542 810 of interest on the treasury portfolio (2024: EUR 21 048 411), EUR 1 039 867 of interest on microfinance loans (2024: EUR 1 204 178) and EUR 16 000 265 of interest on debt investments at FVTPL (2024: EUR 24 157 242).

Interest income on debt investments includes the amortisation of discounts of EUR 837 273 (2024: EUR 981 759) and premiums of EUR (7 194 750) (2024: EUR (9 614 084)).

7.2 Net income from private equity investments

Net income from private equity investments comprises:

	31.12.2025 EUR	31.12.2024 EUR
Dividend income	101 136 380	86 823 336
Other net income	70 940	(783 909)
	101 207 320	**86 039 427**

Dividend income includes EUR 18 314 651 of returns arising from the EIF senior tranche exposure (2024: EUR 19 487 551).

7.3 Net result from financial guarantee operations

Net result from guarantee operations comprises:

	31.12.2025 EUR	31.12.2024 EUR
Amortisation of the payer leg	35 342 473	59 187 351
Intermediation and risk cover fees	141 626	245 975
Guarantee calls net of recoveries	1 080 432	19 657
	36 564 531	**59 452 983**

7.4 Commission income

Commission income comprises:

	31.12.2025 EUR	31.12.2024 EUR
Commissions on EIB mandates	93 620 893	77 610 862
Commissions on EC mandates	105 090 334	98 564 706
Commissions on Regional and Funds of Funds mandates	126 342 562	107 710 424
Carried interest	6 146 821	9 189 578
Other commissions	243	10 875
	331 200 853	**293 086 445**

Commission income includes EUR 150 967 256 (2024: EUR 141 257 509), which was previously recognised in contract liabilities. See note 5.4.

As at 31 December 2025, EUR 102 177 186 (2024: EUR 90 478 895) of unrealised carried interest was not recognised under commission income as criteria for IFRS 15 for revenue recognition were not met.

7.5 Net result on financial operations

Net result on financial operations comprises:

	31.12.2025 EUR	31.12.2024 EUR
Realised loss on debt investments at amortised cost	(2 181 725)	(2 095 189)
Realised gain on debt investments at fair value through profit or loss	105 750	0
Gains/ (losses) arising from transactions or cash positions in foreign currencies	(16 924 793)	10 767 414
	(19 000 768)	**8 672 225**

7.6 Other operating income

Other operating income includes mainly attendance fees and commitment fees.

In addition, on 3 February 2025, EIF sold parking spaces at a carrying value of EUR 96 985. The parking spaces were sold for a sale price amounting to EUR 2 508 000, resulting in a net realised gain of EUR 2 411 015.

7.7 General administrative expenses

The number of persons employed at year-end is as follows:

	31.12.2025 EUR	31.12.2024 EUR
Chief Executive/ Deputy Chief Executive	2	2
Employees*	731	723
	733	**725**

* This includes Early Career Professionals employed by EIF on the basis of 3-year limited duration contracts and subject to specific conditions.

The Fund has identified the members of the Board of Directors, the members of the Audit Board and the members of the EIF Management as key management personnel.

Key management compensation is as follows:

	31.12.2025 EUR	31.12.2024 EUR
Short-term benefits(1)	2 821 288	2 682 577
Post-employment benefits(2)	435 892	434 990
	3 257 180	**3 117 567**

(1) Short-term employee benefits comprise salaries and allowances, performance awards and social security contributions of key management personnel.
(2) Post-employment benefits comprise pensions and expenses for post-employment health insurance paid to key management personnel.

Other administrative expenses include contributions under the service level agreement with the EIB for the use of office space amounting to EUR 16 068 358 (2024: EUR 15 292 621).

Chapter 8.

Related party transactions

EIB is the majority owner of the Fund with 59.7% (2024: 59.7%) of the subscribed shares. The remaining percentage is held by the European Commission 29.7% (2024: 29.7%) and the Financial Institutions 10.6% (2024: 10.6%).

Information relating to general administrative expenses and key management is disclosed in note 7.7.

8.1 European Investment Bank

Related party transactions with the EIB concern mainly the management by the Fund of the activities as described in note 6. In addition and according to the service level agreement between the EIF and the EIB, the EIB manages the EIF treasury, IT, the pension fund and other services on behalf of the EIF. Related expenses are taken into account in the general administrative expenses.

The amounts included in the financial statements and relating to the EIB are as follows:

	31.12.2025 EUR	31.12.2024 EUR
Assets		
Other assets	514 003 753	450 798 910
Liabilities and equity		
Financial liabilities at amortised cost	2 497 508 724	1 655 463 573
Other liabilities	42 460 110	119 990 855
Share capital (subscribed and paid-in)	879 600 000	880 200 000
Income		
Commission income	93 620 893	77 610 862
Interest income on pensions	17 481 514	18 209 464
Expenses		
General administrative expenses	62 953 060	61 366 287
Interest and similar income	56 670 369	49 817 404

The Fund benefits from a funding line provided by EIB under the InvestEU Programme of up to EUR 7 800 000 000 (2024: EUR 7 800 000 000) and EUR 900 000 000 (2024: EUR 900 000 000) in respect of guaranteed funded operations and guaranteed unfunded operations respectively.

8.2 European Commission

Related party transactions with the European Union represented by the European Commission concern mainly the management by the Fund of private equity and guarantee activities as described in the note 6. The amounts included in the financial statements and relating to the European Union represented by the European Commission are as follows:

	31.12.2025 EUR	31.12.2024 EUR
Assets		
Cash and cash equivalents	817 999 981	495 684 649
Guaranteed funded operations at amortised cost	41 107 592	32 070 542
Guaranteed funded operations at FVTPL		
of which EU funded operations	1 797 010 599	944 459 470
of which EU guarantee	0	15 681 268
Other assets	150 879 686	125 061 415
Liabilities and equity		
Guaranteed funded operations at FVTPL		
of which EU guarantee	117 801 023	0
Other liabilities	111 171 731	123 320 349
Share capital (subscribed and paid-in)	438 000 000	438 000 000
Income		
Commission income	105 090 334	98 564 706
Interest and similar income	56 670 369	49 817 404
Profit generated by the change of the fair values		
Net result from guaranteed operations at FVTPL		
of which EU funded operations	133 531 395	(957 438)
of which EU guarantee	(133 531 395)	957 438
	0	0

The Fund benefits from a guarantee from the European Union represented by the European Commission under the InvestEU Programme that amounts to up to EUR 14 803 752 194 (2024: EUR 14 095 375 777).

Chapter 9.
Taxation

The Protocol on the Privileges and Immunities of the European Union, appended to the Treaty on the Functioning of the European Union, applies to the Fund, which means that the assets, revenues and other property of the Fund are exempt from all direct and indirect taxes.

Chapter 10.
Post balance sheet events

There have been no material events after the balance sheet date that would require adjustment of, or disclosure in, the financial statements as at 31 December 2025.

Contacts and References

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Disclaimer

Numbers in the EIF Annual Report are correct as of 31 December 2025 and any references to figures throughout the text apply to the same period unless otherwise stated. The EIF's 2025 figures related to SME outreach and employment including the estimated numbers and sustained jobs are indicative only and are based on reports received from financial intermediaries between 1 October 2024 and 30 September 2025. The EIF assumes no liability for the accuracy thereof.

Production Credits

Creative Direction
EIF Marketing and Blossom

Design and layout
EIF Marketing and Blossom

Photography
Diaz Wichmann

Illustrations
Rob en Robin

Catalogue number QY-01-26-001-EN-N
ISBN 978-92-861-6185-8 / ISSN 2363-4103 / DOI 10.2868/4828691