FMO
Entrepreneurial
Development
Bank

Building Prospects

Annual Report 2024

Government of the Netherlands

FMO manages the following funds on behalf of the Dutch government: the Access to Energy Fund (AEF), Building Prospects (BP), MASSIF, the Dutch Fund for Climate and Development (DFCD). The total committed portfolio of these funds (excluding grants) amounts to €1,267 million as per December 31, 2024. FMO also manages a $33.5 million "Mobilising Finance for Forests" programme on behalf of the Dutch Government, which is co-funded by the UK government. The term "fund" as used in this annual report refers to a program in the form of a subsidy received from the Dutch government that is managed by FMO, unless reference is made to an investment made under a program.

Front photo is from **Bacao S.A.S.**, whose vision is to catalyze change in the cacao sector by providing a scalable, sustainable production model for carbon-neutral cacao in Colombia.

Building Prospects is a critical enabler of transformation towards sustainable social and economic growth in developing countries

LETTER FROM THE MB OF THE FUND MANAGER

Stepping up

At the heart of FMO's strategy lies the commitment to enable entrepreneurs to increase inclusive and sustainable prosperity. Looking back at 2024, we must acknowledge several concerning trends: rising geopolitical turmoil and weakening institutional foundations threaten global stability and solidarity, disproportionately affecting the most vulnerable people. Additionally, we are witnessing the public withdrawal of several major financial players from their climate and environmental, social and governance (ESG) commitments. In this context, FMO calls on the financial sector to remain resolute in advancing sustainable investment strategies. Financial institutions play a pivotal role in driving local economic growth, reducing inequality, and driving meaningful climate action. Investing in access to (green) energy, food and finance creates long-term value, something FMO has demonstrated consistently over 50 years of impactful and profitable investments.

Amidst these challenges, FMO recognizes the urgent need to step up even more. However, meaningful change cannot be achieved alone, strong partnerships are essential. By working together, we can drive sustainable investment, create economic opportunities, internationally and for Dutch business, and build a more resilient, inclusive future

The strengths of partnerships

By providing crucial financial support and mobilizing additional funding for underserved regions, FMO has continued to make a tangible impact in 2024. The strength of our partnerships—evident in the success of initiatives such as the SDG Loan Fund and European Commission guarantees—enable us to expand programs like NASIRA and the FMO Ventures Program. These programs contribute to local livelihood options for the one billion young people who will try to enter the job market over the next decade—a majority living in emerging markets. We are also grateful for the increased funding and support for the Dutch Fund for Climate and Development (DFCD Aya) from the Dutch government and the European Commission, and for Mobilising Finance for Forests (MFF) from both the Dutch and UK governments.

Building Prospects' main objective is to stimulate private sector development and drive job creation, contributing to SDG 8 – decent work and economic growth. This is achieved most efficiently through investing in the agribusiness value chain, and by investing in industry and infrastructure. Development of infrastructure and the agricultural sector are mutually reinforcing as agriculture relies on a strong enabling environment with proper access to natural resources, electricity and logistics.

This year Building Prospects continued to execute on its' mandate by strengthening value-chains leading to enhanced jobs and private sector development by adding an additional nine new customers to the existing portfolio. This year we continued to build a diverse portfolio of debt and equity investments across multiple sectors ensuring a well-balanced and stable portfolio with new transaction in African countries like Nigeria, Ghana, Kenya and South Africa.

Looking ahead

In a volatile global landscape, FMO faces three key long-term challenges: a scarcity of investment-ready companies, limited availability of concessional funding, and increasing regulatory requirements. We remain committed to our 2030 ambitions and will increase our efforts to stay on track.

We will in particular focus on RI-labeled investments, especially in LDCs and on Green investments. Crucial next steps include the Market Creation initiative, onboarding of new EFSD+ programs and our increased cooperation with the Dutch and UK governments. As we reflect on the past year and prepare for the challenges ahead, we recognize that our achievements would not have been possible without our partners, and we extend our heartfelt gratitude to them for their trust and collaboration over the past year. We remain dedicated to deliver on the impact and trust that our partners place on us. At FMO, we believe that doing makes the difference, and that amidst the global turmoil, stepping up is a must

The Hague, 25 April 2024

On behalf of the Management Board

Franca Vossen, Chief Risk Officer
Huib-Jan de Ruijter, Co-Chief Investment Officer
Michael Jongeneel, Chief Executive Officer
Peter Maila, Co-Chief Investment Officer

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AT A GLANCE

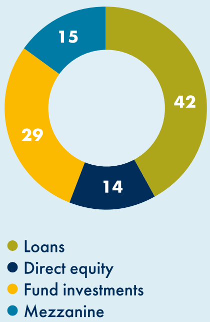
Building Prospects was established in 2002 by the Dutch government and FMO to drive private sector development and job creation in developing countries through investments in infrastructure. In many emerging economies, the agriculture sector accounts for a high percentage of employment and is therefore a critical sector to focus on for economic growth and poverty reduction. Building Prospects invests in the agribusiness value chain, which also requires supporting investments in access to energy, water, logistics, and transport. In addition, investment in climate change resilience and mitigation is critical. While there are still remaining legacy customers in the portfolio, Building Prospects no longer invests in non-renewable energy projects. Finally, Building Prospects will build a portfolio that actively takes into account gender equality.

Achievements portfolio as per 31-12-2024

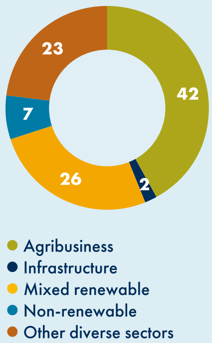
Total committed portfolio

€508mln

Portfolio by Product
(in % as of 31 Dec 2024)



Portfolio by customer
(in % as of 31 Dec 2024)



83
Total investments

€32.6mln
Public co-investments

€23.8mln
Private co-investments

94.1%
Revolvability

(excluding new investments 2024)

3,625,698
Beneficiaries reached

212,483
Direct jobs supported

64,031
Direct jobs supported for women

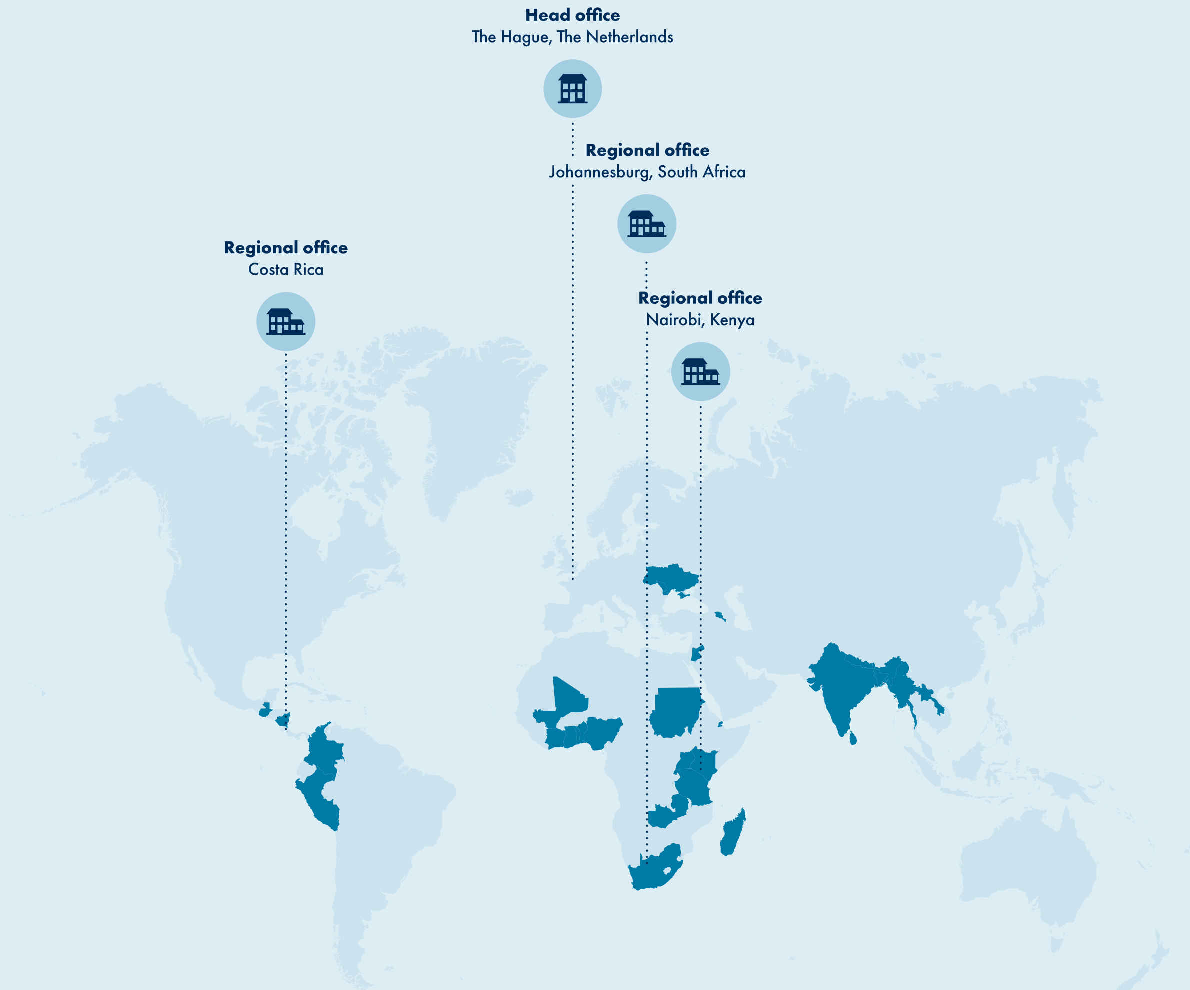
2,072,019
Beneficiaries reached with renewable energy

2,264,056
Indirect jobs supported

842,508
Indirect jobs supported for women

1 The figures provide a glance at the achievements of the BP portfolio. The direct jobs supported are results reported by the companies and funds within the portfolio. Indirect jobs supported are estimated by the Joint Impact Model. These are total figures, unattributed to the size of BP's investment as agreed with the Dutch government. Beneficiaries reached and beneficiaries reached with access to renewable energy are also reported by the companies and funds but are attributed according to the share of total public financing. The figures shown do not include new investments from 2024, as the most recent impact data available from clients pertains to the reporting year that concluded in 2023.

2 The calculation of the co-investments amounts is based on the OECD DAC methodology and is aligned with calculations made by external advisor. It includes only the commitments for mobilized finance in 2024.



Total committed portfolio by region (per 31 December 2024)

Latin America & The Caribbean	Africa	Europe & Central Asia	Asia	Global
€48mln	€264mln	€20mln	€101 mln	€75mln

Total committed portfolio

€508mln

Highlights

In 2024, Building Prospects navigated a complex investment landscape while executing its mandate from the Dutch Ministry of Foreign Affairs to promote private sector development and job creation in emerging markets. The fund closed eleven new transactions totaling €65 million, reaching an overall committed portfolio of €508 million, with over half of the commitments in Africa.

The global investment landscape for developing countries in 2024 was marked by challenges and opportunities. According to UNCTAD[1], foreign direct investment (FDI) to developing countries fell by 2%, marking the second consecutive year of decline. Natural disasters such as earthquakes, floods, and hurricanes disrupted global supply chains, while the ongoing war in Ukraine impacted global food supply. The destruction of infrastructure, including farms, processing facilities, and export routes, led to significant losses and increased food insecurity worldwide. These disruptions underscore the importance of resilient and diversified agricultural value chains, which Building Prospects aims to support through its investments.

One prime example is the investment in **Valency International**, an integrated supply chain manager, commodity trader, and processor with operations in Africa and Asia. Building Prospects $10 million debt investment supports Valency's expansion in Nigeria, including new warehouses, increased cashew processing capacity, and development of food processing and packaging plants. This project promotes economic growth, export diversification, quality employment, gender equality, and reduced emissions through shorter value chains, while indirectly supporting smallholder farmers in Nigeria's poorest regions.

Another notable investment is in **Bacao S.A.S.**, a Colombian subsidiary of Andean Cacao GmbH. Supported by a $10 million debt investment, this project aims to develop 3,720 hectares of cacao using sustainable and regenerative agricultural practices. It aligns with FMO's ambitions to support leading commodity off-takers, promote regenerative and carbon-neutral cacao production, and provide technical assistance to smallholders. This investment supports private sector growth and stability in Colombia, contributing to climate resilience and sustainable agricultural practices.

Following on to the existing Ventures Program (“FVP 1.0”) for which Building Prospects has provided part of the funding, Ventures 2.0 (FVP2), the new FMO Ventures Program, has gone live in October 2024 denoting another $200 million program to be invested over 5 years in early-stage startup or scale-up companies with a tech component in the sectors of FinTech, AgriTech and CleanTech. MASSIF has agreed to a €20 million contribution overall to FVP2, expected to be deployed. Access to Energy Fund and Building Prospects also contribute to FVP2 funding.

As of the end of 2024, Building Prospects' portfolio reached 3.6 million beneficiaries, supporting 212 thousand jobs directly and 2.2 million jobs indirectly across 33 countries. Several investees have strong links to the Netherlands, providing sustainable cocoa products to companies with significant processing capacity in the Netherlands or engaging consulting services from Dutch companies.

Building Prospects continues to navigate a complex and evolving investment landscape to drive sustainable development in emerging markets. Through targeted investments in infrastructure, agribusiness, and climate resilience, the fund is striving to make a meaningful impact on people's lives and contribute to the achievement of the Sustainable Development Goals.

1 Foreign investment in developing economies fell 2% in 2024, marking second year of decline | UN Trade and Development (UNCTAD)

Production

Production 2024	
	Valency International DMCC –$10 million Debt Valency International Pte Ltd is an integrated supply chain manager, commodity trader & processor with predominant operations in Africa and Asia. Historically a trader of Africa-sourced commodities to Asian markets, the company started to expand its downstream value chain in 2015 with cashew processing in Nigeria (the historical sourcing country of the Group) and now operates 18 subsidiaries across Africa, Asia and Europe. The financing will support Valency's expansion plan in Nigeria, namely (i) establishing new warehouses, (ii) extending the capacity of the group's cashew processing factory in Ibafo, (iii) setting up a multi-seed crushing plant, and (iv) setting up a food processing and packaging plant. The project supports economic growth in Nigeria through export diversification, value addition via local processing of raw materials, development of quality employment and indirect engagement with smallholder farmers in the poorest regions of Nigeria.
	Miro Forestry Developments Limited – $1.2 million Debt Miro Forestry Developments Limited is one of the largest forestry companies in West Africa, operating plantations in Ghana and Sierra Leone. Miro specializes in the development and management of high-quality, cost-effective, FSC-certified fast-growing industrial timber species, while also contributing significantly to carbon sequestration efforts. FMO continues to support Miro's impactful work, which drives sustainable socioeconomic development in rural communities across Ghana and Sierra Leone. Risk capital for forestry is also very scarce and FMO is critical to successfully close this shareholder loan round.
	Bacao S.A.S. – $10 million Debt Our customer is Bacao S.A.S., the main Colombian subsidiary of Andean Cacao GmbH whose vision is to catalyse change to the cacao sector by providing a scalable sustainable production model (productive, profitable, eco-friendly, and inclusive) that can satisfy the growing need for regenerative and carbon-neutral cacao. It will develop 3,720 hectares of cacao using best-in-class agriculture design and practices, of which approximately 1,752 hectares are already planted. The Company is backed by strong complementary shareholders (including a leading chocolate manufacturer) which uniquely positions the company for success through an advantageous long term off-take agreement and the sharing of industry-leading experience, know-how, and innovations in cacao farming, plant science and agronomy. This project aligns with FMO's ambitions to: i) support leading commodity off-takers to further integrate complex value chains like cacao; ii) satisfy the growing need for regenerative and carbon-neutral cacao; iii) support a project intended to demonstrate that cacao can be produced profitably and sustainably, spurring further commercial investment into primary production; and iv) support the wider cacao sector in Colombia by supporting clusters of smallholders with access to market and technical assistance.
	Helios CLEAR Fund SCSp – $10 million Equity The Helios Climate, Energy, Adaptation and Resilience Fund ("CLEAR", "the Fund") is a private equity fund being raised by Helios Investment Partners, a leading Pan-African PE firm. CLEAR is a Paris-aligned climate fund dedicated to securing a low-carbon growth trajectory for Africa. The aim is to bring much needed growth capital to companies with meaningful climate mitigation and adaptation impact in Africa. The Fund will focus on growth capital investments in mid-cap businesses with high growth potential in the key themes noted above, alongside reliable and trustworthy partners. CLEAR's return outcomes extend beyond capital appreciation, including seek to avoid and reduce carbon emissions, enabling sectors and populations to become more resilient and to adapt to climate change, improved ESG standards and performance, aligned to international standards and increased development impact that supports a wider stakeholder community.
	York Timbers (Proprietary) Limited – ZAR 87.5 mln Debt York Timbers Proprietary Limited (hereafter York Timbers) is a subsidiary fully owned by York Timber Holdings Limited, listed on the Johannesburg Stock Exchange. York is the largest solid wood, lumber and plywood producer in South Africa, with operations centered in two main geographic areas namely, the Highveld operations in Jessievale and Escarpment Operations in Sabie. As an integrated forestry company, York Timbers manages approximately 60,000 hectares of FSC-certified high-quality pine plantations and around 30,000 hectares of high conservation area and operates two sawmills and one plywood mill. York has also recently diversified into agriculture and crops (i.e. avocado, macadamia, and soft citrus). York Timbers is an integrated forestry company owning and managing pine plantations and operating efficient wood processing plants. This is a strong fit with FMO's Forestry Strategy. FMO's facility will match with the maturity profile of the plantations, which will further support York Timbers to reduce its dependency on third-party wood supply, improving cost competitiveness. FMO's additionality is evident by establishing enduring partnerships with York Timbers for the long term.
	Afrigreen Debt Impact Fund SLP - €5 million Equity Afrigreen will answer to the urgent need to scale up clean energy solutions in Central and West Africa, where there is scarce network capacity to accommodate the needed capacity to fulfill the growing demand for electricity. Debt financing for small to medium scale (decentralized) energy projects in Africa is considered particularly scarce. The Fund intends to have substantial impact by targeting an underserved market and would provide a mix of structured debt solutions targeting different technologies to help support swift deployment of renewable projects.
	ALIVE Early Growth Fund II LP – $10 million Equity

ALIVE has a credible PE team with a strong focus on achieving the above impact goals. It is considered balanced, well-connected and well-positioned to contribute to reducing inequalities within Colombia. The Fund focuses on impact-focused companies, which makes impact central from the selection process until after the (responsible) exit. It collects data to confirm ratios for (i) improved quality of life, (ii) gender inclusion, and (iii) low income-groups reached with the ambition of making a positive contribution to the financially more vulnerable population.

Accretive Cleantech Finance Private Limited – INR 450mln Equity Direct

Ecofy's objective is to finance the green transition by originating loans to 'green' sectors including Retail EV's, rooftop solar and SME loans for improving energy efficiency by increasing the adoption of environmentally friendly products at the retail level. The capital infused by FMO is expected to catalyze the growth of the company, which relates to increasing the number of loans disbursed, product diversification and advancing its presence across India. FMO aims to contribute to decarbonizing energy – which is critical in a country like India with a large growing economy. FMO's funding (via MASSIF & Building Prospects) is expected to act as a catalyst to attract both commercial & blended finance in the future.

SIMA Commercial & Industrial Solar Green Bond B.V – $ 10 million Mezzanine Loan

FMO will provide funding ('the Fund') to SIMA C&I to be used for debt funding to SME energy services and construction companies in Sub-Saharan Africa's commercial and Industrial ("C&I") PV sector. roviding energy access to the C&I sector is a key part in the promotion of sustainable operations through using renewable energy. Debt financing for small to medium scale energy companies and projects in Africa is considered particularly scarce. The Fund intends to have substantial impact by targeting an underserved market and would provide a mix of structured debt solutions to help support swift deployment of renewable projects. FMO's role as investor in the first closing for the Fund will contribute to catalyzing investors and the Fund reaching its target size and deployment timeline.

Africa Ren Development - €0.5 million Development Contribution

EUR 2m from BP as a Development Contribution to DevCo to finance the development of a pipeline of solar projects in the Francophone region of Africa. Of this EUR2m, EUR [500k] of FMO's contribution will be used to acquire the rights to Walo and provide the necessary funding to get the project to Financial Close.

Connekt 4 SAS - €0.24 million - Ventures Program 2

Hub2 is a finech company that provides mobile wallet accessibility and payment services in Francophone Africa. Hub2's solution contributes to the payment landscape in Africa, thereby promoting financial inclusion and stimulating economic growth. Hub2 will be able to benefit from being introduced to FMO's network of (micro)finance institutions and FinTechs across Africa as well as to potential future investors.

EA Foods Limited - €0.25 million - Ventures Program 2

EA Foods Limited ("East Africa Foods", "EAF") is a food logistics and distribution company in Tanzania, leveraging technology to optimize the fresh fruit and vegetable supply chain. EAF sources produce from over 8,800 smallholder farmers and supplies primarily to informal retailers, shops, restaurants, and supermarkets in larger cities. The Company is developing an integrated platform that optimizes the supply chain for selected crops that are both high in demand and domestically grown, thus improving quality and reducing food waste. The investment proceeds will support the Company's growth needs, helping to fund its operations and capital investments in logistics infrastructure and software development.

Tagaddod B.V. - $0.13 million - Ventures Program 2

Tagaddod B.V. is an Egyptian start-up that collects and filters used cooking oil from restaurants, households, and factories through a fully digitized process and supplies it to global sustainable fuel producers. The investment will enable the Company to further expand their digitized sourcing process for Used Cooking Oil and other Waste Oils. Ultimately, this will support reducing and recycling waste products for a more sustainable fuel production, whilst providing additional revenue for restaurants, households and aggregators.

TechCoop Investment & Technology PTE. LTD. - $0.58 million - Ventures Program 2

TechCoop Investment & Technology Pte. Ltd. is a technology-enabled agricultural B2B platform in Vietnam that aims to digitize transactions, bridge the working capital gap, and connect and provide access to the market across the agricultural supply chain. TechCoop provides integrated trade, digital trade credit, and advisory solutions to Vietnam's agricultural small- and medium-sized enterprises (SMEs) and farmer cooperatives across export-driven supply chains. The investment proceeds will be used to support the Company's growth, helping fund the scaling of its operations and further software and product development for the cross-border digital platform, enabling the successful export of agricultural SMEs and farmer cooperatives.

Exits and sales

No exits or sales were made in 2024.

Production capacity development

Contracts CD 2024

Kahawatu Foundation - $262,500 Partnership Development Contribution

Long term private-public partnership program, focused on the strengthening of the coffee sector in Burundi. The coffee sector in Burundi is at a crossroads, currently on an all-time low of productivity, though coffee is the most important export commodity in the country and one of the few viable ways for smallholders to earn some money. The program includes three components, focusing on farmer support and livelihoods, capacity building with local and national institutions involved in the coffee sector, and an access to market strategy for Burundian coffee on the local market. FMO's support focused on the first three years, of which the first year will be an inception phase for the envisioned 12 year program, to be co-funded with the Swiss Development Cooperation, JDE, Sucafina Coffee and the Optimus Foundation. By supporting the revitalization of the sector, FMO improves possibilities for economic prosperity for the farmers and other workers in the sector as well as the possibility to seed long term pipeline development and to support current and prospect businesses active in the coffee sector in the country

TechnoServe - €62,000 Technical Assistance

The KTDA Inclusive Business Plan aims to identify suitable opportunities for income diversification for KTDA tea farmers and design a sustainable business model for the KTDA Foundation. This project, implemented by TechnoServe, involves delivering an Inclusive Business Plan (IBP) to support KTDA farmers in diversifying their income sources beyond tea farming. The IBP will prioritize viable income diversification strategies, define a sustainable operating model, quantify the income opportunities, and design a pilot program for implementation. The ultimate goal is to enhance farmer incomes, increase climate resilience, and secure a stable supplier base for KTDA.

Stichting Andgreen.fund - €31,781 Technical Assistance

This project aims to enable and capacitate SAIL Investments and the &Green Fund to identify opportunities to expand economic opportunities for women and raise awareness among &Green Fund portfolio companies to adapt their practices. Implemented by Value for Women Ltd., the project will deliver a Gender Lens Investing (GLI) diagnostic, practical tools for implementing GLI practices, and awareness-raising sessions. The goal is to align with the 2X Challenge Criteria, enhance gender-inclusive business practices, and ultimately expand economic opportunities for women within the &Green Fund's portfolio.

Global Food and Agribusiness Network - €16,000 Technical Assistance

The Cheetahs Academy Initial Design project aims to develop a world-class leadership academy for middle-upper management in fast-growing African agribusinesses. Implemented by the Global Food and Agribusiness Network under the guidance of Professor Peer Ederer, this project will complete the initial design, planning, and feasibility phase. The need for this academy was identified during the African Cheetahs Roundtable, where C-suite executives of Cheetah companies highlighted talent constraints as a key growth barrier. The goal is to address these talent constraints, improve agribusiness performance, and accelerate growth.

Eswaran Brothers Exports (Pvt) Ltd - €33,623.63 Technical Assistance

This project aims to identify opportunities within Eswaran Brothers, a Building Prospects prospective customer, to enhance gender inclusion across all staff levels. Implemented by Value for Women Ltd., the project will deliver a comprehensive gender assessment, a tailored Gender Action Plan, and support for up to two pilot initiatives. The objectives include increasing women's representation, improving safety and wellbeing for women employees, and inspiring similar actions in the Sri Lankan tea industry. The project will also produce a public-facing case study to showcase the outcomes and progress towards gender equality.

Solu Hydropower Limited - $192,191 Development Contribution Grant

This project supports the second phase of the Livelihood Restoration and Development Plan (LRDP) to sustainably restore and enhance the livelihoods of Project Affected People from the Lower Solu Hydropower Project in Nepal. It focuses on alternative livelihoods through agri-based activities, skills training, market linkages, and women's empowerment. BP funds this project to mitigate socio-economic impacts, promote gender equality, and reinforce environmental and social standards, contributing to Nepal's sustainable energy goals and setting a leading example for responsible investment in the sector.

HPW Fresh & Dry Ltd. - $78,000 Technical Assistance

This project aims to evaluate the impact of capital expenditure (capex) investments made by HPW Fresh & Dry Limited on smallholder farmer incomes and livelihoods. Implemented by 60 Decibels, Inc., the evaluation will assess the effectiveness of these investments at intermediary processor sites in Burkina Faso and Côte d'Ivoire. Building Prospects previously funded a development contribution for upgrading processing equipment and capacity building of facility staff, which helped HPW expand into new sourcing markets. This evaluation aims to understand the impact of these investments on smallholder farmers in the supply chain. The primary objective is to validate the hypothesis that blended finance investments in intermediary capex can improve farmer livelihoods to evaluate HPW's repayment discount triggers and to apply this learning more broadly in FMO's agriculture portfolio.

SEACEF TAF LTD - $300,000 Development Contribution Grant

The SEACEF Technical Assistance Facility (TAF) supports early-stage innovation through tailored technical assistance focused on capacity building and ecosystem strengthening. By funding the TAF, BP enables portfolio companies to access business support, peer learning, and external advisory services in areas like E&S, gender and core business support. This enhances their operations and impact, increasing the value and effectiveness of FMO's involvement in SEACEF II.

Africa REN Development - €100,000 Development Contribution Grant

This project aims to conduct technical design studies and an Environmental and Social Impact Assessment (ESIA) for the Kodeni Solar Expansion, a critical step in project preparation. Building on the success of Kodeni 1 and supporting FMO's customer, this expansion will help Burkina Faso reduce its dependence on fossil fuels and electricity imports, contributing to energy security in this fragile, Least Developed Country (LDC). The project aligns with Building Prospects' mandate to foster sustainable energy solutions in vulnerable regions, supporting long-term growth and stability.

Africa Infrastructure Development Association - €42,979.54 Partnership Development Contribution

The Africa Infrastructure Development Association (AFIDA) is an organization aimed at supporting first-time African RE developers in achieving bankability and attracting investment. The project provided pitching support, networking, and engagement opportunities to a selected group of developers, who showcased their projects at FMO's Future of Energy 2024 event and they joined the AFIDA network. This initiative aligns with FMO's commitment to fostering the next generation of developers in Africa.

Husk Power Systems Pvt Ltd - €23,123 Technical Assistance

The main objective of the project is to assist Husk Power Systems Pvt Ltd in developing and implementing their Environmental and Social Management System (ESMS) to address gaps identified during a due diligence process. The project involves tasks such as updating the Group ESMS, conducting ESMS training, digitizing ESMS processes, assessing supply chain screening, and reviewing climate change impacts.

Joliba Capital Fund I, L.P. - €28,130 Technical Assistance

The project aims to support Joliba's portfolio company for IUC university in Douala, Cameroon with GHG accounting, energy audit support, and efficiency/optimization improvements. It includes an inventory of energy use, establishing a system for monitoring resource consumption, and implementing a strategy for optimizing energy consumption and GHG emissions. The project is implemented by IBIS Environmental Social Consulting.

Accretive Cleanteach Finance Pvt Ltd - €12,200 Technical Assistance

The Ecofy CPP Certification project assesses and supports Ecofy India's adherence to Client Protection Principles, ultimately obtaining the CERISE+SPTF certification. This includes a comprehensive assessment process, including desk reviews, onsite visits, data collection, interviews, and the preparation of detailed reports with specific recommendations for improvement. The project is implemented by Microfinanza Rating Srl.

UN Capital Development Fund - $300,000 Partnership Development Contribution

Joint project between FMO, UN Capital Development (UNCDF) and UNICEF under the investment pillar of UNICEF's First Foods Initiative. This initiative, focused on improving access to nutritious foods for the youngest children (0-2yrs) and their families focuses on awareness, behavior change and access to nutritious foods. FMO's contribution will be towards a scoping study for a financial architecture to increase access to finance for SMEs active in value chains that produce, process and sell nutritious foods in Sub Saharan Africa, with the aim to specially build the market for (malnourished) children in the first two years of their lives: their 'first foods'. Outcome of the study will be a set of (new) financial instruments, mechanisms and/or structures to increase financing to local agri-SMEs active in first food value chains. FMO aims to reach the bottom of the pyramid in emerging markets with access to finance to support economic prosperity and food security. The scoping study identifies what type of financial instruments, mechanisms and/or structures should be set-up to further support companies involved in nutritious foods value chains, which aligns with BPs mandate to target agriculture value chains.

classM - €49,300 Development Contribution Grant

Market study for agribusiness opportunities in Morocco. This included an analysis of the agribusiness sector, including the different players on national and local level, including funders, investors and government programs; the selection of five value chains that match with FMO's interests on both commercial and impact level, and a deep dive into companies in these five value chains, including introductions to selected businesses.

LIST OF ABBREVIATIONS

AC	Amortized Cost
CD	Capacity Development
DFI	Development Finance Institution
DGIS	Directorate-General for International Cooperation
EAD	Exposure at Default
ECL	Expected Credit Loss
ESG	Environmental, Social and Governance
FV	Fair Value
FVOCI	Fair Value Through Other Comprehensive Income
FVPL	Fair Value Through Profit or Loss
GHG	Green House Gas
Gwh/yr	GigaWatt hours per year
ha	Hectares
HFO	Heavy Fuel Oil
IASB	International Accounting and Standards Board
IFRS	International Financial Reporting Standards
IPP	Independent Power Plant
FRC	Financial Risk Committee
LDC	Least Developed Country
LGD	Loss Given Default
MT	Mega Tonne
MW	Mega Watt
NGO	Non Governmental Organization
NPL	Non-Performing Loans - loans in default
NPV	Net Present Value
OCI	Other Comprehensive Income
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PD	Probability of Default
PIM	Public Investment Management team within FMO
SDGs	Sustainable Development Goals
SHS	Solar Home Systems
SPPI	Solely Payments of Principal and Interest
SSA	Sub-Saharan Africa
tCO2eq	Tonnes of CO2 equivalent
VC	Venture Capital
VER	Voluntary Emission Rights
YE	Year End

Read more about	
FMO	www.fmo.nl/
ODA	www.rijksbegroting.nl/system/files/10/odaenoesodac-criteria.pdf
OECD	www.oecd.org/
SDGs	sustainabledevelopment.un.org

Annual accounts

Statement of financial position

At December 31, 2024

	Notes	2024	2023
Assets			
Banks	(1)	6,276	5,431
Short-term deposits	(3)	42,957	25,200
Derivatives financial instruments	(4)	10,338	11,302
Loan portfolio	(5)		
- of which: at Amortized cost		131,507	130,841
- of which: at Fair value through profit or loss		41,080	29,473
Equity investments	(6)	135,386	120,891
Other financial assets at FV		21,875	24,601
Other receivables	(7)	252	1,351
Total assets		**389,671**	**349,090**
Liabilities			
Current acount with FMO	(2)	118	48
Accrued liabilities	(8)	4,229	3,223
Provisions	(9)	488	409
Total liabilities		**4,835**	**3,680**
Fund capital			
Contribution DGIS previous years		414,516	414,516
Contribution DGIS current year		10,000	-
Total contribution DGIS		**424,516**	**414,516**
Other reserves		6,505	6,505
Undistributed results previous years		-75,611	-69,178
Net profit/(loss)		29,426	-6,433
Total fund capital	**(10)**	**384,836**	**345,410**
Total liabilities and fund capital		**389,671**	**349,090**
Irrevocable facilities	**(17)**	**120,508**	**129,627**
Total subsidy allocated to BP		472,012	462,012
Total subsidy withdrawn from DGIS		424,516	414,516
Subsidy available BP		**47,496**	**47,496**

Statement of comprehensive income

At December 31, 2024

	Notes	2024	2023
Income			
Interest income from financial instruments measured at AC		-1,063	11,461
Interest income from financial instruments measured at FVPL		4,785	-1,166
Total net interest income	**(11)**	**3,722**	**10,295**
Fee and commission income	(12)	38	1,256
Results from equity investments	(14)	-8,554	-18,356
Dividend income	(13)	4,639	82
Results from financial transactions	(15)	7,067	-23,967
Remuneration for services rendered		25	25
Other income		11	4
Total income		**6,948**	**-30,661**
Expenses			
Remuneration FMO		-9,594	-9,456
Capacity development expenses		-1,401	-4,338
Advisory costs		-501	-900
Evaluation expenses		-385	-183
Total expenses	**(16)**	**-11,881**	**-14,877**
Impairments on			
Loans	(5)	12,712	23,114
Loan commitments		-48	-186
Release of impaired interest		21,695	16,177
Total impairments		**34,359**	**39,105**
Net profit/(loss)		**29,426**	**-6,433**
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income/(loss)		**29,426**	**-6,433**

Statement of changes in fund capital

At December 31, 2024

	Contributed Fund capital	Other reserves	Undistributed results previous years	Net profit/ (loss)	Total fund capital
Balance at January 1, 2023	**414,516**	**6,505**	**-71,107**	**1,929**	**351,843**
Transfer profit/(loss) PY to Undistr. Results PY	-	-	1,929	-1,929	-
Contribution DGIS	-	-	-	-	-
Contribution FMO	-	-	-	-	-
Results current year	-	-	-	-6,433	-6,433
Net balance at December 31, 2023	**414,516**	**6,505**	**-69,178**	**-6,433**	**345,410**
Balance at January 1, 2024	**414,516**	**6,505**	**-69,178**	**-6,433**	**345,410**
Transfer profit/(loss) PY to Undistr. Results PY	-	-	-6,433	6,433	-
Contribution DGIS	10,000	-	-	-	10,000
Contribution FMO	-	-	-	-	-
Results current year	-	-	-	29,426	29,426
Net balance at December 31, 2024	**424,516**	**6,505**	**-75,611**	**29,426**	**384,836**

Statement of cash flows

At December 31, 2024

	Notes	2024	2023
Cash flow from operating activities			
Inflows			
Interest received on loans		35,789	12,864
Repayments on loans	(5)	33,329	36,720
Sale and return of equity instruments to parties other than FMO		6,380	1,811
Results from equity investments		-2,209	3
Dividends and fees received		5,798	245
Other financial assets repayments		-	-
Other received amounts		2,921	1,414
Outflows			
Disbursements on loans	(5)	-32,916	-25,806
Investments in equity instruments	(6)	-27,219	-15,453
Disbursements on development contributions		-999	-3,881
Management fees FMO		-9,594	-9,456
Other financial assets investments		-2,912	-1,165
Other paid amounts		-1,629	-1,531
Net cash from operating activities		**6,739**	**-4,235**
Cash flow from financing activities			
Inflows			
Contribution DGIS current year	(10)	10,000	-
Net cash from financing activities		**10,000**	**-**
Net change in cash & cash equivalent		**16,739**	**-4,235**
Position of cash at January 1 [1)]		30,583	35,355
Foreign exchange translation		1,653	-537
Position of cash at end of period [1)]		**48,975**	**30,583**

1 Cash includes current account with FMO.

Summary of material accounting policies

General information

Building Prospects (BP), the Fund, is established by the Dutch Ministry of Foreign Affairs in 2002 to support private investments in infrastructures in developing countries. FMO executes the Fund at the risk and expense of the Dutch State. The total subsidy received to date amounts to €423 million and the anticipated end date of the Fund is December 2028.

Basis of preparation

The annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These annual accounts are based on the ‘going concern’ principle.

These annual accounts are prepared under the historical cost convention, except for:

- Equity investments, short-term deposits, all derivative instruments and other financial assets that are mandatorily measured at fair value through profit or loss.
- A part of the loan portfolio is mandatorily measured at fair value (refer to business model assessment and contractual cash flow assessment in this chapter below).

The material accounting policies adopted are set out below.

Adoption of new standards, interpretations and amendments

There are no new standards, interpretations or amendments adopted that have an impact on BP.

Issued but not yet adopted standards

BP has assessed recently completed amendment and standard development projects expected to be effective from 2025 to 2027, BP does not expect these amendments and new standards to have a significant impact on its financial statements.

Significant estimates, assumptions and judgements

In preparing the annual accounts in conformity with IFRS, management is required to make estimates and assumptions affecting reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment is inherent to the formation of estimates. Although these estimates are based on management’s best knowledge of current events and actions, actual results could differ from such estimates and the differences may be material to the annual accounts. The most relevant estimates and assumptions relate to:

- The determination of the fair value of financial instruments based on generally accepted modeled valuation techniques;
- The determination of the expected credit loss allowance in accordance with IFRS 9;

Information about judgements made in applying accounting policies are related to the following:

- Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest;
- The inputs and calibration of the ECL model which include the various formulas and the choice of inputs, aging criteria and forward-looking information;

Foreign currency translation

The Fund uses the euro as the unit for presenting its annual accounts. All amounts are denominated in thousands of euros unless stated otherwise. In accordance with IAS 21, foreign currency transactions are translated to euro at the exchange rate prevailing on the date of the transaction. At the statement of financial position date, monetary assets and liabilities are reported using the closing exchange rate. Non-monetary assets that are not measured at cost denominated in foreign currencies are reported using the exchange rate that existed when fair values were determined.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognized in the statement of profit or loss under 'Results from financial transactions'.

Unrealized exchange differences on non-monetary financial assets (investments in equity instruments) are a component of the change in their entire fair value. When a gain or loss for non-monetary financial asset is recognized through FVOCI (fair value through other comprehensive income), any foreign exchange component of the gain or loss is also recognized through FVOCI.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Fair value of financial instruments

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the fair value of an instrument is measured by using the quoted price in an active market for that instrument. If there is no quoted price in an active market, valuation techniques are used that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

In the performance of the fair value assessment for equity instruments, the exposure and impact of climate and environmental risks on the relevant investee companies are considered according to current and near-term climatic and environmental conditions, as appropriate, in developing a reasonable estimate of the fair value for these equity instruments.

Amortized cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The *gross carrying amount* of a financial asset is the AC of a financial asset before adjusting for any expected credit loss allowance.

Financial assets – Classification

On initial recognition, a financial asset is classified as measured at amortized cost (AC), fair value through profit or loss (FVPL) or fair value through other comprehensive income (FVOCI).

A financial asset is measured at AC if it meets both of the following conditions and is not classified as at FVPL:

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

A debt instrument is classified as (and) measured at FVOCI only if it meets both of the following conditions and is not classified as at FVPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

For equity investments that are not held for trading an irrevocable election exists (on an instrument-by-instrument basis) to present subsequent changes in fair value in OCI

All financial assets not classified and measured at AC or FVOCI as described above are measured at FVPL. In addition, on initial recognition The Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at AC or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transaction costs related to financial assets, not measured at FVPL, are directly added to its fair value for initial recognition and therefore attributed directly to its acquisition.

Business model assessment

The Fund has made an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information that is considered includes:

- How the performance of the portfolio is evaluated and reported to management of the Fund;
- 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;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets whose performance is based on a fair value basis are measured at FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Contractual cash flow assessment

For the purpose of the contractual cash flow assessment, related to solely payments of principal and interest (SPPI), 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, 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 a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund has considered 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. In making the assessment, the Fund has considered among others:

- Contingent events that would change the amount and timing of cash flows – e.g. prepayment and extension features, loans with performance related cash flows;
- Features that modify the consideration for the time value of money – e.g. regulated interest rates, periodic reset of interest rates;
- Loans with convertibility and prepayment features;
- Terms that limit the Fund's claim to cash flows from specified assets – e.g. non-recourse assets;
- Contractually linked instruments.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Fund accounts for the Day 1 profit or loss.

Reclassification

In rare circumstances, financial assets can be reclassified after initial recognition. This happens if the business model for managing financial assets has changed and this change is significant to the Fund's operations.

Cash and cash equivalents

Cash and cash equivalents consist of balances with banks, current account maintained with FMO and short-term deposits that usually mature in less than three months from the date of acquisition. Short-term deposits consist of money market funds which are measured at FVPL. These financial instruments are very liquid with high credit rating, and which are subject to an insignificant risk of changes in fair value. There is no restriction on these financial instruments and the Fund has on demand full access to the carrying amounts. Unrealized gains or losses on the money market funds (including foreign exchange results) are reported in the note 'Results from financial transactions'.

Derivative instruments
Derivative financial instruments are initially recognized at fair value on the date the Fund enters into a derivative contract and are subsequently remeasured at its fair value. Changes in the fair value of these derivative instruments are recognized immediately in profit and loss. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Embedded derivatives
Part of the derivatives related to the asset portfolio concerns derivatives that are embedded in other financial instruments. Such combinations are known as hybrid instruments and arise predominantly from providing mezzanine loans and equity investments.

Derivatives embedded in host contracts, where the host is a financial asset in the scope of IFRS 9, are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification as set out in the section Financial assets- Classification.

Certain derivatives embedded in other contracts are measured as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the host contract is not carried at fair value through profit or loss, and if a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. These embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. An assessment is carried out when the Fund first becomes party to the contract. When there is a change in the terms of the contract that significantly modifies the expected cash flows, the modification results in derecognition of the original instrument and leads to recognition of a new instrument again on the balance sheet.

Loans
Loans originated by the Fund include loans to the private sector in developing countries for the account and risk of the Fund.

Loans on the statement of financial position of the Fund include:

- Loans measured at AC which comply with the classification requirements for AC as indicated in the section Financial assets – classification. These loans are initially measured at cost, which is the fair value of the consideration paid plus incremental transaction costs incurred. Subsequently, the loans are measured at AC using the effective interest rate method.
- Loans mandatory measured at FVPL which do not comply with the classification requirements for AC as indicated in the section Financial assets – classification. These are measured at fair value with changes recognized immediately in the statement of profit or loss.

Equity investments
Equity investments on the statement of financial position of the Fund include:

- Equity investments are measured at FVPL. The Fund has a long-term view on these equity investments, usually selling its stake within a period of 5 to 10 years. Therefore, these investments are not held for trading and are measured at fair value with changes recognized immediately in the statement of profit or loss;
- Equity investments designated as at FVOCI. The designation is made, since these are held for long-term strategic purposes. These investments are measured at fair value. Dividends are recognized as income in profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in the fair value reserve (OCI) and are never reclassified to the statement of profit or loss.

Other financial assets at FV
Other financial assets reflect the Dutch State's investment in the Ventures Program. The Ventures Program is a structured entity and is a co-investment between FMO, the Dutch Government and the European Commission. Following the specific conditions, the investment of the State Funds in the asset is classified as “Other financial assets at fair value”.

These financial assets are accounted for at fair value through profit or loss. The underlying equity investments (financial assets) in the Ventures Program are measured mandatorily at FVPL and the valuation of these assets form the basis of the value attributable to the program's co-investors. Refer to the 'Fair value of financial assets and liabilities' note for the description of the valuation technique applied to these financial liabilities.

Revaluation of other financial assets is reported under 'Results from financial transactions'.

Financial assets – Impairment

The Fund estimates an allowance for expected credit losses for all financial assets and loan commitments (off balance items) in scope of IFRS 9 impairment assessment.

No impairment loss is recognized on equity investments.

Impairment stages: loans and banks

The Fund groups its loans into Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology, as described below:

- Stage 1 – Performing loans: when loans are first recognized, an allowance is recognized based on a 12-month expected credit loss;
- Stage 2 – Underperforming loans: when a loan shows a significant increase in credit risk, an allowance is recorded for the lifetime expected credit loss;
- Stage 3 – a lifetime expected credit loss is recognized for these loans. In addition, in Stage 3, interest income is accrued on the AC of the loan net of allowances.

ECL measurement

The Fund's ECL model is primarily an expert based model and this model is frequently benchmarked with other external sources if possible.

ECL measurement Stage 1 and Stage 2

IFRS 9 ECL allowance reflects unbiased, probability-weighted estimates based on loss expectations resulting from default events over either a maximum 12-month period from the reporting date or the remaining life of a financial instrument. The method used to calculate the ECL allowances for Stage 1 and Stage 2 assets are based on the following parameters:

- PD: the Probability of Default is an estimate of the likelihood of default over a given time horizon. The Fund uses a scorecard model based on quantitative and qualitative indicators to to assess current and future clients and determine PDs. The output of the scorecard model is mapped to the Moody's PD master scale based on idealized default rates. A point in time adjustment is made to these PDs using a z-factor approach to account for the business cycle;
- EAD: the Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, scheduled by contract or otherwise, expected drawdowns and accrued interest from missed payments;
- LGD: the Loss Given Default is an estimate of the Fund's loss arising in the case of a default at a given time. It is based on the difference between the contractual cash flows due and any future cashflows or collateral that the Fund would expect to receive;
- Z-factor: the Z-factor is a correction factor to adjust the client PDs for current and expected future conditions. The Z-factor adjusts the current PD and PD two years into the future. GDP growth rates per country from the IMF, both current and forecasted, are used as the macro-economic driver to determine where each country is in the business cycle. Client PDs are subsequently adjusted upward or downward based on the country where they are operating.

Macro economic scenarios in PD estimates

In addition to the country-specific Z-factor adjustments to PD, the Fund applies probability-weighed scenarios to calculate final PD estimates in the ECL model. The scenarios are applied globally and are based on the vulnerability of emerging markets to prolonged economic downturn. The scenarios and their impact are based on IMF data and research along with historical default data in emerging markets

The three scenarios applied are:

- Positive scenario: Reduced vulnerability to an emerging market economic downturn;
- Base scenario: Vulnerability and accompanying losses based on the Fund's best estimate from risk models;
- Downturn scenario: Elevated vulnerability to an emerging market economic downturn.

ECL measurement Stage 3

The calculation of the expected loss for Stage 3 is different when compared to the Stage 1 and Stage 2 calculation. Reason for this is that loan-specific impairments provide a better estimate for Stage 3 loans in the Fund's diversified loan portfolio. The following steps are taken which serve as input for the Financial Risk Committee (FRC) to decide about the specific impairment level:

- Calculate probability weighted expected loss based on multiple scenarios including return to performing (and projected cash flows), restructuring, and write-off or sale;
- Based on these probability weights, a discount curve is generated and the discounted cashflow (DCF) model is used to determine the percentage to be applied on the outstanding amount of a loan;
- Take expected cash flows arising from liquidation processes and “firm offers” into account. The cashflows arising from these processes and "firm offers" serve as a cap for the provision (or a floor for the value of the loan).

Staging criteria and triggers

Financial instruments classified as low credit risk

The Fund considers all financial instruments with an investment grade rating (BBB- or better on the S&P scale or F10 or better on Fund’s internal scale) to be classified as low credit risk. For these instruments, the low credit risk exemption is applied and irrespective of the change of credit risk (as long as it remains investment grade) a lifetime expected credit loss will not be recognized. This exemption lowers the monitoring requirements and reduces operational costs. This exemption is applied for 'Current Accounts with FMO'.

No material significant increase in credit risk since origination (Stage 1)

All loans which have not had a significant increase in credit risk since contract origination are allocated to Stage 1 with an ECL allowance recognized equal to the expected credit loss over the next 12 months. The interest revenue of these assets is based on the gross amount

Significant increase in credit risk (Stage 2)

IFRS 9 requires financial assets to be classified in Stage 2 when their credit risk has increased significantly since their initial recognition. For these assets, a loss allowance needs to be recognized based on their lifetime ECLs. The Fund considers whether there has been a significant increase in credit risk of an asset by comparing the lifetime probability of default upon initial recognition of the asset against the risk of a default occurring on the asset as at the end of each reporting period. Interest revenue for these financial assets is based on the gross amount. This assessment is based on either one of the following items:

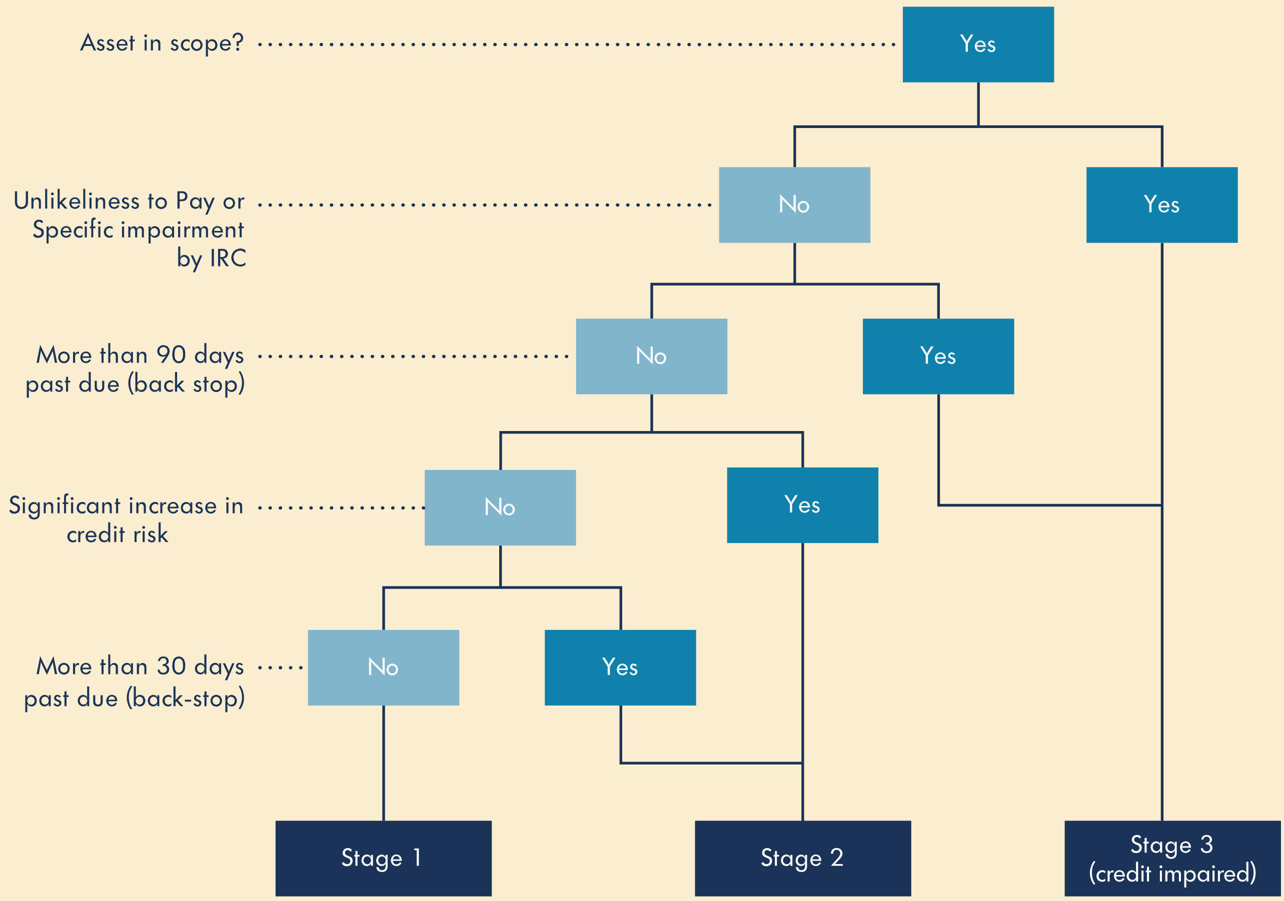
- The fact that an early warning signal has triggered financial difficulty following a transfer to the watchlist;
- The fact that the financial asset is 30 days past due or more on any material obligation to the Fund, including fees and excluding on charge expenses (unless reasonable information and supportable information is available demonstrating that the client can service its debt).

Definition of default (Stage 3)

A financial asset is considered as default when any of the following occurs:

- The client is past due more than 90 days on any material obligation to the Fund, including fees (excluding on-charged expenses);
- The Fund judges that the client is unlikely to pay its credit obligation to the Fund due to occurrence of credit risk deterioration and the FRC or Credit department decides on a specific impairment on individual basis. The triggers for deciding on specific impairment include among others bankruptcy, days of past due, central bank intervention, distressed restructuring or any material adverse change or development that is likely to result in a diminished recovery of debt;

The following diagram provides a high level overview of the IFRS 9 impairment approach at the Fund.



Reversed staging
Reversed staging relates to criteria which trigger a stage transfer to Stage 1 for loans which are in Stage 3 or Stage 2. The following conditions must apply for a transfer to stages representing lower risk:

- Loans in Stage 2 will only revert to Stage 1 when there is no indication of financial difficulty and the exposure is removed from the watchlist, the regulatory forbearance probation period of minimum two years has passed and no material amounts are past due for more than 30 days
- Loans in Stage 3 will revert to Stage 2 when the specific impairment is released, there are no obligations past due for more than 90 days and all regulatory probation periods have passed.

Climate and environmental (C&E) risk impact assessment
The Fund has set up a process to evaluate climate and environmental related risks on individual customers, both at origination and throughout monitoring via an internal tool, as part of the credit process. Through this process, the Fund aims to ensure that higher risk transactions undergo further assessments and appropriate measures (when feasible) are taken to address and manage climate-related and environmental risks throughout the investment cycle. As part of the annual monitoring cycle of the Fund's customers, reviews will take place to assess whether the assessments are still up to date and where needed adjusted. The performance of climate risk assessments as part of our investment process is considered to be an important mitigant for our credit risk in relation to C&E risks.

Given the current understanding of climate and environmental risks and their impact within the Fund, the Fund does not currently consider such risks in its ECL assessment directly. Central tendencies for the calibration of PDs do include a best-effort correction for uncertainty with a 10% increase of the assumed long-term average default rate to account for uncertainties from a variety of factors that could be considered to account for Climate-related and Environmental risks. Additionally, a review of past defaults found little direct impact of Climate-related and Environmental risks on defaults, with most issues being related to questions of governance and ability of a company to adapt; such factors are captured in the Fund's current rating model.

Written-off financial assets
A write-off is made when a claim is deemed non-collectible, when the Fund has no reasonable prospects of recovery after, among others, enforcement of collateral or legal enforcement with means of lawsuits. Furthermore, a write-off is performed when the loan is being forgiven by the Fund. There are no automatic triggers, which would lead to a write-off of the loan; specific impaired loans are assessed on individual basis depending on their circumstances. Generally, when the impairment percentage exceeds 95%, the FRC is advised to consider a write-off.

Write-offs are charged against previously booked impairments. If no specific impairment is recorded on basis of FRC decision making from the past, the write-off is included directly in the profit and loss account under ‘Impairments’.

Modification of financial assets
The Fund has defined specific events-based triggers, related to the type of restructuring being carried out in order to determine whether a specific change in contractual terms gives rise to derecognition or modification, instead of relying only on a quantitative threshold related to differences in net present value (NPV).

Modification of terms and conditions arise from lending operations where the Fund enters into arrangements with clients, which implies modifications to existing contractual cash flows or terms and conditions. Such arrangements are usually initiated by the Fund when financial difficulty occurs or is expected with a borrower. The purpose of such an arrangement is usually to collect original debt over different terms and conditions from the borrower. Modifications may include extending the tenor, changing interest rate percentages or their timing, or changing of interest margin.

During the modification assessment, the Fund will evaluate whether the modification event leads to a derecognition of the asset or to a modification accounting treatment. Generally, loans that are sold to a third party or are written off lead to a derecognition. When existing debt is converted into equity, a derecognition of the debt will occur and be recognized again on the statement of financial position as equity. For modifications in interest percentages or tenor changes of existing amortized cost loans that do not pass the SPPI test, the loan will also be derecognised and will be recognised as new loans on the Fund's statement of financial position according to the new classification.

When modification measures relate to changes in interest percentages or extensions of tenors and the loan is at amortized cost, the Fund will recalculate the gross carrying amount of the financial asset by discounting the modified expected cash flows using the original effective interest rate and recognizes the difference in the gross carrying amount as a modification gain or loss in profit and loss. However, when the NPV of the original loan is substantially different than the NPV of the modified loan, the original loan is derecognized and re-recognized on the statement of financial position. The Fund considers a variance of greater than 10% as substantially different.

Modification of contractual terms versus forbearance
Forbearance is not an IFRS term, but relates to arrangements with clients which imply modifications to existing terms and conditions due to financial difficulties of the client. Financial difficulties include, among others, prospects of bankruptcy or central bank intervention. Forbearance must include concessions to the borrower such as release of securities or changes in payment covenants that implies giving away payment rights. Forbearance measures do not necessarily lead to changes in contractual cash flows (e.g. waiver of specific covenant breaches).

Theoretically modification of contractual cash flows or terms and conditions, does not necessarily apply to clients in financial difficulties or performed due to potential higher credit risk. However for the Fund, a modification of the contractual terms is usually initiated when financial difficulty occurs or is expected. Therefore only in exceptional cases, changes in modifications of contractual terms not following from credit risk related triggers, will not lead to forbearance e.g. in case of an environmental covenant breach. For the Fund, generally modifications will follow from financial difficulties of the borrower and will be classified as forborne assets.

Provisions
Provisions are recognized when:

- The Fund has a present legal or constructive obligation as a result of past events; and
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate of the amount of the obligation can be made.

Provisions are recognised for loan commitments.

Fund Capital

Fund capital represents the total net assets of the Fund that are attributable to the Fund's investors at the balance sheet date. The amounts are classified as equity in accordance with IAS 32.

Contributed Fund Capital

The contributed capital contains the subsidies provided by the Dutch State to finance the portfolio of loans and equity investments.

Other reserves

Other reserves includes the reserve adjustments that arose out of the transition to IFRS 9 from IAS 39 in the financial year beginning 1 January 2018. This includes the transfer of previous available-for-sale reserves as well differences in measurement arising on transition.

Undistributed results previous years

The undistributed results consist of the part of the annual results that the Fund is accumulating to maintain the recoverability of the Fund.

Net interest income: interest income and expense

Interest income and interest expenses from financial instruments measured at AC are recognized in the profit and loss account for all interest-bearing financial instruments on an accrual basis using the ‘effective interest’ method based on the fair value at inception. Interest income and interest expenses also include amortized discounts, premiums on financial instruments and interest related to derivatives.

When a financial asset measured at AC is credit-impaired and regarded as Stage 3, interest income is calculated by applying the effective interest rate to the net carrying value of the financial asset. If the financial asset is no longer credit-impaired, the calculation of interest income reverts to the gross basis.

Interest income from loans measured at FVPL is recognized under 'Interest income from financial instruments measured at FVPL

Fee and commission income and expense

The Fund earns fees from a diverse range of services. The revenue recognition for financial service fees depends on the purpose for which the fees are charged and the basis of accounting for the associated financial instrument. Fees that are part of a financial instrument carried at fair value are recognized in the profit and loss account. Fee income that is part of a financial instrument carried at AC can be divided into three categories:

- *Fees that are an integral part of the effective interest rate of a financial instrument (IFRS 9)*
  These fees (such as front-end fees) are generally treated as an adjustment to the effective interest rate. When the facility is not used and the commitment period expires, the fee is recognized at the moment of expiration. However, when the financial instrument is to be measured at fair value subsequent to its initial recognition, the fees are recognized as interest-income;
- *Fees earned when services are provided (IFRS 15)*
  Fees charged by the Fund for servicing a loan (such as administration fees and agency fees) are recognized as revenue when the services are provided. Portfolio and other management advisory and service fees are recognized in line with the periods and the agreed services of the applicable service contracts;
- *Fees that are earned on the execution of a significant act (IFRS 15)*
  These fees (such as arrangement fees) are recognized as revenue when the significant act has been completed.

Dividend income

Dividends are recognized in dividend income when a dividend is declared. The dividend receivable is recorded at declaration date.

Results from equity investments

Gains and losses in valuation of the equity investment portfolio are recognized under 'Results from equity investments'. These gains and losses include foreign exchange results of equity investments which are measured at fair value.

Results from financial transactions

Results from financial transactions include foreign exchange results (excluding foreign exchange results related to equity investments measured at fair value) driven by changes in the market. Furthermore, the valuation gains and losses related to loans measured at fair value and the investment in the Ventures Program are recognized in the profit and loss immediately under 'Results from financial transactions'.

Capacity development expenses and contributions

Development contributions disbursed to recipients are recognized as an expense in the profit and loss account when the Fund incurs an irrevocable obligation to disburse the amount. Development contributions which contain repayment rights which meet the recognition criteria of an asset are treated in accordance with the policy on financial assets described above. Development contributions which do not contain a right to payment that meets the asset recognition criteria are recognized as an expense in the profit and loss account when the Fund incurs an irrevocable obligation to disburse the amount.

Taxation

The BP programme contributes to the overall income of the Ministry of Foreign Affairs and this income is considered business income subject to corporate income tax. No separate tax calculation is performed for BP in the preparation of the annual financial statements. The results of the Fund are included in the Ministry's overall calculation of tax payable. The Ministry’s overall calculation of tax payable is not allocated back to the Fund as an expense.

Statement of cash flows

The statement of cash flows is presented using the direct method.

Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Fund is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECL allowances are disclosed in Note 17.

Notes to the annual accounts

1. Banks

	2024	2023
Banks	6,276	5,431
Balance at December 31	**6,276**	**5,431**

The cash on bank accounts can be freely disposed of. All banks are classified as Stage 1.

2. Current account with FMO

	2024	2023
Current account with FMO	-118	-48
Balance at December 31	**-118**	**-48**

The current account which can be freely disposed of.

3. Short-term deposits

Short-term deposits are very liquid accounts with high credit ratings and are subject to an insignificant risk of changes in fair value. The Fund has on demand full access to the carrying amounts.

	2024	2023
Money market funds	42,957	25,200
Balance at December 31	**42,957**	**25,200**

4. Derivatives

The following tables present the fair value of derivatives which are related to the loan portfolio.

At December 31, 2024	Notional amounts	Fair value assets	Fair value liabilities
Derivatives related to asset portfolio	-	10,338	-

At December 31, 2023	Notional amounts	Fair value assets	Fair value liabilities
Derivatives related to asset portfolio	-	11,302	-

5. Loan portfolio

Loans originated by the Fund include loans to the private sector in developing countries for the account and risk of the Fund. The tables below present the movement in loans during 2023 and 2024.

	Loan portfolio measured at AC	Loan portfolio measured at FVPL	Total 2024
Balance at January 1	**169,754**	**29,473**	**199,227**
Disbursements	26,497	6,419	32,916
Interest capitalization	2,611	1,543	4,154
Conversion from Loans versus Equity	-	-	-
Repayments	-33,088	-241	-33,329
Write-offs	-	-4,681	-4,681
Derecognized and/or restructured loans	77	-	77
Changes in amortizable fees	74	-	74
Changes in fair value	-	6,418	6,418
Changes in accrued income	-21,721	-45	-21,766
Exchange rate differences	10,201	2,194	12,395
Balance at December 31	**154,405**	**41,080**	**195,485**
Impairment	-22,898	-	-22,898
Net balance at December 31	**131,507**	**41,080**	**172,587**

	Loan portfolio measured at AC	Loan portfolio measured at FVPL	Total 2023
Balance at January 1	**172,142**	**69,076**	**241,218**
Disbursements	25,160	646	25,806
Interest capitalization	-	1,139	1,139
Conversion from Loans versus Equity	-	-7,285	-7,285
Sale of loans	-	-	-
Repayments	-12,522	-24,198	-36,720
Write-offs	-9,487	-181	-9,668
Derecognized and/or restructured loans	-	-	-
Changes in amortizable fees	-306	-	-306
Changes in fair value	10	-3,532	-3,522
Changes in accrued income	241	-4,591	-4,350
Exchange rate differences	-5,484	-1,601	-7,085
Balance at December 31	**169,754**	**29,473**	**199,227**
Impairment	-38,913	-	-38,913
Net balance at December 31	**130,841**	**29,473**	**160,314**

The contractual amount of assets that were written off during the period (2024: 4.7 million, 2023: 9.7 million) are still subject to enforcement activity. There were no recoveries from written off loans (2023: €0.0 million).

The following tables summarize the loans segmented by sector and by geographical area:

2024						
Loans segmented by sector	**Stage 1**	**Stage 2**	**Stage 3**	**Fair value**	**Total 2024**	**Total 2023**
Financial Institutions	-	-	-	1,589	1,589	660
Energy	22,335	1,733	37,622	17,262	78,952	77,701
Agribusiness	48,795	16,156	1,488	22,229	88,668	74,431
Infrastructure, Manufacturing and Services	-	-	3,378	-	3,378	7,522
Net balance at December 31	**71,130**	**17,889**	**42,488**	**41,080**	**172,587**	**160,314**

2024						
Loans segmented by geographical area	**Stage 1**	**Stage 2**	**Stage 3**	**Fair value**	**Total 2024**	**Total 2023**
Africa	30,081	5,179	38,882	16,901	91,043	87,891
Asia	14,922	12,710	228	4,437	32,297	32,463
Latin America & the Carribbean	-154	-	3,378	7,168	10,392	21,937
Europe & Central Asia	6,630	-	-	-	6,630	-64
Non - region specific	19,651	-	-	12,574	32,225	18,087
Net balance at December 31	**71,130**	**17,889**	**42,488**	**41,080**	**172,587**	**160,314**

	2024	**2023**
Gross amount of loans to companies in which the Fund has equity investments	30,606	28,730
Gross amount of subordinated loans	44,626	52,172

The movements in the gross carrying amounts and ECL for the loan porfolio at AC are as follows:

Changes in loans to the private sector at AC in 2024	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	Gross amount	**ECL allowance**	**Gross amount**	**ECL allowance**	**Gross amount**	**ECL allowance**	**Gross amount**	**ECL allowance**
At December 31, 2023	63,925	-905	23,359	-2,183	82,470	-35,825	169,754	-38,913
Additions	25,333	-457	567	-319	597	-	26,497	-776
Exposures derecognised or matured / lapsed (excluding write-offs and modifications)	-7,627	66	-16,147	1,872	-9,314	5,439	-33,088	7,377
Transfers to Stage 1	-71	-	71	-	-	-	-	-
Transfers to Stage 2	-11,399	348	11,399	-348	-	-	-	-
Transfers to Stage 3	-2,704	129	-	-	2,704	-129	-	-
Modifications of financial assets (including derecognition)	-	-	77	-	2,611	-	2,688	-
Changes in risk profile not related to transfers	-	139	-	-1,353	-	12,852	-	11,638
Amounts written off	-	-	-	-	-	-	-	-
Changes in amortizable fees	-39	-	43	-	70	-	74	-
Changes in accrued income	699	-	-434	-	-21,986	-	-21,721	-
Foreign exchange adjustments	3,739	-46	1,440	-155	5,022	-2,023	10,201	-2,224
At December 31, 2024	**71,856**	**-726**	**20,375**	**-2,486**	**62,174**	**-19,686**	**154,405**	**-22,898**

Changes in loans to the private sector at AC in 2023	Stage 1		Stage 2		Stage 3		Total	
	Gross amount	ECL allowance	Gross amount	ECL allowance	Gross amount	ECL allowance	Gross amount	ECL allowance
At December 31, 2022	48,988	-803	25,888	-1,686	97,266	-82,718	172,142	-85,207
Additions	24,933	-692	-	-	-	-	24,933	-692
Exposures derecognised or matured / lapsed (excluding write-offs and modifications)	-4,221	14	-1,425	55	-6,855	1,688	-12,501	1,757
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-4,751	326	4,751	-326	-	-	-	-
Transfers to Stage 3	-	-	-1,145	442	1,145	-442	-	-
Modifications of financial assets (including derecognition)	-	-	-3,471	-	3,678	-	207	-
Changes in risk profile not related to transfers	-	240	-	-768	-	34,125	-	33,597
Amounts written off	-	-	-	-	-9,487	9,487	-9,487	9,487
Changes in amortizable fees	-382	-	27	-	48	-	-307	-
Changes in accrued income	790	-	-412	-	-137	-	241	-
Foreign exchange adjustments	-1,432	10	-854	100	-3,188	2,035	-5,474	2,145
At December 31, 2023	**63,925**	**-905**	**23,359**	**-2,183**	**82,470**	**-35,825**	**169,754**	**-38,913**

Total impairments on loans in the profit and loss account	2024	2023
Additions / exposure derecognised or matured/lapsed (excluding write - offs)	6,601	1,065
Changes in risk profile (including changes in accounting estimates)[1]	11,638	33,597
Other	16,120	4,629
Balance at December 31	**34,359**	**39,291**

1 The changes in risk profile amount for 2024 includes the reversal of a total of €33.4 million of previously recorded impairments on a non-performing exposure which has shown significantly improved prospects of recovery due to a positive court ruling.

The table below shows the values of the IMF GDP forecasts used in each of the economic scenarios for the ECL calculations of the top 10 countries where the Fund operates. The upside and downside scenario calculations are derived from the base case scenario, adjusted based on an indicator of public debt to GDP in emerging markets.

IMF GDP % Growth Forecasts	2024	2025
Sudan (The)	-20.3%	8.3%
Benin	6.5%	6.5%
Kenya	5.0%	5.0%
Togo	5.3%	5.3%
India	7.0%	6.5%
Sri Lanka [1]	n/a	n/a
Myanmar	1.0%	1.1%
Uganda	5.9%	7.5%
Moldova	2.6%	3.7%
Ghana	3.1%	4.4%

1 IMF had no forecasts of GDP growth rates available for Sri Lanka.

The following tables outline the impact of multiple scenarios on the ECL allowance. Note that macroeconomic scenarios have been updated by using the latest available information by the IMF, as published in October 2024.

ECL allowance

December 31, 2024	Total unweighted amount per ECL scenario	Probability	Loans to the private sector [1]	Total
ECL Scenario:				
Upside	43,831	2%	877	877
Base case	45,081	50%	22,540	22,540
Downside	47,356	48%	22,731	22,731
Total		**100%**	**46,148**	**46,148**

1 Loans to the private sector include amounts related to ECL allowances for off balance loan commitments

ECL allowance

December 31, 2023	Total unweighted amount per ECL scenario	Probability	Loans to the private sector 1	Total
ECL Scenario:				
Upside	38,012	2%	760	760
Base case	39,322	50%	19,661	19,661
Downside	40,823	48%	19,595	19,595
Total		**100%**	**40,016**	**40,016**

1 Loans to the private sector include amounts related to ECL allowances for off balance loan commitments

The table below represents sensitivity of ECL stage 2 allowance for the loan portfolio and loan commitments.

December 31, 2024

ECL allowance - Stage 2 trigger assessment	Loan portfolio	Loan commitments	Total
More than 30 days past due	-	-	-
Deterioration in credit risk rating - financial difficulties	-2,486	-	-2,486
Total	**-2,486**	**-**	**-2,486**

December 31, 2023

ECL allowance - Stage 2 trigger assessment	Loan portfolio	Loan commitments	Total
More than 30 days past due	-	-	-
Deterioration in credit risk rating - financial difficulties	-2,183	-	-2,183
Total	**-2,183**	**-**	**-2,183**

We also refer to our accounting policy on macro-economic scenarios on PD estimates.

6. Equity investments

The equity investments in developing countries are for the Fund's account and risk. The movements in fair value of the equity investments are summarized in the following table.

	Equity investments measured at FVPL
Net balance at January 1, 2024	120,891
Purchases and contributions	27,220
Conversion from loans or development contributions	-
Return of Capital	-4,169
Changes in fair value	-8,555
Net balance at December 31, 2024	**135,387**

	Equity investments measured at FVPL
Net balance at January 1, 2023	118,323
Purchases and contributions	15,453
Conversion from loans or development contributions	7,285
Return of Capital	-1,815
Changes in fair value	-18,355
Net balance at December 31, 2023	**120,891**

The following table summarizes the equity investments segmented by sector:

	2024	2023
Financial Institutions	5,080	-
Energy	29,087	35,416
Agribusiness	50,702	41,340
Multi-Sector Fund Investments	20,891	17,977
Infrastructure, Manufacturing, Services	29,627	26,158
Net balance at December 31	**135,387**	**120,891**

7. Other receivables

Fee receivables primarily relate to front-end fees.

	2024	2023
Fee receivables	252	1,351
Balance at December 31	**252**	**1,351**

8. Accrued liabilities

Accrued liabilities relate mainly to CD expenses.

	2024	2023
Suspense account	599	27
Accrued costs capacity development	3,630	3,196
Balance at December 31	**4,229**	**3,223**

9. Provisions

	2024	2023
Allowance for loan commitments	488	409
Balance at December 31	**488**	**409**

10. Contributed fund capital and other reserves

	2024	2023
Contributed Fund Capital		
Contribution DGIS previous years	414,516	414,516
Contribution DGIS current year	10,000	-
Balance at December 31	**424,516**	**414,516**

	2024	2023
Other reserves	6,505	6,505
Balance at 31 December	**6,505**	**6,505**

Undistributed results	2024	2023
Balance at January 1	-75,611	-69,178
Addition: Net profit/loss	28,839	-6,433
Balance at December 31	**-46,772**	**-75,611**

11. Net interest income

Interest income

	2024	2023
Interest income related to banks	160	296
Interest on loans measured at AC	-1,223	11,165
Total interest income from financial instruments measured at AC	**-1,063**	**11,461**
Interest on loans measured at FVPL	3,335	-1,682
Interest on short-term deposits	1,450	516
Total interest income from financial instruments measured at FVPL	**4,785**	**-1,166**
Total net interest income	**3,722**	**10,295**

Interest on loans measured at AC in 2024 contains a deduction of € 1.2 million relating to contractually waived penalty interest upon repayment by a specific borrower.

12. Fee and commission income

	2024	2023
Prepayment fees	-137	1,178
Administration fees	72	68
Other fees (like arrangement, cancellation and waiver fees)	103	10
Total fee and commission income	**38**	**1,256**

13. Dividend income

	2024	2023
Dividend income direct investments	4,150	-
Dividend income fund investments	489	82
Total dividend income	**4,639**	**82**

14. Results from equity investments

	2024	2023
Results from equity investments		
Unrealized results from FX conversions - cost price	12,016	-5,763
Unrealized results from FX conversions - capital results	-3,937	1,954
Unrealized results from capital results	-16,634	-14,546
Results from Fair value re-measurements	**-8,555**	**-18,355**
Results from sales		
Realized results	-2,209	3
Release unrealized results	2,210	-4
Net results from sales	**1**	**-1**
Total results from equity investments	**-8,554**	**-18,356**

15. Results from financial transactions

	2024	2023
Results on sales and valuations of FVPL loans	1,738	-8,240
Results on sales and valuations of AC loans	-	-
Results on sale and valuation of embedded derivatives related to asset portfolio	-1,600	-275
Foreign exchange results	12,568	-6,017
Results on Ventures Program	-5,639	-9,435
Total results from financial transactions	**7,067**	**-23,967**

16. Operating expenses

Remuneration FMO concerns the management fees paid to FMO. Capacity development expenses relate to development contributions contracted with beneficiaries in terms of the fund's objectives. Advisory costs are related to consultancy services provided by legal advisors. Evaluation costs are expenses made during frequent investigations and controls of existing investments and costs related to due diligence of new projects.

	2024	2023
Remuneration FMO	-9,594	-9,456
Capacity development expenses	-1,401	-4,338
Advisory costs	-501	-900
Evaluation expenses	-385	-183
Total expenses	**-11,881**	**-14,877**

17. Off-Balance Sheet information

To meet the financial needs of borrowers, the Fund enters into various irrevocable commitments (loan commitments, equity commitments). Though these obligations are not recognized on the balance sheet, they do obtain Credit Risk similar to the loan portfolio. Therefore, provisions are calculated for loan commitments according to ECL measurement methodology. Refer to the 'Accounting Policy' chapter.

Nominal amounts for irrevocable facilities is as follows:

	2024	2023
Irrevocable facilities		
Contractual commitments for disbursements of:		
Loans	55,158	63,786
Equity investments	65,350	65,841
Total irrevocable facilities	**120,508**	**129,627**

The movement in exposure and ECL allowances for commitments of AC loans is as follows:

Movement of loan commitments in 2024	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	Nominal amount	**ECL allowance**	**Nominal amount**	**ECL allowance**	**Nominal amount**	**ECL allowance**	**Nominal amount**	**ECL allowance**
At January 1, 2024	52,316	-409	-	-	-	-	52,316	-409
Additions	26,323	-231	1,478	-	8,526	-109	36,327	-340
Exposures derecognised or matured (excluding write-offs)	-34,900	203	-3,584	98	-8,103	109	-46,587	410
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-2,106	46	2,106	-46	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-67	-	-52	-	-	-	-119
Amounts written off	-	-	-	-	-	-	-	-
Foreign exchange adjustments	3,631	-30	-	-	8	-	3,639	-30
At December 31, 2024	**45,264**	**-488**	**-**	**-**	**431**	**-**	**45,695**	**-488**
								-

Movement of loan commitments in 2023	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	Nominal amount	**ECL allowance**	**Nominal amount**	**ECL allowance**	**Nominal amount**	**ECL allowance**	**Nominal amount**	**ECL allowance**
At January 1, 2023	15,081	-231	-	-	-	-	15,081	-231
Additions	64,184	-456	-	-	-	-21	64,184	-477
Exposures derecognised or matured (excluding write-offs)	-25,229	370	-	-	-	21	-25,229	391
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-100	-	-	-	-	-	-100
Amounts written off	-	-	-	-	-	-	-	-
Foreign exchange adjustments	-1,720	8	-	-	-	-	-1,720	8
At December 31, 2023	**52,316**	**-409**	**-**	**-**	**-**	**-**	**52,316**	**-409**

18. Analysis of financial assets and liabilities by measurement basis

The significant accounting policies summary describes how financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized. The following table gives a breakdown of the carrying amounts of the financial assets and financial liabilities by category as defined by balance sheet heading.

December 31, 2024	FVPL - mandatory	Amortized cost	Total
Financial assets measured at fair value			
Short-term deposits	42,957	-	42,957
Derivative financial instruments	10,338	-	10,338
Loan portfolio	41,080	-	41,080
Equity investments	135,387	-	135,387
Other financial assets at FV	21,875	-	21,875
Total	**251,637**	**-**	**251,637**
Financial assets not measured at fair value			
Banks	-	6,276	6,276
Loan portfolio	-	131,507	131,507
Current accounts with FMO	-	-	-
Other receivables	-	252	252
Total	**-**	**138,035**	**138,035**
Financial liabilities not measured at fair value			
Current accounts with FMO	-	118	118
Provisions	-	488	488
Accrued liabilities	-	4,229	4,229
Total	**-**	**4,835**	**4,835**

December 31, 2023	FVPL - mandatory	Amortized cost	Total
Financial assets measured at fair value			
Short-term deposits	25,200	-	25,200
Derivative financial instruments	11,302	-	11,302
Loan portfolio	29,473	-	29,473
Equity investments	120,891	-	120,891
Other financial assets at FV	24,601	-	24,601
Total	**211,467**	**-**	**211,467**
Financial assets not measured at fair value			
Banks	-	5,431	5,431
Loan portfolio	-	130,841	130,841
Current accounts with FMO	-	-	-
Other receivables	-	1,351	1,351
Total	**-**	**137,623**	**137,623**
Financial liabilities not measured at fair value			
Current accounts with FMO	-	48	48
Provisions	-	409	409
Accrued liabilities	-	3,223	3,223
Total	**-**	**3,680**	**3,680**

Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on lowest level input that is significant to the fair value measurement as a whole, as follows:
Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 – Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

Valuation process

For recurring and non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the Fund has a valuation process in place to decide its valuation policies and procedures and analyze changes in fair value measurement from period to period.

The Fund's fair value methodology and governance over its methods includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The responsibility of ongoing measurement resides with the relevant departments. Once submitted, fair value estimates are also reviewed and challenged by the Financial Risk Committee (FRC). The FRC approves the fair values measured including the valuation techniques and other significant input parameters used.

Valuation technique

When available, the fair value of an instrument is measured by using the quoted price in an active market for that instrument (level 1). A market is regarded as active if transactions of the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, valuation techniques are used that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Valuation techniques include:

- Recent broker / price quotations
- Discounted cash flow model
- Option-pricing models

The techniques incorporate current market and contractual prices, time to expiry, yield curves and volatility of the underlying instrument. Inputs used in pricing models are market observable (level 2) or are not market observable (level 3). A substantial part of fair value (level 3) is based on net asset values.

Equity investments are measured at fair value when a quoted market price in an active market is available or when fair value can be estimated reliably by using a valuation technique. The main part of the fair value measurement related to equity investments (level 3) is based on net asset values of investment funds as reported by the fund manager and are based on advanced valuation methods and practices. When available, these fund managers value the underlying investments based on quoted prices, if not available multiples are applied as input for the valuation. For the valuation process of the equity investments we further refer to the accounting policies within these Annual Accounts as well as section 'Equity Risk', part of the Risk Management chapter. The determination of the timing of transfers is embedded in the quarterly valuation process, and is therefore recorded at the end of each reporting period.

Other financial assets carried at FVPL represent amounts attributable to the Dutch State in return for their co-investment in the FMO Ventures Program. The amount attributable to co-investors is based on a predefined value sharing waterfall which utilizes the values of the underlying investments in the program. The underlying investments in the program are valued using the existing equity investment fair valuation techniques described in the paragraphs above. The waterfall calculation defines the timing and amount of distributions to respective co-investors and is therefore applied to estimate the fair values of the related financial asset.

The table below presents the carrying value and estimated fair value of non fair value financial assets and liabilities.

	2024		2023	
At December 31	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Banks	6,276	6,276	5,431	5,431
Loan portfolio	131,507	123,711	130,841	126,902
Total non fair value financial assets	**137,783**	**129,987**	**136,272**	**132,333**

The following table gives an overview of the financial instruments measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVPL				
Short-term deposits mandatory at FVPL	42,957	-	-	42,957
Derivative financial instruments	-	-	10,338	10,338
Loan portfolio mandatory at FVPL	-	-	41,080	41,080
Equity investments	-	-	135,387	135,387
Other financial assets at FV [1]	-	-	21,875	21,875
Total financial assets at FVPL	**42,957**	**-**	**208,680**	**251,637**

December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVPL				
Short-term deposits mandatory at FVPL	25,200	-	-	25,200
Derivative financial instruments	-	-	11,302	11,302
Loan portfolio mandatory at FVPL	-	-	29,473	29,473
Equity investments	-	-	120,891	120,891
Other financial assets at FV [1]	-	-	24,601	24,601
Total financial assets at FVPL	**25,200**	**-**	**186,267**	**211,467**

1 The valuation of the Other financial assets is related to VC and the valuation is derived from the waterfall.

The following table shows the movements of financial assets measured at fair value based on level 3.

	Derivative financial instruments	**Loan portfolio**	**Equity investments**	**Total**
Balance at January 1, 2024	**11,302**	**29,473**	**120,891**	**161,666**
Total gains or losses				
· In profit and loss (changes in fair value)		6,418	-16,633	-10,215
Purchases/disbursements	1,368	6,419	27,219	35,006
Sales/repayments	-3,152	-241	-4,169	-7,562
Interest Capitalization	-	1,543	-	1,543
Write-offs	-	-4,681	-	
Accrued income	-	-45	-	-45
Exchange rate differences	820	2,194	8,079	11,093
Conversion from loans to equity	-	-	-	-
Balance at December 31, 2024	**10,338**	**41,080**	**135,387**	**186,805**

	Derivative financial instruments	**Loan portfolio**	**Equity investments**	**Total**
Balance at January 1, 2023	12,154	69,076	118,323	199,553
Total gains or losses				
· In profit and loss (changes in fair value)	-	-3,522	-14,546	-18,068
Purchases/disbursements	-	646	15,453	16,099
Sales/repayments	-469	-24,198	-1,815	-26,482
Interest Capitalization	-	1,139	-	1,139
Write-offs		-181	-	
Accrued income	-	-4,591	-	-4,591
Exchange rate differences	-383	-1,611	-3,809	-5,803
Conversion from loans to equity	-	-7,285	7,285	-
Balance at December 31, 2023	**11,302**	**29,473**	**120,891**	**161,666**

Type of debt investment	Fair value at December 31, 2024	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Loans	10,064	Discounted cash flow model	Based on client spread	A decrease/increase of the used spreads with 1% will result is a higher/lower fair value of approx €0.1m.
	10,587	ECL measurement	Based on client rating	not applicable
	9,514	Credit impairment	n/a	n/a
Debt Funds	10,915	Net Asset Value	n/a	n/a
Total	**41,080**			

There are no amounts for development contributions which are recognized as loans in 2024 (2023: €0.0 million).

Type of equity investment	Fair value at December 31, 2024	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity based on the significant unobservable inputs
Private equity fund investments	65,470	Net Asset Value	n/a	n/a
Private equity direct investments	8,222	Recent transactions	Based on at arm's length recent transactions	n/a
	39,153	Book multiples	1.0 – 1.0	A decrease/increase of the book multiple with 10% will result in a lower/higher fair value of €4 million.
	3,090	Earning Multiples	Depends on several unobservable data such as EBITDA multiples (range 1.0 - 10.0)	A decrease/increase of the used unobservable data with 10% will result in a lower/higher fair value of €0 million.
	11,375	Discounted Cash Flow (DCF)	Based on discounted cash flows	A decrease/increase of the used unobservable data with 10% will result in a lower/higher fair value of €1 million.
	5,394	Put option	The guaranteed floor depends on several unobservable data such as IRR, EBITDA multiples, book multiples and Libor rates	A decrease/increase of the used unobservable data with 10% will result in a lower/higher fair value of €1 million.
	2,683	Firm offer	Based on offers received from external parties	n/a
Total	**135,387**			

19. Related party information

The Fund defines the Dutch Government, FMO and its Management Board and Supervisory Board as related parties.

Dutch Government

The Dutch Ministry of Foreign Affairs, Directoraat-Generaal Internationale Samenwerking (DGIS) sets up and administers the Building Prospects fund, according to the Dutch Government's development agenda. DGIS is the main contributor to Building Prospects, providing funding upon FMO's request (2024: €10.0 million; 2023: €0.0 million).

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ("FMO")

The Dutch development bank FMO supports sustainable private sector growth in developing and emerging markets by leveraging its expertise in agribusiness, food & water, energy, financial institutions and Dutch business focus areas to invest in impactful businesses. FMO is a public-private partnership, with 51% of FMO's shares held by the Dutch State and 49% held by commercial banks, trade unions and other members of the private sector. FMO has a triple A rating from both Fitch and Standard & Poor's.

FMO has been entrusted by the Dutch Government to execute the mandates of the Funds. Currently MASSIF (including the Market Creation Platform (MCP)), Building Prospects, Access to Energy – I and the Land Use Facility of the Dutch Fund for Climate and Development (DFCD) are under FMO's direct management; the execution of Access to Energy – II and the other facilities of DFCD are performed by third parties under FMO's supervision.

FMO charges a management fee to the Dutch Ministry of Foreign Affairs and it is reimbursed accordingly from the subsidy amount of Building Prospects. The management fee amounts up to €9.6 million in 2024 (2023: €9.5 million). BP has sold no loan or equity exposure to FMO in 2024 or 2023.

20. Subsequent events

There have been no significant subsequent events between the balance sheet date and the date of approval of these accounts which would be reported by the Fund.

Risk management

Organization of risk management

For FMO, acting in its role as Fund Manager (hereafter 'FMO') to be able to carry out the Fund's strategy, it is essential to have an adequate risk management system in place to identify, measure, monitor and mitigate financial and non- financial risks. Building Prospects (hereafter 'the Fund') has a pre-defined risk appetite translated into limits for group, customer, country, region, and currencies exposures. Limit usages are monitored monthly and for each proposed transaction.

The Fund Manager reviews each transaction and provides consent to eligible proposals. The Investment Committee, comprising of senior representatives of several departments, reviews financing proposals for new transactions. Each financing proposal is assessed in terms of specific counterparty, product risk as well as country risk. All financing proposals are accompanied by the advice of the Credit department. This department is responsible for credit risk assessment of both new transactions and the existing portfolio. For small exposures, Credit department has the authority to review new transactions.

In addition, financial exposures in emerging markets are subject to a periodic review, which are in general executed annually. Exposures that require specific attention are reviewed by the Financial Risk Committee (FRC). The larger and higher risk exposures are accompanied by the advice of the Credit department. If the financial risk committee concludes that a customer has difficulty in meeting its payment obligations, the customer is transferred to the Special Operations department – responsible for the management of distressed assets – where it is intensely monitored.

The Fund actively seeks to take risk stemming from debt and equity investments in private institutions in developing countries. This risk profile is supported by maintaining prudent levels of capital and liquidity and strong diversification of the portfolio across regions and sectors.

Capital management

The Fund aims to optimize development impact. This can only be achieved with a sound financial framework in place, combining a healthy long-term revolvability of ≥100% and sound capital adequacy. Therefore, FMO seeks to maintain a strong capital position for the Fund. The Fund's structure is based on a 100% contribution from the Dutch government. Total contribution from the Dutch government is €424.5 million at 31 December 2024 (31 December 2023: €414.5 million). Total fund capital – which is the sum of the contribution by the government, undistributed results from previous years, results from the current year, development contribution and evaluation costs – increased to €384.2 million in 2024 (2023: €345.4 million).

Financial risk

Credit risk

Definition

Credit risk is defined as the risk that the bank will suffer an economic loss because a customer fails to meet its obligations in accordance with agreed terms.

Risk appetite & governance

Adverse changes in credit quality can develop within fund's emerging market loan portfolio due to specific customer and product risk, or risks relating to the country in which the customer conducts its business. The main source of credit risk arises from investments in emerging markets and off-balance instruments such as loan commitments and guarantees.

Credit risk management is important when selecting and monitoring projects. In this process, a set of investment criteria per sector and product is used that reflects minimum standards for the required financial strength of fund's customers. This is further supported by credit risk models that are used for risk quantification, calculations of expected credit loss allowance, and the determination of economic capital use per transaction. Funding decisions depend on the risk profile of the customer and financing instrument. As part of regular credit monitoring, Fund customers are subject to annual reviews at a minimum. Customers that are identified as having financial difficulties fall under an intensified monitoring regime to proactively manage loans before they become non-performing, including quarterly portfolio monitoring meetings. For distressed assets, the Special Operations department actively manages workout and restructuring.

FMO has set internal appetite levels for non-performing exposures and specific impairments on loans. If any of the metrics exceed the appetite levels, Credit will assess the underlying movements and analyze trends per sector, geography, and any other parameter. Credit will also consider market developments and peer group benchmarks. Based on the analysis, Credit will propose mitigating measures to the FRC. If any of the indicators deteriorate further, the Risk department will be involved to assess to what extent the trend is threatening fund’s capital and liquidity ratios.

Exposures & credit scoring

The Fund offers loans in emerging market countries. Strong diversification within the Fund’s emerging market portfolio is ensured through stringent limits on individual counterparties (single customer limit of 10% of the Fund’s capital), countries and sectors (max. 40% of the annually available budget to be invested in one sector, fund, or country).

The following table shows BP's total gross exposure to credit risk at year-end. The exposures, including derivatives, are shown gross, before impairments and the effect of mitigation using third-party guarantees, master netting, or collateral agreements. Regarding derivative financial instruments, only the ones with positive market values are presented. The maximum exposure to credit risk increased during the year to €347.2 million at year-end 2024 (2023: €327.5 million).

Maximum exposure to credit risk

	2024	2023
On balance		
Banks	6,276	5,431
Short-term deposits	42,957	25,200
Derivative financial instruments	10,338	11,302
Loans to private sector		
-of which: Amortized cost	155,192	170,560
-of which: Fair value through profit or loss	56,157	49,872
Current account with FMO	-	-
Other receivables	252	1,351
Total on-balance	**271,171**	**263,716**
Off-balance		
Irrevocable facilities	55,158	63,786
Total off-balance	**55,158**	**63,786**
Total credit risk exposure	**326,329**	**327,502**

When measuring the credit risk of the emerging market portfolio at the customer level, the main parameters used are the credit quality of the counterparties and the expected recovery ratio in case of defaults. Credit quality is measured by scoring customers on various financial and key performance indicators. FMO uses a Customer Risk Rating (CRR) methodology. The model follows the EBA guidelines regarding the appropriate treatment of a low default portfolio and uses an alternative for statistical validation to perform the risk assessment of the models when there is limited or no default data.

The CRR models are based on quantitative and qualitative factors and are different for respective customer types. The models for banks and non-banking financial institutions use factors including the financial strength of the customer, franchise value, and the market and regulatory environment. The model for corporates uses factors including financial ratios, governance, and strategy. The project finance model uses factors such as transaction characteristics, market conditions, political and legal environment, and financial strength of the borrower.

Based on these scores, FMO assigns ratings to each customer on an internal scale from F1 (lowest risk) to F20 (default) representing the probability of default. This rating system is equivalent to the credit quality rating scale applied by Moody's and S&P. Likewise, the loss given default is assigned by scoring various dimensions of the product-specific risk and incorporating customer characteristics. The probability of default and loss given default scores are also used as parameters in the IFRS9 expected credit loss model. Please refer to the 'Significant accounting policies' section, for details of the expected credit loss calculation methodology.

Credit quality analysis

In addition to on balance loans, irrevocable facilities (off-balance) represent commitments to extend finance to customers and consist of contracts signed but not disbursed yet which are usually not immediately and fully drawn.

The following tables provide insights in the credit risk allocation of loan portfolio and loan commitments according to internal ratings.

Loan portfolio at December 31, 2024 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Fair Value	Total
F1-F10 (BBB- and higher)	-	-	-	-	-
F11-F13 (BB-,BB,BB+)	43,196	-	-	16,622	59,818
F14-F16 (B-,B,B+)	29,269	-	-	20,107	49,376
F17 and lower (CCC+ and lower)	-	20,505	62,221	19,428	102,154
Sub-total	**72,465**	**20,505**	**62,221**	**56,157**	**211,348**
Less: amortizable fees	-609	-130	-47	-	-786
Less: ECL allowance	-726	-2,486	-19,686	-	-22,898
Plus: FV adjustments	-	-	-	-15,077	-15,077
Carrying value	**71,130**	**17,889**	**42,488**	**41,080**	**172,587**

Loans commitments at December 31, 2024 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Other[1]	Total
F1-F10 (BBB- and higher)	-	-	-	-	-
F11-F13 (BB-,BB,BB+)	-	-	-	-	-
F14-F16 (B-,B,B+)	45,264	-	-	9,463	54,727
F17 and lower (CCC+ and lower)	-	-	431	-	431
Total nominal amount	**45,264**	**-**	**431**	**9,463**	**55,158**
ECL allowance	-488	-	-	-	-488
Total	**44,776**	**-**	**431**	**9,463**	**54,670**

1 Other loan commitments consist of transactions for which no ECL is calculated.

Loan portfolio at December 31, 2023 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Fair Value	Total
F1-F10 (BBB- and higher)	142	-	-	-	142
F11-F13 (BB-,BB,BB+)	30,056	-	-	11,481	41,537
F14-F16 (B-,B,B+)	22,570	13,829	-	16,817	53,216
F17 and lower (CCC+ and lower)	11,754	9,627	82,582	21,574	125,537
Sub-total	**64,522**	**23,456**	**82,582**	**49,872**	**220,432**
Less: amortizable fees	-597	-97	-112	-	-806
Less: ECL allowance	-905	-2,183	-35,825	-	-38,913
Plus: FV adjustments	-	-	-	-20,718	-20,718
Carrying value	**63,020**	**21,176**	**46,645**	**29,154**	**159,995**

Loans commitments at December 31, 2023 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Other1	Total
F1-F10 (BBB- and higher)	364	-	-	-	364
F11-F13 (BB-,BB,BB+)	12,206	-	-	-	12,206
F14-F16 (B-,B,B+)	37,640	-	-	11,243	48,883
F17 and lower (CCC+ and lower)	2,106	-	-	226	2,333
Total nominal amount	**52,316**	**-**	**-**	**11,469**	**63,786**
ECL allowance	-409	-	-	-	-409
Total	**51,907**	**-**	**-**	**11,469**	**63,377**

1 Other loan commitments consist of transactions for which no ECL is calculated.

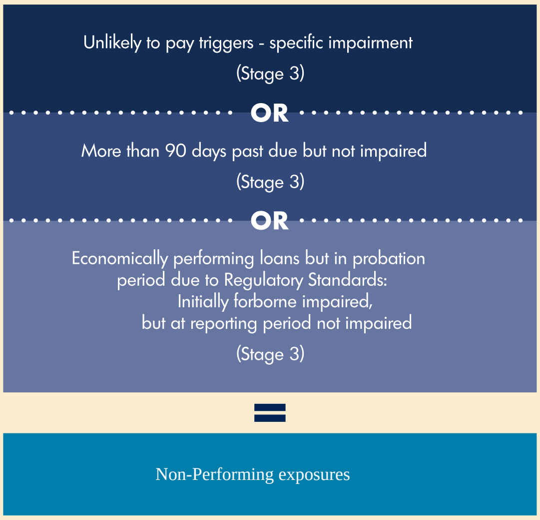
Non-performing exposures

A customer is considered non-performing when it is not probable that the customer will be able to pay his payment obligations in full without realization of collateral or calling on a guarantee, regardless of the existence of any past-due amount or the number of days past due.

This situation is considered to have occurred when one or more of the following conditions apply:

-
  - The customer is past due more than 90 days on any outstanding facility;
  - An unlikeliness to pay (UTP) trigger is in place that automatically leads to NPE;
  - An impairment analysis, done upon a UTP trigger that possibly leads to NPE, results in an impairment higher than 12.5% on any outstanding facility;
  - There are additional criteria for a customer to enter NPE status in case of Forbearance. If a customer with (No) Financial Difficulty - Forbearance status under probation is extended additional forbearance measures/ concessions or becomes more than 30 days past-due, it shall be classified as non-performing. This only applies if the customer has been non-performing while it was forborne.

NPE is applied at customer level.



The Fund's NPE ratio decreased from 44.8% (2023) to 38.6% (2024)

Loans past due and impairments 2024

	Stage 1	Stage 2	Stage 3	Fair value	Total
Loans not past due	72,465	20,505	8,302	56,157	157,429
Loans past due:					
-Past due up to 30 days	-	-	3,030	-	3,030
-Past due 30-60 days	-	-	-	-	-
-Past due 60-90 days	-	-	-	-	-
-Past due more than 90 days	-	-	50,889	-	50,889
Subtotal	**72,465**	**20,505**	**62,221**	**56,157**	**211,348**
Less: amortizable fees	-609	-130	-47	-	-786
Less: ECL allowance	-726	-2,486	-19,686	-	-22,898
Plus FV adjustments	-	-	-	-15,077	-15,077
Carrying value	**71,130**	**17,889**	**42,488**	**41,080**	**172,587**

Loans past due and impairments 2023

	Stage 1	Stage 2	Stage 3	Fair value	Total
Loans not past due	60,694	23,456	4,448	49,872	138,470
Loans past due:					
-Past due up to 30 days	3,828	-	-	-	3,828
-Past due 30-60 days	-	-	-	-	-
-Past due 60-90 days	-	-	-	-	-
-Past due more than 90 days	-	-	78,134	-	78,134
Subtotal	**64,522**	**23,456**	**82,582**	**49,872**	**220,432**
Less: amortizable fees	-597	-97	-112	-	-806
Less: ECL allowance	-905	-2,183	-35,825	-	-38,913
Plus FV adjustments	-	-	-	-20,399	-20,399
Carrying value	**63,020**	**21,176**	**46,645**	**29,473**	**160,314**

Stage 3 loans - ECL distributed by regions and sectors

At December 31, 2024	Energy	Agribusiness	Infrastructure, Manufacturing, Services	Total
Africa	12,124	-23,328	-	-11,204
Asia	-	-7,634	-	-7,634
Latin America & the Caribbean	-	-	-848	-848
Total	**12,124**	**-30,962**	**-848**	**-19,686**

Stage 3 loans - ECL distributed by regions and sectors

At December 31, 2023	Energy	Agribusiness	Infrastructure, Manufacturing, Services	Total
Africa	-4,482	-23,017	-	-27,499
Asia	-	-6,260	-	-6,260
Latin America & the Caribbean	-	-	-2,066	-2,066
Total	**-4,482**	**-29,277**	**-2,066**	**-35,825**

Modified financial assets

Changes in terms and conditions usually include extending the maturity, changing the interest margin and changing the timing of interest payments. When the terms and conditions are modified due to financial difficulties, these loans are qualified as forborne. Refer to paragraph related to 'Modification of financial assets' in Accounting Policies section

The watch-list process and the Credit department review modified loans periodically. When a loan is deemed no longer collectible, it is written off against the related loss allowance. In 2024, there was one write-off for a total amount of €4.7 million (2023: €9.7 million).

The following table provides a summary of the Fund's forborne assets, both classified as performing and not, as of December 31.

2024	Loans to the private sector (Amortised Cost)	Loans to the private sector (Fair value)	*Total*
Performing	92,970	36,729	129,699
of which: performing but past due > 30 days and <=90 days	-	-	-
of which: performing forborne	8,732	-	8,732
Non Performing	62,221	19,428	81,649
of which: non performing forborne	49,652	893	50,545
of which: impaired	38,982	-	38,982
Gross exposure	**155,191**	**56,157**	**211,348**
Less: amortizable fees	-786	-	-786
Less: ECL allowance	-22,898	-	-22,898
Plus: fair value adjustments	-	-15,077	-15,077
Carrying amount at December 31	**131,507**	**41,080**	**172,587**

2023	Loans to the private sector (Amortised Cost)	Loans to the private sector (Fair value)	Total
Performing	87,978	42,621	130,599
of which: performing but past due > 30 days and <=90 days	-	-	0
of which: performing forborne	63,436	5,210	68,646
Non Performing	82,582	7,251	89,833
of which: non performing forborne	49,606	5,210	54,816
of which: impaired	33,429	-	33,429
Gross exposure	**170,560**	**49,872**	**220,432**
Less: amortizable fees	-806	-	-806
Less: ECL allowance	-38,913	-	-38,913
Plus: fair value adjustments	-	-20,399	-20,399
Carrying amount at December 31	**130,841**	**29,473**	**160,314**

Equity risk

Definition

Equity risk is the risk that the fair value of an equity investment decreases. It also includes exit risk, which is the risk that Fund's stake cannot be sold for a reasonable price and in a sufficiently liquid market.

Risk appetite & governance

The fund has a long-term view on its equity portfolio, usually selling its equity stake within a period of 5 to 10 years. The fund can accommodate an increase in the average holding period of its equity investments and wait for markets to improve before pursuing an exit. The equity investment portfolio consists of direct investments, largely in the financial institutions and energy sectors, co-investments with aligned partners (mainly in cooperation with funds), and indirect investments in private equity funds. Equity investments are approved by the Investment Committee. In close cooperation with the Credit and Finance departments, the Private Equity department assesses the valuation of equity investments on a periodic basis, which are approved by the FRC. Diversification across geographical area, sector, and equity type across the total portfolio is evaluated before new investments are made. Based on this performance and the market circumstances, direct exits are pursued by involving intermediaries. In the case of co-investments, our fund managers initiate the exit process as they are in the lead. Exits are challenging due to the limited availability of liquidity in some markets and the absence of well-developed stock markets. The total outstanding equity portfolio on December 31, 2024, amounts to €142.4 million (2023: €120.9 million).

Equity portfolio distributed by region and sector

At December 31, 2024	Financial Institutions		Energy		Agribusiness		Multi-Sector Fund Investments		Infrastructure, Manufacturing, Services		Total	
	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds
Africa	-	-	11,937	3,253	10,884	6,725	-	7,132	6,549	-	29,370	17,110
Asia	5,080	-	10,261	1,509	-	11,741	-	3,766	-	-	15,341	17,016
Latin America & the Caribbean	-	-	-	-	-	11,872	-	2,966	-	-	-	14,838
Europe & Central Asia	-	-	-	-	-	-	-	6,896	-	-	-	6,896
Non-region specific	-	-	2,127	-	-	9,480	-	131	23,078	-	25,205	9,611
Total	**5,080**	**-**	**24,325**	**4,762**	**10,884**	**39,818**	**-**	**20,891**	**29,627**	**-**	**69,916**	**65,471**

Equity portfolio distributed by region and sector

At December 31, 2023	Energy		Agribusiness		Multi-Sector Fund Investments		Infrastructure, Manufacturing, Services		Total	
	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds
Africa	15,652	8,752	7,880	7,375	-	6,663	5,374	-	28,906	22,790
Asia	9,581	-	-	9,366	-	6,482	-	-	9,581	15,848
Latin America & the Caribbean	-	-	-	12,468	-	-	-	-	-	12,468
Europe & Central Asia	-	-	-	-	-	3,470	-	-	-	3,470
Non-region specific	1,432	-	-	4,249	-	1,363	20,784	-	22,216	5,612
Total	**26,665**	**8,752**	**7,880**	**33,458**	**-**	**17,978**	**26,158**	**-**	**60,703**	**60,188**

The risk of building an equity portfolio is driven by two factors:

- - Negative value adjustments due to currency effects (EUR/USD and USD/local currencies), negative economic developments in emerging markets (EM), and specific investee-related issues. This would negatively affect the profitability of the fund.
  - Liquidity of the portfolio – in case the fund is not able to liquidate (part) of its maturing equity portfolio by creating sufficient exits for its direct and co-investment portfolio. This is also reflected in the fund portfolio where some fund managers have to hold longer to their portfolio due to the lack of good exit opportunities

Concentration risk

Definition

Concentration risk is the risk that the fund's exposures are too concentrated within or across different risk categories. Concentration risk may trigger losses large enough to threaten the fund's health or ability to maintain its core operations or trigger a material change in our risk profile.

Risk appetite & governance

Strong diversification within the fund's emerging market portfolio is ensured through stringent limits on individual counterparties (single and group risk limits), sectors, countries, and regions. These limits are monitored by Risk, reviewed regularly, and approved by the FRC, the Managing Board, and the Supervisory Board. Diversification across countries, sectors, and individual counterparties is a key strategy to safeguard the credit quality of the portfolio.

The level of the country limits depends on the sovereign rating. FMO recognizes that the impact of country risk differs across the financial products it offers.

Country, regional and sector exposures

Country risk arises from country-specific events that adversely impact the Fund's exposure in a specific country. Within FMO, country risk is broadly defined. It includes all relevant factors that have a common impact on the Fund's portfolio in a country such as economic, banking and currency crises, sovereign default and political risk events. The assessment of the country rating is based on a benchmark of external rating agencies and other external information.

In the fund risk appetite, the country risk exposure for BP is set at a maximum of 40% of the total portfolio.

The assessment of the country rating (F-rating scoring in line with internal credit risk rating) is based on a benchmark of external rating agencies and other external information. The average of the long-term foreign currency ratings of Moody's, S&P and Fitch is used (debt and issuer rating). If none of the aforementioned ratings is available, then the average among OECD and IHS medium-term ratings is used.

The following tables present how the Fund's loan portfolio is concentrated according to country ratings. The comparison with FMO demonstrates that loan portfolio of the Fund is concentrated in countries with higher ratings and is relatively prone to higher credit risk.

Overview country ratings BP Portfolio

Indicative external rating equivalent 2024	BP (%)	FMO-A (%)
F9 and higher (BBB and higher ratings)	0.0	4.6
F10 (BBB-)	7.7	8.8
F11 (BB+)	0.0	3.8
F12 (BB)	1.0	11.9
F13 (BB-)	8.1	23.2
F14 (B+)	14.6	9.2
F15 (B)	22.8	10.9
F16 (B-)	28.2	16.4
F17 and lower (CCC+ and lower ratings)	17.6	11.2
Total	**100.0**	**100.0**

Overview country ratings BP Portfolio

Indicative external rating equivalent 2023	BP (%)	FMO-A (%)
F9 and higher (BBB and higher ratings)	8.1	3.8
F10 (BBB-)	7.4	7.2
F11 (BB+)	0.0	2.9
F12 (BB)	0.0	8.6
F13 (BB-)	4.5	18.5
F14 (B+)	35.9	13.1
F15 (B)	8.3	17.9
F16 (B-)	17.4	13.9
F17 and lower (CCC+ and lower ratings)	18.4	14.1
Total	**100.0**	**100.0**

Gross exposure of loan portfolio distributed by region and sector

	Financial Institutions	Energy	Agribusiness	Infrastructure, Manufacturing, Services	Total
At December 31, 2024					
Africa	1,671	49,234	61,935	-	112,840
Asia	-	9,454	32,768	-	42,222
Latin America & the Caribbean	-	-	11,018	4,256	15,274
Europe & Central Asia	-	-	6,715	-	6,715
Non-region specific	-	11,082	23,215	-	34,297
Total	**1,671**	**69,770**	**135,651**	**4,256**	**211,348**
At December 31, 2023					
Africa	669	66,204	54,244	4,860	125,977
Asia	-	9,317	35,068	-	44,385
Latin America & the Caribbean	-	-	23,833	4,818	28,651
Non-region specific	-	9,975	11,444	-	21,419
Total	**669**	**101,673**	**124,589**	**9,678**	**220,432**

Single and group risk exposures
In the fund risk appetite the maximum customer exposure for BP is set at 10% of the total portfolio.

Counterparty credit risk
Credit risk in the treasury portfolio stems from bank account holdings and placements in money market instruments to manage the liquidity in the Fund. The Risk department approves each obligor to which the Fund is exposed through its treasury activities and sets a maximum limit for the credit exposure of that obligor. Depending on the obligor's short and long-term rating, limits are set for the total and long-term exposure. The Fund pursues a conservative investment policy.

Liquidity risk
Definition
Liquidity risk is defined as the risk for fund not being able to fulfill its financial obligations due to insufficient availability of liquid means.

Risk appetite and governance
The Fund aims to maintain adequate liquidity buffers, enough to support the implementation of the Fund's development agenda and impact objectives while avoiding putting pressure on Dutch Ministry of Foreign Affairs DGIS subsidy budget allocated to the Fund. To realize this ambition, the Fund benefits from the experience of FMO's treasury and risk management functions in managing the liquidity risk, which primarily involves periodical forecasting of the Fund's liquidity position under normal and stress scenarios. During these periodical exercises, the assumptions underlying the liquidity model are reviewed. Changes in expected cashflows, stemming from updated portfolio management strategies and changes in the Fund's operating environment, are reflected in the said assumptions. As a result of the forecasting activity, the predicted liquidity shortfall is avoided through arrangements in investments portfolio. If possible this is done through the utilisation of the subsidies available from the budget allocated to the Fund by the Dutch Ministry of Foreign Affairs DGIS ('beschikkingsruimte'); and lastly, through the request of a loan from FMO, not exceeding 10% of the Fund's net committed portfolio. In requesting subsidies that will be made available to the Fund's utilization from Dutch Ministry of Foreign Affairs, the Fund administrators strictly follow the Ministry's directives.

Market risk
Market Risk is the risk that the value and/or the earnings of the bank decline because of unfavorable market movements. At FMO, this includes interest rate risk and currency risk.

Interest rate risk in the banking book
Definition
Interest rate risk is the risk of potential loss due to adverse movements in interest rates. Changing interest rates mainly influence the fair value of fixed interest balance sheet items and affect fund's earnings by altering interest rate-sensitive income and expenses, affecting its net interest income (NII).

Credit spread risk is the risk driven by changes of the market price for credit risk, for liquidity and for potentially other characteristics of credit-risky instruments, which is not captured by another existing prudential framework such as IRRBB or by expected credit/(jump-to-) default risk.

Risk appetite and governance
FMO has no trading book and all assets (loans and investments) are part of the banking book. FMO's policy is to match assets and liabilities within defined limits. As the loan portfolio is more granular, loans are pre-funded and new funding is obtained periodically and matched to the asset portfolio in terms of expected maturity and interest rate sensitivity. Interest rate risk arises from the residual tenor mismatch, mismatch in fixed rate assets funded by floating rate liabilities, and differences in reference rates or currencies resulting in basis risk. FMO has little optionality in its portfolio and has no material exposure to rates-driven prepayment risk. The volatility of the market value of assets and liabilities over the holding period due to interest rate movements is of less concern as these are held until maturity.

Interest rate risk management falls under the responsibility of the FRC. The Treasury department acts as the first line and is responsible for the day-to-day management of interest rate risk and daily transactions. The quantification, monitoring and control of market risk is the responsibility of the Risk department as second line.

FMO considers the liquidity investment portfolio, assets accounted at fair value and amortized cost and the funding portfolio as the main balance sheet items sensitive to credit spread risk. For liabilities, credit spread risk would relate to the FMO's own credit risk.

Interest rate risk is monitored using earnings-based metrics and value-based metrics.

Earnings-based methods capture short-term effects of interest rate refixing or repricing that may impact NII. The following two metrics are used for this purpose.

- ◦ The interest rate gap provides a static overview of the full balance sheet's repricing and refinancing characteristics. The gap is monitored over different time buckets with limits in place per bucket and on a cumulative level, for all currencies (aggregate and currency-by-currency).
  ◦ NII at Risk provides a dynamic projection of net interest income sensitivity to yield curve shocks. FMO monitors NII at Risk on a two-year forward-looking basis and applies different scenarios simultaneously that also allow for identification of basis risk.

Economic value methods capture changes in net present values of assets, liabilities and off-balance sheet items to changes in yield curves. Value-based metrics measure long-term effects of interest rate changes over the full tenor of the balance sheet. The following economic value metrics are calculated:

- ◦ Basis Point Value (BPV) provides the change in market value of assets, liabilities and interest-rate risk sensitive off-balance items for a one basis point change in yield curves. Limits are in place for the whole balance sheet, and for main currencies (EUR and USD) separately.
  ◦ Delta Economic Value of Equity (delta EVE) provides changes in the economic value of the shareholder's equity, given certain shift in yield curves. The impact of a 200 basis-points parallel shifts and SA-IRRRB scenarios are reported.

Exposures

The interest rate risk limits were not breached in 2024. The following table summarizes the interest repricing characteristics for Fund's assets and liabilities.

Interest re-pricing characteristics

December 31, 2024	<3 months	3-12 months	1-5 years	>5 years	Non-interest-bearing	Total
Assets						
Banks	6,276	-	-	-	-	6,276
Short-term deposits	42,957	-	-	-	-	42,957
Derivative financial instruments1	10,338	-	-	-	-	10,338
Loan portfolio						-
-of which: Amortized cost	35,134	32,910	20,993	42,470	-	131,507
-of which: Fair value through profit or loss	7,993	13,640	3,096	16,351	-	41,080
Equity investments: Fair value through profit or loss	-	-	-	-	135,386	135,386
Other financial assets at FV	-	-	-	-	21,875	21,875
Other receivables	-	-	-	-	252	252
Total assets	**102,698**	**46,550**	**24,089**	**58,821**	**157,514**	**389,671**
Liabilities and Fund capital						
Current acount with FMO	-	-	-	-	118	118
Accrued liabilities	-	-	-	-	4,229	4,229
Provisions	-	-	-	-	488	488
Fund Capital	-	-	-	-	384,249	384,249
Total liabilities and Fund capital	**-**	**-**	**-**	**-**	**389,084**	**389,084**
Interest sensitivity gap 2024	**102,698**	**46,550**	**24,089**	**58,821**	**-232,158**	**-**

Interest re-pricing characteristics

December 31, 2023	<3 months	3-12 months	1-5 years	>5 years	Non-interest-bearing	Total
Assets						
Banks	5,431	-	-	-	-	5,431
Short-term deposits	25,200	-	-	-	-	25,200
Derivative financial instruments1	11,302	-	-	-	-	11,302
Loan portfolio						
-of which: Amortized cost	22,371	31,546	16,696	60,227	-	130,841
-of which: Fair value through profit or loss	5,743	1,176	1,731	20,823	-	29,473
Equity investments: Fair value through profit or loss	-	-	-	-	120,891	120,891
Other financial assets at FV	-	-	-	-	24,601	24,601
Other receivables	-	-	-	-	1,351	1,351
Total assets	**70,048**	**32,723**	**18,427**	**81,050**	**146,843**	**349,090**
Liabilities and Fund capital						
Current acount with FMO	-	-	-	-	48	48
Accrued liabilities	-	-	-	-	3,223	3,223
Provisions	-	-	-	-	409	409
Fund Capital	-	-	-	-	345,410	345,410
Total liabilities and Fund capital	**-**	**-**	**-**	**-**	**349,090**	**349,090**
Interest sensitivity gap 2023	**70,048**	**32,723**	**18,427**	**81,050**	**-202,247**	

Currency risk

Definition

Currency risk is defined as the risk that changes in foreign currency exchange rates have an adverse effect on the value of the Fund's financial position and future cash flows.

Risk appetite and governance

The Fund offers debt, equity and guarantee instruments in denominated in USD, EUR and partly in emerging market currencies, while the main source of funding to the Fund, subsidies received from Dutch Ministry of Foreign Affairs is in EUR. The Fund targets to invest in USD as a risk-averse alternative to investing in local currencies when possible; additionally, cash inflows denominated in local currencies are converted to hard currencies when received. Due to its commitment to the implementation of the Fund's development agenda and impact objectives, the Fund does not exclusively look for investments that counter-balance this currency risk exposure in its portfolio; the Fund also does not use derivatives and other financial instruments to hedge against the currency risk, and avoids bearing the cost of these engineered measures. The Fund does not take active positions in any currency for the purpose of making a profit.

Exposures

Individual and total open currency positions were within risk appetite in 2024. The table below illustrates that the currency risk sensitivity gap per December 2024 is almost completely part of fund's equity investments and investments in associates.

Currency risk exposure (at carrying values)

December 31, 2024	EUR	USD	KES	XOF	Other	Total
Assets						
Banks	3,145	3,131	-	-	-	6,276
Short-term deposits	9,019	33,938	-	-	-	42,957
Derivative financial instruments	-	10,338	-	-	-	10,338
Loan portfolio						-
-of which: Amortized cost	24,437	97,642	9,428	-	-	131,507
-of which: Fair value through profit or loss	4,235	32,284	-	-	4,561	41,080
Equity investments	6,322	120,538	-	2,995	5,532	135,387
Other financial assets at FV	20,937	938	-	-	-	21,875
Other receivables	37	214	1	-	-	252
Total assets	**68,132**	**299,023**	**9,429**	**2,995**	**10,093**	**389,672**
Liabilities and Fund capital						**-**
Current acount with FMO	118	-	-	-	-	118
Accrued liabilities	2,574	1,655	-	-	-	4,229
Provisions	15	429	44	-	-	488
Fund Capital	384,249					384,249
Total liabilities and Fund capital	**386,956**	**2,084**	**44**	**-**	**-**	**389,084**
Currency sensitivity gap 2024		296,939	9,385	2,995	10,093	
Currency sensitivity gap 2024 excluding equity investments and investments in associates		176,401	9,385	-	4,561	

Currency risk exposure (at carrying values)

December 31, 2023	EUR	USD	KES	XOF	Other	Total
Assets						
Banks	2,748	2,683	-	-	-	5,431
Short-term deposits	3,500	21,700	-	-	-	25,200
Derivative financial instruments	-	11,302	-	-	-	11,302
Loan portfolio						
-of which: Amortized cost	29,139	96,591	5,111	-	-	130,841
-of which: Fair value through profit or loss	1,074	28,399	-	-	-	29,473
Equity investments	7,923	109,507	-	2,982	479	120,891
Other financial assets at FV	24,601	-	-	-	-	24,601
Other receivables	1,156	194	1	-	-	1,351
Total assets	**70,141**	**270,376**	**5,112**	**2,982**	**479**	**349,090**
Liabilities and Fund capital						
Current acount with FMO	48	-	-	-	-	48
Accrued liabilities	2,517	706	-	-	-	3,223
Provisions	76	303	30	-	-	409
Fund Capital	345,410	-	-	-	-	345,410
Total liabilities and Fund capital	**348,051**	**1,009**	**30**	**-**	**-**	**349,090**
Currency sensitivity gap 2023		269,367	5,082	2,982	479	
Currency sensitivity gap 2023 excluding equity investments and investments in associates		159,860	5,082	-	-	

Sensitivity of profit & loss account and fund capital to main foreign currencies

	IFRS 9 December 31, 2024	
Change of value relative to the euro	**Sensitivity of profit & loss account**	**Sensitivity of shareholders' equity**
USD value increase of 10%	29,694	-
USD value decrease of 10%	-29,694	-
KES value increase of 10%	939	-
KES value decrease of 10%	-939	-
XOF value increase of 10%	300	-
XOF value decrease of 10%	-300	-

Sensitivity of profit & loss account and fund capital to main foreign currencies

	IFRS 9 December 31, 2023	
Change of value relative to the euro	**Sensitivity of profit & loss account**	**Sensitivity of shareholders' equity**
USD value increase of 10%	26,937	-
USD value decrease of 10%	-26,937	-
KES value increase of 10%	508	-
KES value decrease of 10%	-508	-
XOF value increase of 10%	298	-
XOF value decrease of 10%	-298	-

Strategic risk

Environmental, social and governance risk

Definition

ESG risk is defined as the risk that our investments realize adverse impacts on people and the environment, and/or contribute to corporate governance practices, that are inconsistent with FMO policy commitments. FMO is exposed to ESG risk via our investment selection (the risks associated with our investments, which include the investments of our clients/investees) and the effectiveness of clients'/investees' ESG risk management, including the effectiveness of FMO's engagement thereon. In addition to potential adverse impacts to people and the environment, ESG risk can for example result in financial (remediation, legal) costs to FMO or client, jeopardized access to capital for FMO (external investors), jeopardized license to operate/shareholder relations or reputation damage.

Risk appetite and governance

The Fund has an appetite for managed risk in portfolio, accepting ESG performance below standards when starting to work with a customer, with the goal that performance is brought in line with our ESG risk mitigation requirements within a credible and reasonable period. ESG risks are mitigated through environmental and social action plans and monitoring. The risk appetite for deviations from the exclusion list and human rights violations is zero.

As part of the investment process, all customers are screened on ESG risk and categorizes them according to the ESG risk that their activities represent. FMO assesses in detail customers with a high ESG risk category to identify ESG impact and risks and to assess the quality of existing risk management and mitigation measures. Due diligence also includes an analysis of contextual and human rights risk. In case of gaps in ESG risk management, FMO works with customers to develop and implement an Action Plan to avoid adverse ESG impacts and/or to improve ESG risk management over time. Key ESG risk items are tracked during the tenor of the engagement. FMO's ESG risk management support to customers is an important part of development impact ambitions.

For FMO's high ESG risk investments and for investments where FMO Corporate Governance officer is allocated, we monitor our net ESG risk exposure through FMO's proprietary Sustainability Information System (SIS); The net ESG risk exposure is the investment's gross risk exposure corrected for by the customer's performance managing down these risks. ESG risk performance tracking in SIS is integrated within the investment process and forms the basis of FMO's ESG target. SIS ratings are monitored and updated throughout the lifetime of the investment as part of the annual review cycle of each customer, enabling FMO to have an up-to-date portfolio-wide view of the ESG risks in its portfolio.

Non-financial risk

Operational risk

Definition

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events, including legal risks, excluding strategic risks. This is the Basel definition of operational risk, which covers a wide range of non-financial risks.

FMO adopted the Operational Risk Data Exchange Association (ORX) risk taxonomy to structure all non-financial risk types, such as people, data, model, technology, third party, information and cyber security, business continuity, statutory reporting, transaction execution, et cetera. FMO uses the terms operational risk and non-financial risk interchangeably.

Risk appetite and governance

FMO is cautious about non-financial risks. We do not seek them as they have no direct material reward in terms of return/ income generation, but they are inherent to our business. We prefer safe options, with low inherent risk, even if they limit rewards or lead to higher costs. There is no appetite for high residual risk.

First and second line functions work closely together to understand the full and varied spectrum of non-financial risks, and to focus their risk and control efforts on meaningful and material risks. Risk identification and assessment draws on multiple sources of data, such as topic-specific risk-assessments, results of half-yearly control monitoring and testing rounds, internal loss data and root cause analysis, audit results, supervisory findings, and key risk indicators. Policies and operating procedures clarify control standards, accountabilities, and mandate training on key risks.

Management of the first line is responsible for understanding risks and implementing and operating internal controls in the day-to-day business processes. Key controls are monitored and tested twice a year. The first line performs these responsibilities in line with the risk management framework, using the methods and tools provided by the second-line Operational Risk function. The Operational Risk function challenges and advises the first line, performs oversight and maintains the Integrated Control Framework.

Risk events will occur, despite the implementation of internal controls. Risk events can result in losses, non-compliance, misstatements in the financial reports, and reputational damage. Risk events are centrally registered and reviewed and classified by the Operational Risk team. Root cause analyses of high-concern risk events require approval by the Non-financial Risk Committee and follow-up of remediating actions is tracked and reported.

Non-financial Risk metrics are reported on a quarterly basis. These metrics cover operational risks, such as the amount of loss per quarter, timely follow-up of remediating actions by management, and specific metrics for all non-financial risk subtypes. All departmental directors evaluate the operational risks in their area of responsibility and sign a departmental in control statement at year end.

Financial economic crime risk

Definition

Financial economic crime risk is the risk that FMO, its subsidiaries, investments, customers and/or employees are involved or used for any crime that has a financial component, even though at times such transactions may be hidden or not socially perceived as criminal. This includes (but is not limited to): money laundering, terrorism financing, bribery and corruption, sanction breaches or any other predicate offence as defined by the Dutch Penal Code or any other rules or regulations related to financial crime that are applicable to FMO.

Risk appetite and governance

FMO acknowledges that as a financial institution it has been entrusted with a gatekeeper role. FMO attaches great value to this role and will always strive for full and timely adherence to financial economic crime regulations. We are aware that in line with FMO's mandate, the operational working environment (countries with high(er) financial crime risks) as well as the risk maturity level of its clients, risks are present and incidents within customer complexes (i.e. the customer and any associated and/or third parties) may happen.

Financial economic crime framework

FMO's financial economic crime (FEC) procedures include, amongst others, screening of customers on compliance with applicable anti-money laundering, counter financing of terrorism and international sanctions laws and regulations. Due diligence is performed on customers, which includes checks such as verifying the ultimate beneficial owners of the customer we finance, identifying politically exposed persons and screening against mandatory international sanction lists. These checks are also performed regularly during the relationship with existing customers.

In our continued efforts to implement learnings, FMO's Compliance department reviews its FEC framework in cooperation with the KYC (Know Your Customer) department on an ongoing basis, taking into account any monitoring results, risk analysis, incidents and updates in regulations and industry best practices. In addition, continuous risk-based quality monitoring takes place both in first- and second-line including sample-based and thematic monitoring. In 2024, the sample-based monitoring consisted of at least 10 percent of all finalized KYC files in every quarter. FMO also conducts ongoing training programs for its employees to raise awareness on topics related to FEC. Further, FMO continues to remind its customers of the importance of integrity in the business operations, including sanctions compliance.

FMO continues to work on strengthening the risk culture and creating awareness on FEC, potential unusual transactions and anti-bribery and corruption practices. In 2024, all FMO employees were required to complete the Compliance 'Annual Integrity refresher e-learning that addresses customer and personal integrity topics, such as bribery and corruption.

There is always a risk that a customer is involved or alleged to be involved in illicit acts (e.g., money laundering, fraud, or corruption). When FMO is of the opinion that there is a breach of law that cannot be remedied, that no improvement by the customer will be achieved (e.g., awareness, implementing controls) or that the risk to FMO's reputation is unacceptably high, FMO may exercise certain remedies under the contract, such as the right to cancel a loan or suspend upcoming disbursements. FMO will report to the regulatory authorities when necessary.

Regulatory compliance risk

Definition

Regulatory compliance risk is the risk that FMO does not operate in accordance with applicable rules and regulations, either by not or not timely identifying applicable regulations or not adequately implementing and adhering to applicable regulations and related internal policies and procedures.

Risk appetite and governance

FMO has a minimal appetite for regulatory compliance risk. FMO closely monitors and assesses future regulations that apply to FMO and strives for full and timely implementation of regulations.

To ensure compliance with the EU Banking Supervisory Regulations as implemented by the DNB and the ECB and other laws and regulations applicable to FMO, FMO closely monitors the regulatory developments including the supervisory authority's guidance.

FMO has a risk committee structure, accompanied by a Regulatory Monitoring Policy that defines the internal requirements, processes, roles, and responsibilities to identify, assess and implement regulatory changes.

INDEPENDENT AUDITOR'S REPORT

Shape the future
with confidence

Independent auditor's report

To: the management board of the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.

Report on the audit of the financial statements for the year ended 31 December 2024 included in the annual report

Our opinion

We have audited the accompanying financial statements for the financial year ended 31 December 2024 of Building Prospects (hereinafter: BP or The Fund), based in The Hague.

In our opinion, the financial statements give a true and fair view of the financial position of BP as at 31 December 2024, and of its result and its cash flows for the year ended 31 December 2024 in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS Accounting Standards).

The financial statements comprise:

- The Statement of Financial Position as at 31 December 2024
- The Statement of Comprehensive Income for the year ended 31 December 2024
- The Statement of Changes in Fund Capital
- The Statement of Cash Flows for the year ended 31 December 2024
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of BP in accordance with the the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for professional accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management report
- At a glance
- Performance on our strategy
- List of abbreviations
- Annexes

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Fund's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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
- Obtaining 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
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of 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 auditor's report 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 auditor's report. However, future events or conditions may cause a fund to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

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

Amsterdam, 25 April 2025

EY Accountants B.V.

signed by P.J.A.J. Nijssen

Colophon

Contact details Should you have any feedback or questions, please feel free to contact us.

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FMO's photo library | Pearl Dairy Uganda (front page)

Design
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Production
F19 Digital Reporting, www.f19digitalreporting.com