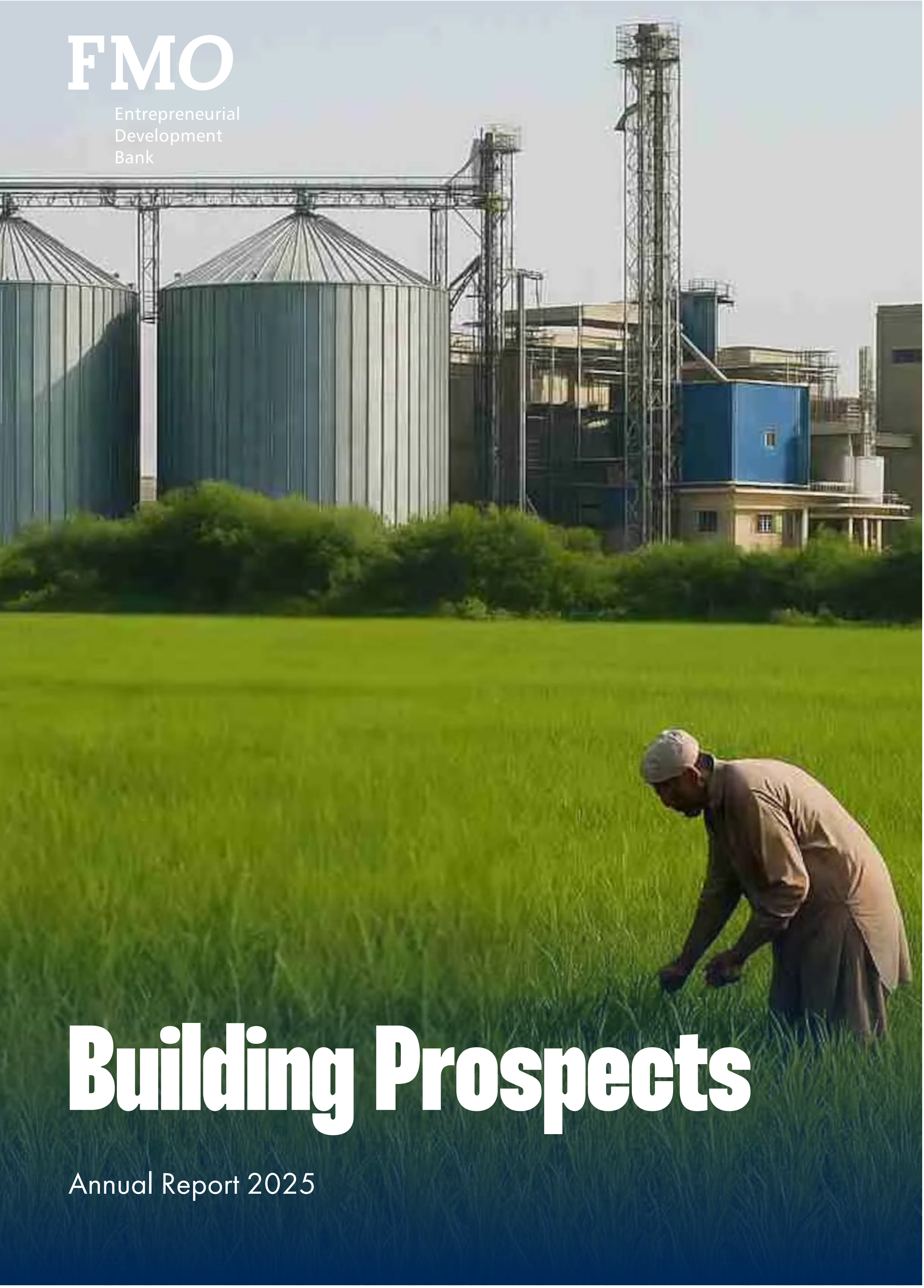
FMO
Entrepreneurial Development Bank



Building Prospects

Annual Report 2025

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, AEF-II, and the Dutch Fund for Climate and Development (DFCD). The total committed portfolio of these funds (excluding grants) amounts to €1,141 million as per December 31, 2025. On behalf of the Dutch Government, FMO also manages $33.5 million in a larger "Mobilising Finance for Forests" programme, 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 **GH2 Industries Ltd**, a vertically integrated agri-based manufacturing facility to source (broken) rice and produce rice derivatives for the local and export markets in Pakistan.

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

LETTER FROM THE MANAGEMENT BOARD

The year 2025 began in a climate of global uncertainty, a defining feature that persisted throughout the year. Conflicts intensified, geopolitical tensions rose, and global alliances continued to shift. Yet despite this turbulence, many of FMO's customers made steady progress and their perseverance enabled FMO to continue supporting inclusive and sustainable prosperity across its markets

The strengths of partnerships

Against this backdrop, public funds played a pivotal role in mobilizing capital. Through the mandates we manage on behalf of the Dutch Ministry of Foreign Affairs (MoFA), the European Commission (EC), and the UK government, FMO worked closely with public partners, project developers, NGOs and complementary impact investors to deploy catalytic finance to underserved markets and customer segments. This has become even more critical amid declining global Official Development Assistance (ODA) flows, and growing demand from investment teams for higher-risk-tolerant capital - complementing FMO's own risk-tolerant funding. Our publicly funded programs such as Access to Energy Fund (AEF), Building Prospects (BP), Dutch Fund for Climate and Development (DFCD), MASSIF, Mobilising Finance for Forests (MFF), Nasira, and FMO Ventures Program continued to support investments in challenging markets and expanded access to finance for, amongst others, youth, women, smallholder farmers, and early-stage innovators - groups that remain disproportionately excluded from traditional banking systems.

In parallel, FMO advanced market creation and pipeline development through several donor-funded Market Creation programs. The MASSIF Market Creation Pilot (MASSIF-MCP), supported by the Dutch Ministry of Foreign Affairs, addressed upstream constraints in fragile and underserved markets by strengthening ecosystems, enhancing investment readiness, and developing investable pipelines in sectors critical to inclusive and sustainable growth. Through catalytic early-stage support, MASSIF-MCP enabled FMO to engage earlier in the investment lifecycle and support MSMEs and emerging sectors. Complementing this, FMO implemented the Investing in Young Businesses in Africa – Market Creation Programs (IYBA MCP for Sub-Saharan Africa and Central Africa), funded by the European Union through DG INTPA. These programs focused on strengthening entrepreneurial ecosystems, improving investment readiness, and building pipelines for early-stage and youth-led enterprises. In addition, FMO supported market creation in South Asia through the Invest in Nepal program, which also aims to strengthen the enabling environment and investment pipelines for early-stage enterprises.

Across our public fund portfolio, 2025 saw continued progress in governance, reporting, and compliance, alongside closer alignment with evolving donor frameworks. Annual program reports were reviewed and approved through established EC and MoFA processes, with audits continuing to support transparency and oversight. In parallel, FMO's expanding engagement with new and scaled European Commission instruments under EFSD+ and Team Europe reinforced our role as a trusted partner in blended finance.

Building Prospects continued to work towards its main objective of stimulating private sector development and job creation by investing in the agribusiness value chain, clean energy, and infrastructure. This year, we continued to build a diversified portfolio of debt and equity investments across sectors, while prioritizing an increasing focus towards food and agriculture.

Looking ahead

The increasingly volatile geopolitical environment – now also including the escalating conflict in the Middle East – alongside high fluctuations in FX-rates, and the influence of AI, is reshaping the context in which FMO operates. Within that environment, we are undertaking a midterm review of our 2030 Strategy: Pioneer–Develop–Scale. Not because our ambitions have changed, but because we consider it prudent, especially in light of the pace and scale of global transformation, to reflect and ensure our strategic direction remains both relevant and resilient.

While 2026 is bringing its share of challenges, it also calls for clarity of purpose and continued commitment. We will remain focused on maximizing our impact, strengthening our partnerships, and supporting markets and customers to navigate uncertainty. As we reflect on the past year and look ahead to the challenges before us, we acknowledge that our achievements would not have been possible without our partners. We extend our sincere gratitude for their trust and collaboration throughout the year and remain fully committed to delivering the impact and reliability they expect from us.

The Hague, 23 April 2026

On behalf of the Management Board (in their capacity as manager of the Fund):

Franca Vossen, Chief Risk Officer
Huib-Jan de Ruijter, Co-Chief Investment Officer
Michael Jongeneel, Chief Executive Officer, Chief Finance & Operations Officer a.i.

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AT A GLANCE

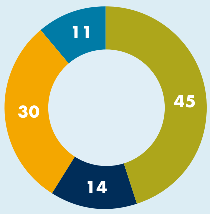
Building Prospects was established in 2002 by the Dutch government and FMO to stimulate private sector development and job creation in developing countries, initially through a strong focus on infrastructure investments. Over time, the fund's mandate evolved as it became clear that agriculture plays a central role in many emerging economies, where it accounts for a large share of employment and is essential for economic growth and poverty reduction. Today, Building Prospects invests across the agribusiness value chain, complemented by critical enabling infrastructure such as energy, water, logistics, and transport. Strengthening climate resilience and supporting climate-mitigation efforts are also key priorities across the portfolio.

Achievements portfolio as per 31-12-2025

Total committed portfolio

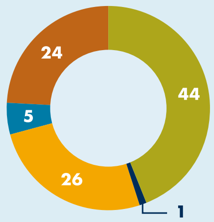
€453mln

Portfolio by Product
(in % as of 31 Dec 2025)



- Loans
- Direct equity
- Fund investments
- Mezzanine

Portfolio by customer
(in % as of 31 Dec 2025)



- Agribusiness
- Infrastructure
- Mixed renewable
- Non-renewable
- Other diverse sectors

90
Total investments

€16.5mln
Public co-investments

€51.2mln
Private co-investments

82.8%
Revolvability

(excluding new investments 2025)

6,381,724
Beneficiaries reached

298,794
Direct jobs supported

84,644
Direct jobs supported for women

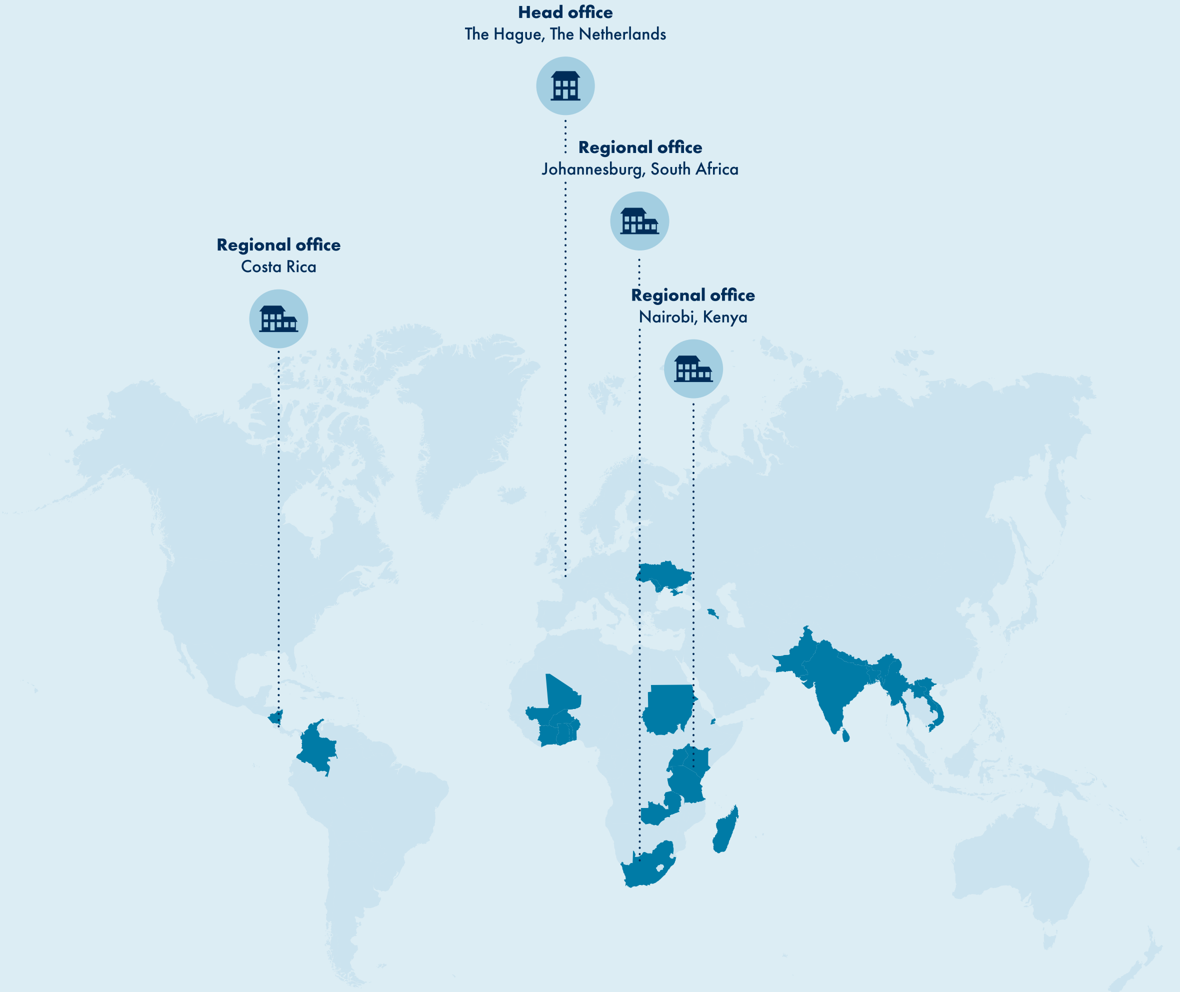
2,164,564
Beneficiaries reached with renewable energy

2,403,832
Indirect jobs supported

914,804
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 2025, as the most recent impact data available from clients pertains to the reporting year that concluded in 2024.

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 2025)

Latin America & The Caribbean	Africa	Europe & Central Asia	Asia	Global
€40mln	€204mln	€17mln	€106mln	€86mln

Total committed portfolio

€453mln

Highlights

In 2025, Building Prospects continued to implement its mandate from the Dutch Ministry of Foreign Affairs to stimulate private sector development and job creation in emerging markets. Despite a year marked by fragile macroeconomic conditions, climate-related disruptions, and geopolitical uncertainty, Building Prospects closed fifteen(15) new transactions totaling €58.0 million (excluding development contributions), bringing the total committed portfolio to €453 million. The mandate remains firmly focused on advancing inclusive economic growth in markets where investment needs continue to outpace available capital.

Across its 2025 investments, Building Prospects remains committed to *enabling infrastructure*—the foundational systems that allow businesses to grow, access markets, and improve productivity. This year's investment in **GH2 Industries (Pakistan)**, a vertically integrated agri-based circular manufacturing complex to source (broken) rice and produce rice derivatives for the local and export markets, exemplifies this priority. Pakistan continues to face infrastructure bottlenecks that constrain manufacturing competitiveness. Strengthening industrial capacity supports local production, job creation, and resilience, particularly in an economy recovering from recent financial instability and repeated climate-related flooding. By supporting vital enabling infrastructure, Building Prospects contributes to long-term economic stability and greater private sector participation in challenging environments.

A second—and increasingly important—area of strategic emphasis is *strengthening agri-value chains*, a cornerstone of economic development for many low-income countries. Food systems face significant pressure as the global population expands and climate variability affects yields. While global food demand is expected to rise sharply in the coming decades, investment in agriculture-related sectors has been volatile. Building Prospects' commitments this year reflect a strong response to these trends, including the investment in **NaFoods (Vietnam)**, a leading processor and exporter of tropical fruit products. The investment supports enhanced processing capacity, reduced post-harvest losses, and more stable income opportunities for farmers. Vietnam remains highly vulnerable to climate change impacts such as flooding and saline intrusion, making strengthened agri-value chains essential for the country's long-term food security.

A third area of focus is mobilizing capital for *climate-relevant investment*s, an increasingly critical component of Building Prospects' work. Emerging markets face rising climate risks yet continue to receive insufficient financing for both mitigation and adaptation. IMF research shows that climate-induced shocks have disproportionately negative macroeconomic impacts on emerging and developing economies, reducing output growth and straining public finances. Against this backdrop, Building Prospects' support for the **Lendable Transportation and Energy Fund SCSp** with an investment focus including E-mobility, Energy Commercial and Industrial, Clean Cooking, Sustainable Agriculture, and Energy efficiency, reflects strategic sectors for SDG13 'Climate Action'. Debt funds have become an important channel for mobilizing private capital for climate-focused projects in markets where equity is often more difficult to place.

In 2025, we also saw the first partial repayment of one of our "repayable development contributions," for HPW Fresh & Dry to support infrastructure and expansion efforts. Repayable development contributions offer a fresh perspective on traditional grant funding by transforming what is typically a one-way flow of capital into a more sustainable, revolving instrument. By structuring a portion of the grant as repayable upon success, funders can recycle resources, amplify impact, and reinforce accountability—without limiting innovation in the early stages. This year's first successful repayment demonstrates the potential of such instruments, validating both the effectiveness of the supported initiative and the ability of repayable components to extend the reach of development finance and generate lasting, compounding impact.

In parallel, Building Prospects continued its efforts to support economic continuity in fragile regions. Supporting Ukraine remains a top priority for the Dutch Ministry, and the fund continues to explore opportunities to strengthen agricultural value chains and export-related infrastructure amid ongoing disruptions.

The FMO Ventures Program (FVP2) also remains active, now operating with a more experienced and focused investment approach aimed at scalable tech-enabled solutions in fintech, agritech, and clean tech. Building Prospects is also progressing with the recommendations from its mid-term evaluation, sharpening operational discipline and thematic alignment.

Looking ahead, Building Prospects approaches 2026 with cautious optimism. The external environment remains complex, yet the continued focus on enabling infrastructure, strengthening agri-value chains, and mobilizing climate-relevant capital creates a strong foundation to deliver meaningful, long-term development outcomes for the communities we serve.

Production

Production 2025	
	York Timbers (Proprietary) Limited – ZAR18.75 million Debt York is the largest solid wood, lumber and plywood producer in South Africa, with operations centred in two main geographic areas namely; the Highveld operations in Jessievale and Escarpment Operations in Sabie. 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. The top-up of FMO's existing facility will further support York Timbers in reducing its dependency on third-party wood supply, improving cost competitiveness, and upgrading mill processing equipment to lower production costs.
	E.V. Assets Management Uganda Limited – $5 million Debt The objective of FMO's financing is to fund the Borrower's investment in electric vehicle batteries and battery swapping station infrastructure across Uganda. The lack of clean and affordable mobility solutions holds back the shift to a green transportation system in Uganda. This transaction addresses this deficiency and aligns with FMO's Energy and overall strategy. The investment is labeled 100% Green and 100% Reducing Inequalities.
	GH2 Industries (Private) Limited – $5 million Debt GH2 was founded in September 2020 in Lahore, Pakistan, with the purpose of setting up a vertically integrated agri-based manufacturing facility to source (broken) rice and produce rice derivatives for the local and export markets. The transaction promotes a circular business model which is important for sustainability. Also, the transactions will benefit Pakistan economically by increasing exports. Additionally, the project will help create jobs, strengthen food production & security, and will improve farmer livelihoods. GH2's vision aligns with that of FMO in promoting sustainable rice farming in Pakistan with plans to increase farmer resiliency and limit climate impact. The transaction received a 100% Green Label.
	Phuc Sinh Dak Nong Corporation – $3 million Debt The primary business of Phuc Sinh is in processing and exporting of coffee and pepper (spices) globally. Vietnam is an important global player in the coffee sector as the second largest producer and this sector is a major source of income for the country. The construction of the new coffee processing plant in Dak Nong and the sourcing of raw coffee from farmers in the central highlands of Vietnam will create further economic value locally. In addition, FMO will support Phuc Sinh in the development of a strong corporate governance framework and structure.
	Zembo SAS – $1 million Debt Zembo sells electric motorcycles to drivers, either directly or through third parties, and provides a battery swap (battery-as-a-service, "BaaS") solution through a network of 29 battery-swap stations. E-boda bodas address the lack of access to affordable public transport and are key to reducing pollution, congestion, and noise resulting from significant urbanization and population growth in Uganda. The FMO Loan enables the provision of affordable E-boda bodas to the Ugandan market and is fully aligned with FMO's strategy. The FMO Loan supports affordable, non-polluting transport.
	HPW Fresh & Dry Ltd. – €3 million Debt HPW is the largest tropical dried fruits (e.g. mango, pineapple, coconut) and snacks processor in West Africa. The company gradually evolved from a fresh fruit trader to a vertically integrated dried fruits and snack manufacturer. An impact-driven profitable company that creates long-lasting effects on the fruit supply chain and job market in Ghana and Ivory Coast – strengthening market access and agronomic techniques for smallholder farmers and farmer organizations while continuously empowering 2,000 local employees via capacity building. The new transaction will create c. 200 jobs in Ghana while contributing to the reduction of food waste, as fresh fruits that are unnecessarily wasted or discarded (because of undesirable appearance) are transformed into dried fruits and snacks. The transaction qualifies as 100% Reducing Inequalities (given the technical support provided to smallholders) and 100% Green.
	Mirova Sustainable Land Fund 2 SLP RAIF – €10 million Equity Mirova Sustainable Land Fund 2 (MSLF2) is a close-ended hybrid fund with a target size of EUR 350mln, recently launched by Mirova. The Fund Manager is Mirova, the impact investment arm of Natixis Investment Managers. By investing in MSLF2, FMO gains diversified exposure to a wide range of countries across the globe in sustainable forestry and agribusiness sectors. This investment is 100% Green label, as MSLF2 is in line with Climate Mitigation and Biodiversity objectives of FMO's Green Label, supported by international certifications such as the Rainforest Alliance and FSC. The 100% Reducing Inequality label also applies, based on MSLF2's gender approach and its alignment with the 2X criteria at both the fund and portfolio levels.
	Dedougou Solaire S.A. – €11.24 million Debt FMO is investing in Dédougou Solaire SARL ("Dédougou"), an SPV (Special Purpose Vehicle) established under the laws of Burkina Faso. This is a greenfield renewable energy development in a low-income sub-Saharan country. Dédougou provides clean, reliable electricity to a country with one of the lowest electrification rates in West Africa, at a lower cost than current thermal power stations or imported electricity. The FMO Building Prospects Fund investment is highly additional, as there are no commercial banks in Burkina Faso capable of providing financing with the tenor and terms required to make the project viable. This project is among the first true energy IPPs in an emerging economy with limited access to electricity.

Nafoods Group Joint Stock Company – $10 million Debt

NaFoods Group Joint Stock Company (NAF), listed on Ho Chi Minh Stock Exchange, is the leading processor and exporter of tropical fruit products in Vietnam. NAF fits well into FMO's strategy through its focus on local value creation, local employment creation and supporting economic growth. An additional 50-100 FTEs are expected to be added with the expansion of new processing lines. NAF supports local value creation by exporting processed goods to food manufacturers and retailers, creating employment, generating local tax revenue and hard currency income for Vietnam. The transaction has a 100% Reducing Inequalities label. NAF's inclusive business model involves close collaboration with farmers in some supply chains, improving livelihoods of participants.

Africa Ren Development - €0.4 million Development Contribution

€2 million 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 €2 million, €400k 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.

Miro Forestry Developments Limited – $0.5 million Equity

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.

Lendable Transportation and Energy Fund SCSp – $10 million Equity Indirect

Lendable Transportation and Energy Fund ("the Fund", "LTEF") is a newly created impact-driven fund with an investment focus on SDG13 sectors, including E-mobility, Energy Commercial and Industrial, Clean Cooking, Sustainable Agriculture, and Energy efficiency. Capital will be deployed by providing debt financing to Small and Medium-sized Enterprises (SMEs) and Mid-Market Enterprises (MMEs) in sectors that reduce Green House Gas (GHG) emissions footprints and improve resilience to climate change effects. The Fund is highly aligned with FMO's strategy to reduce inequalities and is working on meeting the 2X Criteria and supporting initiatives related to SDG13.

Ecofy Finance Private Limited – INR325 million Equity Direct

Ecofy is a non-banking financial institution set up in India in 2022 with a mission to accelerate the country's green transition. The company provides financing solutions for environmentally sustainable sectors, including retail electric vehicles (EVs), rooftop solar, and SME initiatives focused on improving energy efficiency. Ecofy is building a 100% green portfolio as it exclusively finances climate-positive segments and businesses. Through this, FMO aims to support the decarbonization of energy in India - an essential goal for a rapidly growing economy. In addition, Ecofy now qualifies for the Reducing Inequalities label for its efforts in offering micro loans to individuals often overlooked by traditional lenders, helping more people access financing for green products.

TNB Aura Fund 3 VCC – €0.9 million – Ventures Program 2

Founded in 2017, TNB Aura is a Singapore-based Venture Capital (VC) firm with a presence in Indonesia, Vietnam, and the Philippines. TNB Aura Fund 3 VCC is the third VC fund managed by the firm. The Fund invests into Seed to Series B stage technology and tech-enabled startups in Southeast Asia across diverse sectors and verticals. FMO invests in the TNB Aura fund to support entrepreneurship across Southeast Asia and help scale innovative business models that contribute to the sustainable growth of local economies.

Nile Fresh Pty Ltd – €0.2 mln – Ventures Program 2

Nile is a South African B2B e-commerce platform linking commercial farmers to buyers of fresh produce and input suppliers. The Company delivers a convenient, secure, and transparent trading experience in a largely analogous market with significant inefficiencies and wastage. The online marketplace is supported by services on logistics, payments, and insights to enable seamless transactions. The investment will enable the Company's growth, further developing the online marketplace for fresh produce and inputs, scaling its operations and exploring additional services. Nile aims to substantially improve the fresh produce value chain, leading to reduced wastage and, ultimately, a more efficient food system.

Exits and sales

No exits or sales were made in 2025.

Production capacity development

Contracts CD 2025

EA Foods Limited — €7,000 Technical Assistance

This task order finances an external board and governance evaluation for EA Foods, in collaboration with the consultant Board Excellence Limited. The project supports the company as it evolves its board following a new funding round. The evaluation includes board composition advisory, document reviews, surveys, interviews, meeting observation, and a final roadmap to strengthen governance, board effectiveness, ESG oversight, and long-term performance.

Lendable Transportation and Energy Fund (LTEF) under Dynolabs Asset Management Ltd, acting as Fund Advisor — $175,000 Development Contribution Grant

The Lendable Transportation and Energy Fund "LTEF" is a fund advised by Lendable Inc, an impact focused investment advisor. The fund will provide debt capital in emerging markets in Asia, Africa and Latin America, in particular in specific subsectors of energy and transportation markets such as e-mobility, (solar) C&I, energy efficiency, clean cooking and sustainable agriculture. The development contribution grant is received and managed by Dynolabs Asset Management Ltd, a subsidiary of Lendable Inc. The objective is to build and enhance the ESG capacity of the Fund and embed this knowledge into the investment cycle, allowing Lendable to sustainably invest in (more) customers, promote responsible management of high-risk transactions and scale strong environmental and social standards across these pioneering sectors.

Endeavor SA — €69,310 Partnership Development Contribution

This 3rd round of the Endeavor Agri-tech Accelerator, implemented with the partner Endeavor SA, strengthens Africa's pipeline of investment-ready agri-tech ventures by delivering tailored 1-1 mentoring, portfolio management, masterclasses, and visibility support over a 14-month program. The project aims to overcome the continent-wide shortage of Series-A/B-ready agritech companies, improve job creation, and contribute to market-building aligned with FMO Ventures Program and Building Prospects objectives. The main participants, and therefore beneficiaries of the accelerator, were 8-10 agri-tech or agri-adjacent ventures across Africa.

Global Food and Agribusiness Network Peer Ederer — €28,000 Technical Assistance

This Technical Assistance project finances the development and facilitation of two agribusiness case studies for the African Cheetahs Roundtable 2026, a peer-learning platform for high-growth African agribusinesses, implemented alongside the consultant Global Food and Agribusiness Network Peer Ederer. The work supports strategic dialogue on geopolitical shifts, growth constraints, and capital allocation, strengthening leadership, sector insights, and FMO's engagement with key current and prospective clients, who are therefore the main beneficiaries.

Watu Credit Uganda Limited — €23,153 Technical Assistance

Implemented with the consultant IBIS Environmental Social Consulting Europe SAS, this assignment supports Watu's electric mobility subsidiary EVAM/GOGO Uganda by developing and implementing a practical Environmental & Social Management System (ESMS) tailored to both corporate operations and a network of 72 battery-swapping stations. The project includes ESMS design, training, operational procedures, governance structures, and three months of ongoing advisory to strengthen E&S compliance and long-term sustainability.

Ecofy Finance Private Limited — €12,200 Technical Assistance

This project supports Ecofy India in obtaining CERISE+SPTF Client Protection Certification by assessing their current client protection practices, identifying gaps, and guiding them through compliance with entry-level, progress, and advanced indicators. The assignment includes desk review, onsite assessment, detailed reporting, and—if needed—an adjustment phase to help Ecofy achieve certification and strengthen responsible finance practices.

Nile Fresh Pty Ltd — €25,526 Development Contribution Grant

This project supports Nile Fresh in developing and implementing a fit-for-purpose Environmental & Social Management System (ESMS) to address key risks such as food safety, occupational health & safety, pesticide management, data privacy, and supply-chain ESG practices. A consultant will conduct an ESG gap assessment, build the ESMS, and provide coaching and tools to embed E&S management into Nile's growing operations.

Nile Fresh Pty Ltd — €22,883 Development Contribution Grant

This project supports Nile Fresh in implementing Microsoft Dynamics 365 Business Central ERP, including modules for warehouse management, exports, financing, and business intelligence. The ERP upgrade addresses operational inefficiencies, strengthens financial transparency, reduces food waste through improved traceability, and builds a scalable digital backbone to support Nile's expansion into agri-financing and sea-freight exports.

EA Foods Limited — €14,625 Technical Assistance

This Technical Assistance project supports EA Foods in developing a comprehensive HR strategy, beginning with an HR gap assessment—interviews, document audit, and an employee pulse survey—followed by the creation of a unified HR Strategy Playbook, implemented in collaboration with the consultant Sagana GmbH. The work aims to professionalize HR across areas such as performance management, compensation, career progression, and organizational design, enabling EA Foods to align HR systems with business growth and improve gender-responsive talent management.

Sagana GmbH — €20,225 Technical Assistance

This project finances Module 1: Overall Project Management for FMO's Climate TA Framework in Year 2, supporting coordination between Sagana, SLR, FMO teams, and participating customers. Activities include bi-monthly updates, task-order tracking, reporting, stakeholder alignment, proposal development, and ensuring smooth delivery of climate advisory assignments across the portfolio.

Ikigai SA Holdings (Pty) Ltd ("Sustainabuild Group"), a portfolio company of African Forestry Fund II — $156,000 Technical Assistance

This project, implemented in collaboration with the consultant Seric Partners, aims to strengthen Sustainabuild's (a portfolio company in the Africa Forestry Fund II) organizational capacity by developing a skilled, adaptive workforce through structured professional development, leadership training, and workforce innovation. It focuses on improving productivity, enabling rapid growth, and advancing gender equity within South Africa's sustainable construction and manufacturing sectors.

New Forests Company Holdings I Limited — €23,851 Technical Assistance

This project, implemented with the consultant Technoserve, supports the New Forests Company in developing an Inclusive Business Plan to prioritize value-addition opportunities, strengthen downstream processing capacity, and prepare for fundraising. It also identifies how to integrate smallholder farmers into NFC's timber supply chain to enhance climate impact, wood utilization, and inclusive growth.

Afrigreen Debt Impact Fund SLP — €21,075 Technical Assistance

This project, implemented in collaboration with the consultant Value for Women, supports AfriGreen in developing a practical, data-informed understanding of gender inclusion across its Nigerian renewable-energy portfolio. It identifies realistic, actionable pathways for improving gender inclusion—spanning recruitment, workplace culture, leadership pipelines, and investee engagement—while strengthening AfriGreen's internal capacity to promote inclusive practices across its operations.

Value for Women — €26,750 Technical Assistance

This project provides coordination support for FMO's Gender-Inclusive Business & Investment Practices Technical Advisory Offering with the consultant Value for Women. This project management module ensures alignment between Value for Women, FMO teams, and participating FMO clients. It focuses on managing task orders, convening meetings, knowledge sharing, and producing bi-annual learning reports to strengthen gender-inclusive approaches across FMO's global portfolio.

AMI African Management Initiative — €7,370 Technical Assistance

This project funds a 2-day design workshop between multiple educational service providers such as AMI (the selected Program Manager) and GFAN, and other DFIs to kickstart the design of the proposed African Cheetahs Academy, a world-class offer for middle-upper managers of FMO's key customers and prospects to develop leadership and business skills. The workshop aims to refine program structure, evaluate partnership fit, and agree on next steps for shaping a sector-level capacity-building initiative supporting high-potential agribusiness leaders across Africa.

Miro Forestry Developments Limited — €40,000 Technical Assistance

This project, implemented with the consultant Stichting BoP Innovation Center, funds an independent business review and action plan to help Miro address financial and operational underperformance, strengthen liquidity, and support short- to medium-term turnaround efforts. The work focuses on improving sawmill/plymill efficiency, cost-cutting, working-capital management, and validating the company's business plan to safeguard viability and the impact of FMO's investment.

Yalelo Uganda SMC Limited — €1,824 Development Contribution Grant (FMOxChange Program)

This FMOxChange initiative enables Yalelo Uganda to learn from Kilic Holding's advanced aquaculture practices, with a focus on GHG emissions monitoring, waste management, and health & safety systems. The exchange aims to strengthen Yalelo's environmental sustainability management, equip the HSES team with practical methodologies, and support integration of improved monitoring tools and safety practices into YU's operations.

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	Greenhouse 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 Producer
FRC	Financial Risk Committee
LDC	Least Developed Country
LGD	Loss Given Default
MT	Mega Tonne
MW	Mega Watt
NGO	Non Governmental Organization
NPE	Non-Performing Exposure - 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	https://www.oecd.org/en/topics/oda-eligibility-and-conditions.html
OECD	www.oecd.org/
SDGs	sustainabledevelopment.un.org

Financial statements

Statement of financial position

For the year ended December 31, 2025

	Notes	2025	2024
Assets			
Current account with FMO	(1)	6,068	6,276
Short-term deposits	(2)	29,497	42,957
Derivatives financial instruments	(3)	11,419	10,338
Loans to the private sector	(4)		
- of which: amortized cost		116,460	131,507
- of which: at fair value through profit or loss		34,321	41,080
Equity investments	(5)	116,516	135,387
Other financial assets at FV	(6)	18,234	21,874
Other receivables		744	252
Total assets		**333,259**	**389,671**
Liabilities			
Current account with FMO	(7)	-	118
Accrued and other liabilities	(8)	3,120	4,229
Provisions		535	488
Total liabilities		**3,655**	**4,835**
Fund capital	**(9)**		
Contribution DGIS previous years		424,516	414,516
Contribution DGIS current year		-	10,000
Total contribution DGIS		**424,516**	**424,516**
Other reserves		6,505	6,505
Undistributed results previous years		-46,185	-75,611
Net profit/(loss)		-55,232	29,426
Total fund capital		**329,604**	**384,836**
Total liabilities and fund capital		**333,259**	**389,671**

Statement of comprehensive income

For the year ended December 31, 2025

	Notes	2025	2024
Income			
Interest income calculated using the effective interest method		9,970	-1,063
Other interest income		5,161	4,785
Net interest income	**(10)**	**15,131**	**3,722**
Fee and commission income	(11)	175	38
Dividend income	(12)	2,337	4,639
Remuneration for services rendered		101	25
Other income		4	11
Results from equity investments	(13)	-30,547	-8,554
Results from financial transactions	(14)	-29,939	7,067
Total income		**-42,738**	**6,948**
Expenses			
Operating expenses	(15)	-10,190	-11,881
Total expenses		**-10,190**	**-11,881**
Impairment charges on financial assets and loan commitments	(16)	-2,304	34,359
Net profit/(loss)		**-55,232**	**29,426**
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income/(loss)		**-55,232**	**29,426**

Statement of changes in fund capital

For the year ended December 31, 2025

	Contributed Fund capital	Other reserves	Undistributed results previous years	Net profit/ (loss)	Total fund capital
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
Results current year	-	-	-	29,426	29,426
Net balance at December 31, 2024	**424,516**	**6,505**	**-75,611**	**29,426**	**384,836**
Balance at January 1, 2025	**424,516**	**6,505**	**-75,611**	**29,426**	**384,836**
Transfer profit/(loss) PY to Undistr. Results PY	-	-	29,426	-29,426	-
Contribution DGIS	-	-	-	-	-
Results current year	-	-	-	-55,232	-55,232
Net balance at December 31, 2025	**424,516**	**6,505**	**-46,185**	**-55,232**	**329,604**

Statement of cash flows

For the year ended December 31, 2025

	Notes	2025	2024
Cash flow from operating activities			
Inflows			
Interest received on loans		12,281	35,789
Repayments on loans	(4)	23,024	33,329
Sales of equity instruments		1,787	4,171
Dividends and fees received		2,047	5,798
Results from grants	(14)	32	-
Other received amounts		3,559	3,061
Outflows			
Disbursements on loans	(4)	-25,430	-32,916
Investments in equity instruments	(5)	-11,383	-27,219
Disbursements on capacity development		-1,998	-999
Remuneration FMO	(15)	-9,156	-9,594
Investments in other financial assets		-1,669	-2,912
Other paid amounts		-1,996	-1,629
Net cash flow from operating activities		**-8,902**	**6,879**
Cash flow from financing activities			
Inflows			
Contribution DGIS current year	(9)	-	10,000
Net cash flow from financing activities		**-**	**10,000**
Net cash flow		**-8,902**	**16,879**
Position at January 1 [1]		49,115	30,583
Foreign exchange translation		-4,648	1,653
Position at December 31 [1]		**35,565**	**49,115**

1 Cash includes current account with FMO.

Summary of material accounting policies

General information

Building Prospects (The Fund or BP) was 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 €425 million (2024: €423 million) and the anticipated end date of the Fund is December 2028.

Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), as adopted by the European Union. These financial statements are based on the 'going concern' principle.

These financial statements 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 1 January 2026. Most of these amendments and new standards are not applicable to BP, and the impact of the relevant amendments and standards are summarised below.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for periods beginning on or after 1 January 2027. The new accounting standard introduces the following new requirements:

- Entities are required to classify income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined "operating profit" subtotal, however net profit will not change.
- Management defined performance measure (MPM) are to be identified and disclosed in a single note in the financial statements.
- The guidance on grouping of information in the financial statements has been enhanced.

The assessment indicates that the impact on BP is limited to clearly identifying and disclosing the newly applicable operating and income tax categories in the statement of profit or loss. The cash flow statement already aligns with the new standard, no MPMs are presented in these financial statements, and the current level of aggregation and disaggregation is appropriate under the enhanced guidance.

Significant estimates, assumptions and judgements

In preparing the financial statements 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 financial statements. 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 financial statements are stated in Euros, which is the presentation and functional currency of the Fund. 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 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 assesses the objectives of the business model in which a financial asset is held at a portfolio level as 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 that are managed and evaluated on a fair value basis are measured at FVPL, as they are neither held solely to collect contractual cash flows, nor held both to collect contractual cash flows and for sale.

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 SPPI, 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, the following:

- 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.

Financial instruments – initial recognition

Financial assets and liabilities are initially recognised on the trade date or the date on which the Fund becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

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 and transaction costs are added to, or subtracted from, this amount, except in the case of financial assets and financial liabilities recorded at FVPL, for which transaction costs are expensed as incurred. 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 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 FVPL, 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 statement of financial position.

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;

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 – Defaulted Loans: 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.

Expected credit loss (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 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

Macro-economic scenarios are calibrated on a per country basis twice per year at FMO. The scenario of every country considers 3 potential pathways: positive, base, and downturn scenarios. The scenarios are forecasted using a simulation approach which considers the past macro-economic performance each country with input data coming from the IMF.

The three scenarios applied are:

- Positive scenario: Reduced vulnerability to an economic downturn.
- Base scenario: Vulnerability and accompanying losses based on the current expected trajectory in a market.
- Downturn scenario: Elevated vulnerability to an 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.

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).

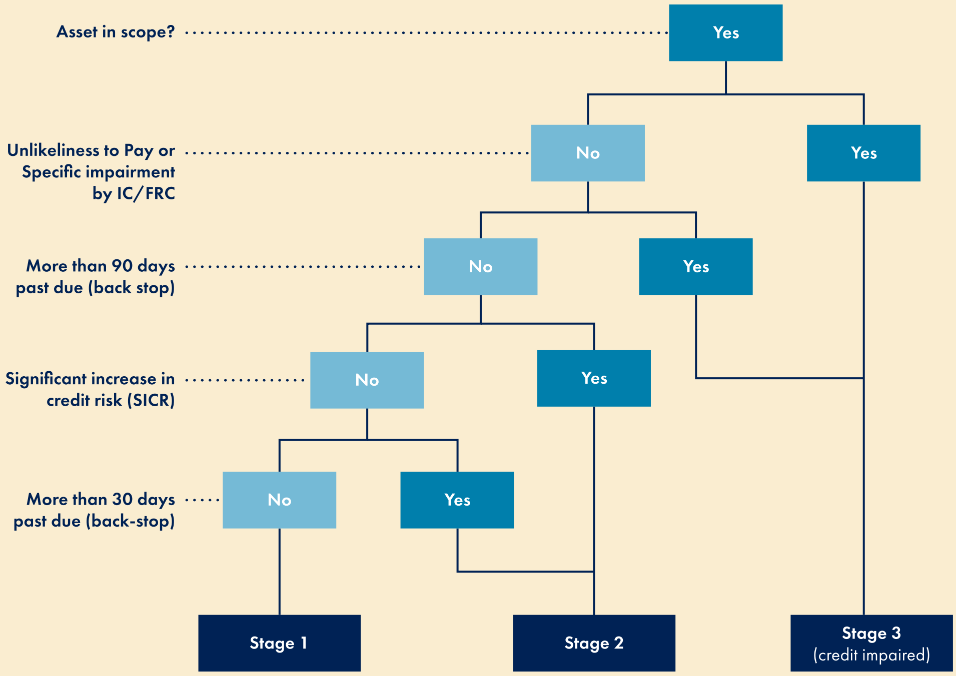
Definition of default (Stage 3)

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;
- An impairment analysis, done upon a UTP trigger that possibly leads to NPE, results in an impairment higher than 12.5 percent 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 is under probation and during probation is extended additional forbearance measures/ concessions, or becomes more than 30 days past-due, they shall be classified as non-performing. This only applies if the customer has been non-performing while the loan was forborne.

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 Manager 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 AC 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 AC, 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.

Derecognition of financial assets and financial liabilities

Derecognition of financial assets

Derecognition due to substantial modification of terms and conditions

As previously explained in the accounting policy for "Financial assets impairment", the Fund derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial instrument.

Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Fund also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Fund has transferred the financial asset if, and only if, either:

- The Fund has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Fund retains the contractual rights to receive the cash flows of a financial asset (the original asset), but assumes a contractual obligation to pay those cash flows to one or more entities (the eventual recipients), when all of the following three conditions are met:

- The Fund has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Fund cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Fund has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Fund is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Fund has transferred substantially all the risks and rewards of the asset, or
- The Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Fund considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Fund has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Fund's continuing involvement, in which case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Fund could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Fund would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Accrued and other liabilities

The accrued and other liabilities mainly comprise accrued costs on capacity development which 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.

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 fund 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 statement of comprehensive income for all interest-bearing financial instruments on an accrual basis using the effective interest method based on the AC 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 AC 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 and interest expenses from financial instruments measured at FVPL is calculated and accrued with reference to the contractual interest terms. Changes in the fair value of these financial instruments, including the effects of credit and market risk, are separately recognized in the statement of comprehensive income, in the line item "Results from financial transactions". Interest on derivatives related to loans to the private sector is classified as interest income.

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

No corporate income tax is recognized for BP, as the Fund’s activities are considered to fall outside the scope of Article 2, paragraph 2 of the Dutch Corporate Income Tax Act.

Statement of cash flows

The statement of cash flows represents the amounts related to the bank account maintained by FMO on behalf of the Fund. The statement of cash flows is presented using the direct method.

Cash flow from operational activities includes the Fund’s portfolio movements, such as loans to the private sector, equity investments and other financial assets.

BP has no investing cash flows.

Cash flow from financing activities includes movements in the funding from the Dutch Ministry of Foreign Affairs.

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 the notes to the financial statements.

Notes to the financial statements

1. Current account with FMO (Asset)

	2025	2024
Current account with FMO	6,068	6,276
Balance at December 31	**6,068**	**6,276**

The amount relates to balance of the bank account maintained by FMO on behalf of the Fund. This balance was previously recognized and presented as 'Cash balances with banks', however, it has been reclassified to 'Current account with FMO' in the current year to ensure fair presentation. The current account can freely be disposed of.

2. 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. Short-term deposits consist of money market funds, which are measured at FVPL. Short-term deposits have a maturity of less than three months.

	2025	2024
Money market funds	29,497	42,957
Balance at December 31	**29,497**	**42,957**

3. Derivatives financial instruments

BP holds a conversion option with a single exposure which is classified as a derivative under IFRS 9 and measured at fair value through profit or loss.

The fair value is based on the company's net asset value and significant unobservable inputs. It is therefore classified as level 3.

At December 31, 2025	**Notional amounts**	**Fair value assets**	**Fair value liabilities**
Derivatives related to asset portfolio	-	11,419	-
At December 31, 2024	**Notional amounts**	**Fair value assets**	**Fair value liabilities**
Derivatives related to asset portfolio	-	10,338	-

4. Loans to the private sector

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 2024 and 2025.

	Loans to the private sector measured at AC	Loans to the private sector measured at FVPL	Total
Balance at January 1, 2025	**131,507**	**41,080**	**172,587**
Disbursements	21,656	3,774	25,430
Interest capitalization	321	1,305	1,626
Conversion from Loans versus Equity	-	-2,109	-2,109
Repayments	-22,603	-421	-23,024
Write-offs	-	-12,903	-12,903
Changes in amortizable fees	-333	-	-333
Changes in fair value	-	7,663	7,663
Changes in accrued income	22,090	-241	21,849
Exchange rate differences	-14,732	-3,827	-18,559
Movement of impairment charges	-21,446	-	-21,446
Balance at December 31, 2025	**116,460**	**34,321**	**150,781**

	Loans to the private sector measured at AC	Loans to the private sector measured at FVPL	Total
Balance at January 1, 2024	**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
Movement of impairment charges	-22,898	-	-22,898
Balance at December 31, 2024	**131,507**	**41,080**	**172,587**

The contractual amount of assets that were written off during the period (2025: €12.9 million, 2024: €4.7 million) are still subject to enforcement activity. There were no recoveries from written off loans (2024: €0.0 million).

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

	2025				
Loans segmented by sector	**Stage 1**	**Stage 2**	**Stage 3**	**Fair value**	**Total 2025**
Financial Institutions	-	-	-	1,588	1,588
Energy	22,160	4,660	20,252	16,698	63,770
Agribusiness	46,390	12,247	7,984	16,035	82,656
Infrastructure, Manufacturing and Services	-	-	2,767	-	2,767
Net balance at December 31	**68,550**	**16,907**	**31,003**	**34,321**	**150,781**

	2025				
Loans segmented by geographical area	**Stage 1**	**Stage 2**	**Stage 3**	**Fair value**	**Total 2025**
Africa	29,226	13,881	21,787	11,094	75,988
Asia	17,622	3,026	6,449	3,416	30,513
Latin America & the Caribbean	-	-	2,767	7,284	10,051
Europe & Central Asia	4,366	-	-	-	4,366
Non - region specific	17,336	-	-	12,527	29,863
Net balance at December 31	**68,550**	**16,907**	**31,003**	**34,321**	**150,781**

	2025
Gross amount of loans to companies in which the Fund has equity investments	10,207
Gross amount of subordinated loans	48,415

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

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

	2024
Gross amount of loans to companies in which the Fund has equity investments	30,606
Gross amount of subordinated loans	44,626

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 2025	**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, 2024	71,856	-726	20,375	-2,486	62,174	-19,686	154,405	-22,898
Additions	19,069	-345	1,505	-91	1,082	-	21,656	-436
Exposures derecognised or matured / lapsed (excluding write-offs and modifications)	-10,840	49	-6,576	563	-5,187	5,132	-22,603	5,744
Transfers to Stage 1	1,649	-58	-1,649	58	-	-	-	-
Transfers to Stage 2	-7,002	52	17,672	-1,332	-10,670	1,280	-	-
Transfers to Stage 3	-	-	-9,859	1,353	9,859	-1,353	-	-
Modifications of financial assets (including derecognition)	-	-	282	-	39	-	321	-
Changes in risk profile not related to transfers	-	239	-	-81	-	-28,805	-	-28,647
Amounts written off	-	-	-	-	-	-	-	-
Changes in amortizable fees	-148	-	-214	-	29	-	-333	-
Changes in accrued income	64	-	-68	-	22,095	-	22,091	-
Foreign exchange adjustments	-5,373	64	-2,794	249	-6,565	1,579	-14,732	1,892
At December 31, 2025	**69,275**	**-725**	**18,674**	**-1,767**	**72,856**	**-41,853**	**160,805**	**-44,345**

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**

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

5. 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
Balance at January 1, 2025	**135,387**
Purchases and contributions	11,383
Changes in fair value	-30,657
Conversion of loans to equity	1,987
Return of capital	-1,584
Net results from sales	110
Balance at December 31, 2025	**116,516**

	Equity investments measured at FVPL
Net balance at January 1, 2024	**120,891**
Purchases and contributions	27,220
Changes in fair value	-8,555
Conversion of loans to equity	-
Return of Capital	-4,170
Net results from sales	1
Balance at December 31, 2024	**135,387**

The following table summarizes the equity investments segmented by sector:

	2025	2024
Financial Institutions	5,231	5,080
Energy	20,816	29,087
Agribusiness	42,402	50,702
Multi-Sector Fund Investments	21,220	20,891
Infrastructure, Manufacturing, Services	26,847	29,627
Balance at December 31	**116,516**	**135,387**

6. Other financial assets at FV

	2025	2024
Other financial assets at FV [1]	18,234	21,874
Balance at December 31	**18,234**	**21,874**

1 Other financial assets at FV relate to FMO's Ventures Program.

7. Current account with FMO (Liability)

	2025	2024
Current account with FMO	-	-118
Balance at December 31	**-**	**-118**

8. Accrued and other liabilities

Accrued liabilities relate mainly to CD expenses.

	2025	2024
Suspense account (Bank reconciliation)	591	599
Accrued costs on capacity development	2,450	3,630
Other liabilities	79	-
Balance at December 31	**3,120**	**4,229**

The financial statements captions 'Accrued liabilities' and 'Other liabilities' which were presented separately in the December 31, 2024 financial statements have now been merged and presented as a single financial statement caption in this financial statement.

9. Contributed fund capital and other reserves

Contributed Fund Capital	**2025**	**2024**
Contribution DGIS previous years	424,516	414,516
Contribution DGIS current year	-	10,000
Balance at December 31	**424,516**	**424,516**

	2025	2024
Total subsidy allocated to BP	472,012	472,012
Total subsidy withdrawn from DGIS	424,516	424,516
Subsidy available BP	**47,496**	**47,496**

	2025	2024
Other reserves	6,505	6,505
Balance at 31 December	**6,505**	**6,505**

Undistributed results	**2025**	**2024**
Balance at January 1	-75,611	-69,178
Addition: Net profit/loss	29,426	-6,433
Balance at December 31	**-46,185**	**-75,611**

10. Net interest income

	2025	2024
Interest income related to cash balances with banks	106	160
Interest income from financial instruments measured at AC	9,864	-1,223
Total interest income calculated using the effective interest method	**9,970**	**-1,063**
Interest on loans measured at FVPL	3,600	3,335
Interest on short-term deposits at FVPL	1,561	1,450
Other interest income	**5,161**	**4,785**
Net interest income	**15,131**	**3,722**

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

11. Fee and commission income

	2025	2024
Prepayment fees	-	-137
Administration fees	81	72
Other fees (like arrangement, cancellation and waiver fees)	94	103
Total fee and commission income	**175**	**38**

12. Dividend income

	2025	2024
Dividend income direct investments	2,058	4,150
Dividend income fund investments	279	489
Total dividend income	**2,337**	**4,639**

13. Net results from equity investments

	2025	2024
Results from equity investments		
Unrealized results from FV movements	-15,457	-16,634
Unrealized results from FX movements	-15,200	8,079
Net results from fair value re-measurements	**-30,657**	**-8,555**
Results from sales		
Realized results	90	-2,209
Release unrealized results	20	2,210
Net results from sales	**110**	**1**
Net results from equity investments	**-30,547**	**-8,554**

The net result on sales represents the reversal of accumulated previously recognised unrealised fair value movements on the instruments sold and the actual realised result on sale of the instrument compared to the initial cost of the investment. Unrealized results from FX differences on non-monetary financial assets (investments in equity instruments) are a component of the change in their entire fair value. This amount is calculated using a spot-spot revaluation of the outstanding FV carrying amount on a daily basis and is presented separately.

14. Results from financial transactions

	2025	2024
Results on sale and valuation of loans at FVPL	-5,240	1,738
Results on sale and valuation of derivatives related to asset portfolio	2,301	-1,600
Foreign exchange results	-21,814	12,568
Results on ventures program	-5,218	-5,639
Results from grants	32	-
Total results from financial transactions	**-29,939**	**7,067**

The movement for results from financial transactions can be mainly explained by changes in valuations for derivatives and FX results. This movement is primarily driven by changes in cross currency basis spreads and yield curves of various underlying currencies (e.g. USD, EUR).

15. 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.

	2025	2024
Remuneration FMO	-9,156	-9,594
Capacity development expenses	-1,003	-1,401
Advisory costs	-	-501
Evaluation expenses	-	-385
Other operating expenses	-31	-
Total expenses	**-10,190**	**-11,881**

16. Impairment charges on financial assets and loan commitments

Impairment charges are calculated for Loans at private sector at AC (including off balance loan commitments). The movement in impairment charges for each of these items is presented in their relevant notes, while the related charges to the statement of profit or loss are presented in the table below:

	2025	2024
Impairment charges on		
Loans	2,196	12,712
Loan commitments	108	-48
Release of impaired interest	-	21,695
Total impairment charges	**2,304**	**34,359**

Total impairment on loans in the profit and loss account

	2025	2024
Additions / exposure derecognised or matured/lapsed (excluding write - offs)	5,309	6,601
Changes in risk profile (including changes in accounting estimates)	-28,647	11,638
Other	25,534	-5,527
Balance at December 31	**2,196**	**12,712**

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	2025	2026
Sudan (The)	-0.4%	8.8%
Benin	6.5%	6.2%
Kenya	4.8%	4.9%
Togo	5.3%	5.5%
India	6.2%	6.3%
Sri Lanka [1]	0.0%	0.0%
Myanmar	1.9%	2.1%
Uganda	6.1%	7.6%
Moldova	0.6%	2.6%
Ghana	4.0%	4.8%

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

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 statement of financial position, 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 Policies' chapter.

Nominal amounts for irrevocable facilities is as follows:

	2025	2024
Irrevocable facilities		
Contractual commitments for disbursements of:		
Loans	59,445	55,158
Equity investments	60,273	65,350
Total irrevocable facilities	**119,718**	**120,508**

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

Movement of loan commitments in 2025	**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, 2025	45,264	-488	-	-	431	-	45,695	-488
Additions	49,207	-574	1,691	-60	1,227	-	52,125	-634
Exposures derecognised or matured (excluding write-offs)	-35,833	432	-1,505	61	-1,434	-	-38,772	493
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	7	-	-7	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	26	-	6	-	-	-	32
Amounts written off	-	-	-	-	-	-	-	-
Foreign exchange adjustments	-5,814	62	-186	-	-54	-	-6,054	62
At December 31, 2025	**52,824**	**-535**	**-**	**-**	**170**	**-**	**52,994**	**-535**

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**

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 the headings in the statement of financial position.

December 31, 2025	FVPL - mandatory	Amortized cost	Total
Financial assets measured at fair value			
Short-term deposits	29,497	-	29,497
Derivative financial instruments	11,419	-	11,419
Loans to the private sector	34,321	-	34,321
Equity investments	116,516	-	116,516
Other financial assets at FV	18,234	-	18,234
Total	**209,987**	**-**	**209,987**
Financial assets not measured at fair value			
Loans to the private sector	-	116,460	116,460
Current accounts with FMO	-	6,068	6,068
Other receivables	-	744	744
Total	**-**	**123,272**	**123,272**
Financial liabilities not measured at fair value			
Provisions	-	535	535
Accrued and other liabilities	-	3,120	3,120
Total	**-**	**3,655**	**3,655**

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
Loans to the private sector	41,080	-	41,080
Equity investments	135,387	-	135,387
Other financial assets at FV	21,874	-	21,874
Total	**251,636**	**-**	**251,636**
Financial assets not measured at fair value			
Loans to the private sector	-	131,507	131,507
Current accounts with FMO	-	6,276	6,276
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 and other liabilities	-	4,229	4,229
Total	**-**	**4,835**	**4,835**

Fair value of financial assets and liabilities

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 processes

For recurring and non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy, FMO 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 techniques

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. The valuation techniques applied by FMO to determine the fair value of its financial instruments are described below:

Financial instruments measured at fair value

Debt instruments

Type of loans	Valuation methodology
Fixed rate loans at FVTPL (Level 3)	Performing fixed-rate loans are valued using a discounted cash flow (DCF) approach, where contractual cash flows—including any performance-related additional cash flows—are discounted using a curve built from a risk-free base curve (Reuters zero-curve) and an individual credit spread reflecting client-specific credit quality.
Floating rate loans at FVTPL (Level 3)	Floating-rate loans are valued using a method that approximates an amortised-cost–based approach, because changes in risk-free rates are neutralised at each interest reset. Fair value is defined as gross outstanding minus the change in lifetime expected credit losses (LECL) between current and initial ratings, reflecting credit-spread-driven market value changes. Embedded options, if any, are priced separately and added to the loan's value.
Debt funds at FVTPL (Level 3)	The Net Asset Value from investee's financial statements and investor reports prepared by fund manager
Non-performing Fixed/ floating loans at FVTPL, debt funds at FVTPL (Level 3)	Non-performing loans are valued at gross outstanding minus a specific impairment, reflecting the best estimate of recoverable value. The valuation incorporates all relevant qualitative and quantitative factors, including restructuring prospects, collateral realisation, or firm offers, and follows the standard Investment Review Committee impairment process used for amortised-cost loans.
Loans with Margin Adjustments (Level 3)	Loans containing EBITDA-, ROAE- or profit-linked margin features require additional inputs beyond standard fixed or floating loan valuation. Forward-looking financial forecasts must be considered to determine whether additional margin components (e.g., interest step-ups) are expected to apply. These expected adjustments are reflected in the cash flow schedule and discounted. For loans without outstanding balances, the value of the margin adjustment is set to zero.
Loans at FVPL with Other Features (Level 3)	Some loans are designated at FVPL due to unique or complex contractual features that do not fit the standard valuation models. Where none of the prescribed fair value methodologies apply, these loans are valued at amortised cost plus impairment, effectively approximating nominal value unless material differences exist.

Derivatives

The Fund uses internal valuation models to value derivative financial instruments. Valuation inputs include valuation curves provided by specialized price-makers for emerging markets currencies. Consequently, derivatives involving emerging market currencies are classified as level 2.

Equity investments

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 financial statements 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.

Firm Offer

When a credible firm offer exists, the fair value should be based on the firm offer price minus all transaction costs. This method reflects the most concrete and observable market-based exit price available at the valuation date.

Put Option

Where the Fund holds an exercisable put option, the fair value may be based on its strike value, considering also the counterparty's ability to execute the option. This method relies on counterparty risk assessment and contractual clarity.

Multiples (Book, earnings, Market/industry, Anchored)

Multiples apply when comparable financial or market data can be used to estimate value. Book multiples are applied to reflect equity performance. Earnings multiples (EV/EBITDA, EV/EBIT, P/E) are applied for companies with maintainable earnings. Market/industry multiples rely on peer benchmarks. Anchored multiples use the post-money valuation at investment entry, performance are subsequently assessed.

Discounted Cash Flow (DCF)

DCF values an investment based on the present value of expected future cash flows or earnings, discounted using a risk-adjusted rate

Net Asset Value (NAV)

Net asset value involves the application of the reported NAV. This is directly applied as the valuation input for the investment. And it could also be applied to direct investments of which the value is indirectly derived from the respective NAV.

Cost as Best Estimate

If no reliable valuation inputs are available - typically during the first 12 months of an investment, the cost of Fund's investment may serve as the best estimate of fair value.

Other Methods

When none of the standard methodologies are applicable, other valuation methods may be used, but only with clear, enhanced justification explaining why all typical alternatives are unsuitable.

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 the financial assets and liabilities that are not measured at fair value.

The carrying values of the financial asset and liability categories in the table below are measured at AC. The underlying changes to the fair value of these assets and liabilities are therefore not recognized in the statement of financial position.

The valuation technique we use for the fair value determination of these financial instruments is the discounted cash-flow method. The discount rate we apply is a spread curve based on the average spread of the portfolio. The fair value calculation is mainly based on level 3 inputs.

At December 31	2025 Carrying value	2025 Fair value	2024 Carrying value	2024 Fair value
Current account with FMO	6,068	6,068	6,276	6,276
Loans to the private sector	116,460	111,756	131,507	123,711
Total non fair value financial assets	**122,528**	**117,824**	**137,783**	**129,987**

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, 2025	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Short-term deposits mandatory at FVPL	29,497	-	-	29,497
Derivative financial instruments	-	-	11,419	11,419
Loans to the private sector mandatory at FVPL	-	-	34,321	34,321
Equity investments	-	-	116,516	116,516
Other financial assets at FV [1]	-	-	18,234	18,234
Total financial assets at FVPL	**29,497**	**-**	**180,490**	**209,987**

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
Loans to the private sector 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**

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	Loans to the private sector	Equity investments	Total
Balance at January 1, 2025	**10,338**	**41,080**	**135,387**	**186,805**
Total gains or losses				
· In profit and loss (changes in fair value)	2,301	7,663	-15,457	-5,493
Purchases/disbursements	-	3,774	11,372	15,146
Sales/repayments	-	-421	-1,573	-1,994
Interest Capitalization	-	1,305	-	1,305
Write-offs	-	-12,903	-	-12,903
Accrued income	-	-241	-	-241
Exchange rate differences	-1,220	-3,827	-15,200	-20,247
Conversion from loans to equity	-	-2,109	1,987	-122
Balance at December 31, 2025	**11,419**	**34,321**	**116,516**	**162,256**

	Derivative financial instruments	Loans to the private sector	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	-16,634	-10,216
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	-	-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**	**135,386**	**186,804**

Type of debt investment	Fair value at December 31, 2025	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Loans	11,292	Discounted cash flow model	Based on client spread for fixed rate loans at FVPL	A decrease/increase of the used spreads with 1% will result is a higher/lower fair value of approx €0.7 million
	13,756	ECL measurement	Based on client rating for floating rate loans at FVPL	An improvement /deterioration of the Client Rating with 1 notch wil result approx 1.3% increase/decrease
	2,041	Credit impairment	n/a	n/a
Debt Funds	7,232	Net Asset Value	n/a	n/a
Total	**34,321**			

There are no amounts for development contributions which are recognized as loans in 2025 (2024: €0.0 million).

Type of equity investment	Fair value at Dec 31, 2025	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Private equity fund investments	57,569	Net Asset Value	Discounts applied ranging from 0 to 50%	Changes in the discounts applied would result in a lower/ higher fair value in valuation of €0.2 million
Private equity direct investments	11,323	Recent transactions	Discounts applied ranging from 0 to 50%	Changes in the discounts applied would result in a lower/ higher fair value in valuation of €0.2 million
			Discounts not applicable	Changes in the discounts are not applicable
	27,961	Book multiples	Book multiple applied at 1.0	Changes in the applied multiple with 10% would result in a lower / higher fair value of approximately €0.2 million.
			Discounts not applicable	Changes in the discounts are not applicable
	1,293	Earning Multiples	Earnings multiple applied ranging from 1.0 to 2.0	Changes in the applied multiple with 10% would result in a lower / higher fair value of approximately €0.2 million.
			Discounts applied ranging from 0 to 50%	
	7,875	Discounted Cash Flow (DCF)	DCF model inputs: Discount rates applied at 12%	Changes in the discounts applied would result in a lower / higher fair value of approximately €1.8 million.
			Expected monthly cash flows ranging from €0.3 million to €2.7 million	Changes in the DCF model by lowering the discount rate and increasing expected cash flows would result in a positive change in fair value of approximately €1.6 million.
	4,685	Put option	Discounts applied ranging from 0 to 20%	Changes in the discounts applied would result in a lower / higher fair value of approximately €0.1 million.
	2,366	Firm offers	n/a	n/a
	1,326	Other	Discounts applied ranging from 0 to 61%	Changes in the discounts applied would result in a lower / higher fair value of approximately €0.2 million.
	6	Cost	n/a	n/a
	2,112	Net Asset Value	n/a	n/a
Total	**116,516**			

Type of financial instrument	Fair value at December 31, 2025	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Derivatives	11,419	Net Asset Value	n/a	n/a
Total	**11,419**			

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 (2025: €0.0 million; 2024: €10.0 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 several government funds. Currently MASSIF, Building Prospects, Access to Energy – I, the Market Creation Platform (MCP)) 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 €9.2 million in 2025 (2024: €9.6 million). BP had sold no loan or equity exposure to FMO in 2025 or 2024.

20. Subsequent events

There have been no significant subsequent events between the balance sheet date and the date of authorization 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 2025 (31 December 2024: €424.5 million). Total fund capital – which is the sum of the contribution by the government, undistributed results from previous years and results from the current year decreased to €329.6 million in 2025 (2024: €384.8 million).

Financial risk

Credit risk

Definition

Credit risk is defined as the risk that the fund 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 the 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 the Fund's customers. 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. The Special Operations department is responsible for actively managing the restructuring of distressed assets.

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 the 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 maximum exposure to credit risk decreased during the year to €309.1 million at year-end 2025 (2024: €326.3 million).

Maximum exposure to credit risk

	2025	2024
On balance		
Short-term deposits	29,497	42,957
Derivative financial instruments	11,419	10,338
Loans to private sector		
-of which: Amortized cost	161,818	155,192
-of which: Fair value through profit or loss	40,105	56,157
Current account with FMO	6,068	6,276
Other receivables	744	252
Total on-balance	**249,651**	**271,171**
Off-balance		
Irrevocable facilities	59,445	55,158
Total off-balance	**59,445**	**55,158**
Total credit risk exposure	**309,097**	**326,329**

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 '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.

Loans to the private sector at December 31, 2025 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+)	35,866	-	-	10,191	46,057
F14-F16 (B-,B,B+)	31,868	-	-	26,480	58,348
F17 -F19 (CCC+ , CCC, CCC-)	2,199	18,937	-	-	21,136
F20 (CC)	-	-	72,948	3,434	76,382
Sub-total	**69,933**	**18,937**	**72,948**	**40,105**	**201,923**
Less: amortizable fees	-658	-264	-93	-	-1,015
Less: ECL allowance	-725	-1,766	-41,852	-	-44,343
Plus: FV adjustments	-	-	-	-5,784	-5,784
Carrying value	**68,550**	**16,907**	**31,003**	**34,321**	**150,781**

Loan commitments at December 31, 2025 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Other	Total
F1-F10 (BBB- and higher)	-	-	-	-	-
F11-F13 (BB-,BB,BB+)	8,522	-	-	-	8,522
F14-F16 (B-,B,B+)	34,475	-	-	6,451	40,926
F17 -F19 (CCC+ , CCC, CCC-)	9,828	-	-	-	9,828
F20 (CC)	-	-	170	-	170
Total nominal amount	**52,824**	**-**	**170**	**6,451**	**59,445**
ECL allowance	-535	-	-	-	-535
Total	**52,289**	**-**	**170**	**6,451**	**58,910**

Loans to the private sector 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 -F19 (CCC+ , CCC, CCC-)	-	20,505		-	20,505
F20 (CC)			62,221	19,428	81,649
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**

Loan commitments at December 31, 2024 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Other	Total
F1-F10 (BBB- and higher)	-	-	-	-	-
F11-F13 (BB-,BB,BB+)	-	-	-	-	-
F14-F16 (B-,B,B+)	45,264	-	-	9,463	54,727
F17 -F19 (CCC+ , CCC, CCC-)	-	-		-	-
F20 (CC)			431		431
Total nominal amount	**45,264**	**-**	**431**	**9,463**	**55,158**
ECL allowance	-488	-	-	-	-488
Total	**44,776**	**-**	**431**	**9,463**	**54,670**

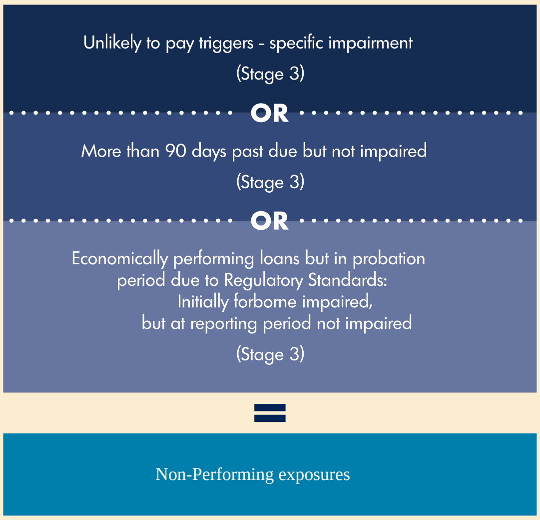
Non-performing exposures

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.

NPE classifications are applied at the customer level, and such situations are 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 38.6% (2024) to 37.8% (2025)

Loans past due and impairment charges 2025

	Stage 1	Stage 2	Stage 3	Fair value	Total
Loans not past due	69,933	18,938	15,764	40,105	144,740
Loans past due:					
-Past due up to 30 days	-	-	1,742	-	1,742
-Past due more than 90 days	-	-	55,441	-	55,441
Subtotal	**69,933**	**18,938**	**72,947**	**40,105**	**201,923**
Less: amortizable fees	-658	-264	-92	-	-1,014
Less: ECL allowance	-725	-1,767	-41,852	-	-44,344
Plus FV adjustments	-	-	-	-5,784	-5,784
Carrying value	**68,550**	**16,907**	**31,003**	**34,321**	**150,781**

Loans past due and impairment charges 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 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**

Stage 3 loans - ECL distributed by regions and sectors

At December 31, 2025	Energy	Agribusiness	Infrastructure, Manufacturing, Services	Total
Africa	-8,684	-23,395	-	-32,079
Asia	-	-9,406	-	-9,406
Latin America & the Caribbean	-	-	-367	-367
Total	**-8,684**	**-32,801**	**-367**	**-41,852**

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**

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 2025, there was one write-off for a total amount of €12.9 million (2024: €4.7 million).

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

	2025		
	Loans to the private sector (Amortised Cost)	**Loans to the private sector (Fair value)**	**Total**
Performing	**88,871**	**36,672**	**125,543**
of which: performing but past due > 30 days and <=90 days	-	-	-
of which: performing forborne	18,938	-	18,938
Non Performing	**72,947**	**3,433**	**76,380**
of which: non performing forborne	37,242	910	38,152
of which: impaired	68,850	-	68,850
Gross exposure	**161,818**	**40,105**	**201,923**
Less: amortizable fees	-1,014	-	-1,014
Less: ECL allowance	-44,344	-	-44,344
Plus: fair value adjustments	-	-5,784	-5,784
Carrying amount at December 31	**116,460**	**34,321**	**150,781**

	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**

The following table shows the gross carrying amount of previously modified financial assets for which the loss allowance has changed to stage 1 measurement during the period:

(€ x 1,000)	**Post - modification**		**Pre - modification**	
December 31, 2025	**Gross outstanding amount**	**Corresponding ECL**	**Gross outstanding amount**	**Corresponding ECL**
Restored loans since forbearance and now in Stage 1	-	-	-	-
Loans that reverted to Stage 2/3 once restored	2,023	121	8,694	530

(€ x 1,000)	**Post - modification**		**Pre - modification**	
December 31, 2024	**Gross outstanding amount**	**Corresponding ECL**	**Gross outstanding amount**	**Corresponding ECL**
Restored loans since forbearance and now in Stage 1	-	-	-	-
Loans that reverted to Stage 2/3 once restored	3,809	349	8,694	530

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, 2025, amounts to €123.8 million (2024: €135.4 million).

Equity portfolio distributed by region and sector

At December 31, 2025	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	-	-	12,025	2,770	10,253	5,159	-	5,054	6,105	-	28,383	12,983
Asia	5,231	-	4,591	1,430	-	10,204	-	2,428	-	-	9,822	14,062
Latin America & the Caribbean	-	-	-	-	-	8,858	-	5,108	-	-	-	13,966
Europe & Central Asia	-	-	-	-	-	-	-	8,630	-	-	-	8,630
Non-region specific	-	-	-	-	-	7,928	-	-	20,742	-	20,742	7,928
Total	**5,231**	**-**	**16,616**	**4,200**	**10,253**	**32,149**	**-**	**21,220**	**26,847**	**-**	**58,947**	**57,569**

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**

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's 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 2025	BP (%)	FMO-A (%)
F9 and higher (BBB and higher ratings)	-	4.7
F10 (BBB-)	6.1	10.7
F11 (BB+)	3.4	7.1
F12 (BB)	4.2	19.9
F13 (BB-)	5.0	13.7
F14 (B+)	31.7	16.8
F15 (B)	17.6	6.4
F16 (B-)	24.1	11.9
F17-F19 (CCC+, CCC, CCC-)	7.9	8.8
F20 (CC)	-	-
Total	**100.0**	**100.0**

Overview country ratings BP Portfolio

Indicative external rating equivalent 2024	BP (%)	FMO-A (%)
F9 and higher (BBB and higher ratings)	-	4.6
F10 (BBB-)	7.7	8.8
F11 (BB+)	-	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-F19 (CCC+, CCC, CCC-)	12.6	10.2
F20 (CC)	4.9	1.0
Total	**100.0**	**100.0**

Gross exposure of loans distributed by region and sector

	Financial Institutions	Energy	Agribusiness	Infrastructure, Manufacturing, Services	Total
At December 31, 2025					
Africa	1,671	58,930	48,682	-	109,283
Asia	-	7,541	33,058	-	40,599
Latin America & the Caribbean	-	-	9,715	3,141	12,856
Europe & Central Asia	-	-	4,430	-	4,430
Non-region specific	-	10,262	24,493	-	34,755
Total	**1,671**	**76,733**	**120,378**	**3,141**	**201,923**
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**

Single and group risk exposures

In the Fund's 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 the 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 Fund declines because of unfavorable market movements. At the Fund, this includes interest rate risk and currency risk.

Interest rate risk

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 the Fund's earnings by altering interest rate-sensitive income and expenses, affecting its net interest income (NII).

Exposures

The following table summarizes the interest repricing characteristics for the Fund’s assets and liabilities.

Interest re-pricing characteristics

December 31, 2025	<3 months	3-12 months	1-5 years	>5 years	Non-interest-bearing	Total
Assets						
Current account with FMO	6,068	-	-	-	-	6,068
Short-term deposits	29,497	-	-	-	-	29,497
Derivatives financial instruments	11,419	-	-	-		11,419
Loans to the private sector						-
- of which: amortized cost	24,787	40,580	22,474	28,619	-	116,460
- of which: at fair value through profit or loss	12,215	2,176	5,492	14,438	-	34,321
Equity investments	-	-	-	-	116,516	116,516
Other financial assets at FV	-	-	-	-	18,234	18,234
Other receivables					744	744
Total assets	**83,986**	**42,756**	**27,966**	**43,057**	**135,494**	**333,259**
Liabilities and Fund capital						-
Accrued and other liabilities	-	-	-	-	3,120	3,120
Provisions	-	-	-	-	535	535
Fund Capital	-	-	-	-	329,604	329,604
Total liabilities and Fund capital	**-**	**-**	**-**	**-**	**333,259**	**333,259**
Interest sensitivity gap 2025	**83,986**	**42,756**	**27,966**	**43,057**	**-197,765**	**-**
Interest rate risk sensitivities						
PV01, 1 bps instantaneous increase in interest rates	-11					
PV01, 1 bps instantaneous decrease in interest rates	11					

Interest re-pricing characteristics

December 31, 2024	<3 months	3-12 months	1-5 years	>5 years	Non-interest-bearing	Total
Assets						
Current account with FMO	6,276	-	-	-	-	6,276
Short-term deposits	42,957	-	-	-	-	42,957
Derivative financial instruments	10,338	-	-	-	-	10,338
Loans to the private sector						
-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 account with FMO	-	-	-	-	118	118
Accrued and other 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 rate risk sensitivities 2024						
PV01, 1 bps instantaneous increase in interest rates	-15					
PV01, 1 bps instantaneous decrease in interest rates	15					

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 counterbalance 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

The table below illustrates that the currency risk sensitivity gap per December 2025,

Currency risk exposure (at carrying value)

December 31, 2025	EUR	USD	INR	ZAR	Other	Total
Assets						
Current account with FMO	3,110	2,933	-	25	-	6,068
Short-term deposits	4	29,493	-	-	-	29,497
Derivatives financial instruments	-	11,419	-	-	-	11,419
Loans to the private sector						-
- of which: amortized cost	25,099	88,304	-	-	3,057	116,460
- of which: at fair value through profit or loss	4,840	23,983	-	5,498	-	34,321
Equity investments	6,104	101,869	5,231	-	3,312	116,516
Other financial assets at FV	16,485	1,749	-	-	-	18,234
Other receivables	59	685	-	-	-	744
Total assets	**55,701**	**260,435**	**5,231**	**5,523**	**6,369**	**333,259**
Liabilities and Fund capital						-
Accrued and other liabilities	1,114	2,006	-	-	-	3,120
Provisions	190	345	-	-	-	535
Fund Capital	329,604					329,604
Total liabilities and Fund capital	**330,908**	**2,351**	**-**	**-**	**-**	**333,259**
Currency sensitivity gap 2025		258,084	5,231	5,523	6,369	
Currency sensitivity gap 2025 excluding equity investments and investments in associates		156,215	-	5,523	3,057	

Currency risk exposure (at carrying value)

December 31, 2024	EUR	USD	KES	XOF	Other	Total
Assets						
Current account with FMO	3,145	3,131	-	-	-	6,276
Short-term deposits	9,019	33,938	-	-	-	42,957
Derivative financial instruments	-	10,338	-	-	-	10,338
Loans to the private sector						
-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	-	-	-	21,874
Other receivables	37	214	1	-	-	252
Total assets	**68,132**	**299,023**	**9,429**	**2,995**	**10,093**	**389,671**
Liabilities and Fund capital						
Current account with FMO	118	-	-	-	-	118
Accrued and other 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	

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

	IFRS 9 December 31, 2025	
Change of value relative to the euro	**Sensitivity of profit & loss account**	**Sensitivity of fund capital**
USD value increase of 10%	25,808	-
USD value decrease of 10%	-25,808	-
INR value increase of 10%	523	-
INR value decrease of 10%	-523	-
ZAR value increase of 10%	552	-
ZAR value decrease of 10%	-552	-

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 fund capital**
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	-

Strategic risk

Environmental, social and governance risk

Definition

The investments may, unintentionally, lead to negative impacts on people and the environment. ESG risk is defined as the negative ESG impacts of the investments and the resulting financial risks these may pose to the Building Prospects Fund (BP): negative impacts on people and the environment could result in financial risks, leading to, for example, financial (remediation, legal) costs to the Building Prospects Fund or its customers/investees, jeopardizing access to capital for the Building Prospects Fund (from external investors), jeopardizing the license to operate, jeopardizing relations with investors, or causing reputational damage. The Building Prospects Fund is exposed to ESG risk via our investment selection (the risks associated with our investments, which include the investments of our customers/investees) and the effectiveness of customers'/investees' ESG risk management, including the effectiveness of the engagement thereon.

Risk appetite and governance

FMO has an appetite for managed risk in its 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 clients are screened on ESG risk and categorized 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.

In addition, for customers with a high ESG category, FMO monitors customer performance on key ESG risk themes (against the IFC Performance Standards) using the ESG Performance Tracker (ESG-PT). The ESG-PT keeps track of key ESG risks and customer performance level, enabling FMO to have a portfolio-wide view of its ESG risks.

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. Such risks are not actively pursued 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 (FEC) risk is the risk that the fund, its 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 the fund.

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. 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 2025, 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. Since March 2025, FMO has implemented the regulatory tool "Corlytics" to support the identification and monitoring of regulatory updates that are (potentially) applicable to FMO.

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.

Authorization of the financial statements

April 23, 2026

Management board

Franca Vossen, Chief Risk Officer
Huib-Jan de Ruijter, Co-Chief Investment Officer
Michael Jongeneel, Chief Executive Officer, Chief Finance & Operations Officer a.i.

Independent auditor's report

Independent auditor's report

To: the management board of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., in their capacity as fund manager of Building Prospects

Report on the audit of the financial statements 2025

Our opinion

In our opinion, the financial statements of Building Prospects (hereafter: 'the Fund') give a true and fair view of the financial position of the Fund as at 31 December 2025, and of its result and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union ('EU').

What we have audited

We have audited the accompanying financial statements 2025 of Building Prospects, The Hague.

The financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the following statements for 2025: the statements of comprehensive income, changes in fund capital and cash flows; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is IFRS Accounting Standards as adopted by the EU.

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The basis for our opinion

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

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

Independence

We are independent of Building Prospects in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (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).

Responsibilities for the financial statements and the audit

Responsibilities of the management board

The management board is responsible for:

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

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

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They 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 the financial statements.

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 judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- 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 intentional 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 Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.'s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.

- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Amsterdam, 23 April 2026
PricewaterhouseCoopers Accountants N.V.

Original has been signed by:
J. Brouwer RA

COLOPHON

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

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