FMO

Entrepreneurial
Development
Bank

ACCESS TO ENERGY FUND

Annual Report

2023

The **Access to Energy Fund (AEF)** provides long term finance to projects supporting access to sustainable energy.

Government of the Netherlands

FMO manages the following funds on behalf of the Dutch government: the Access to Energy Fund (AEF), Building Prospects (BP), MASSIF, the Dutch Fund for Climate and Development (DFCD), FOM. The total committed portfolio of these funds (excluding grants) amounts to € 1,217 mln as per December 31, 2023. 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 inauguration of Djibouti Wind/ Red Sea Power. Red Sea Power is the first grid connected, Renewable Energy Independent Power Producer in Djibouti. The Project has been developed by FMO, Climate Investor One, Africa Finance Corporation and Great Horn Investment Holdings. The Project involves the construction and operation of a c.60MW Wind Farm, including a 220 MVA substation and 5km overhead transmission line.

The Access to Energy Fund provides funding to projects supporting access to sustainable energy.

LETTER FROM THE MB OF THE FUND MANAGER

Staying the course

In 2023, the volatile global economic and geo-political circumstances were aggravated by more extreme weather conditions, food crises, the collapse of several major banks, the ongoing war in Ukraine, the war in Gaza, and Sahel coups. All with direct and prolonged, devastating effects on the well-being of entire communities, in particular in FMO’s geographies. This instability is often worsened by adverse financial factors in many emerging markets such as higher interest rates, high inflation, and increased sovereign debt.

Within this context, FMO's 50+ year mission becomes more relevant by the day: enabling entrepreneurs to increase inclusive and sustainable prosperity. Over the next decade, the World Bank estimates one billion young people — a majority living in emerging markets — will try to enter the job market. If they won’t be able to find decent jobs, this will leave millions without hope for a sustainable future. FMO’s investments support jobs in local markets – around 990 thousand direct and indirect jobs in 2023 – and enhance access to energy, food and finance: crucial factors in breaking the downward cycle of poverty and migration.

Maximizing our impact towards the SDGs is the foundation of FMO’s strategy towards 2030. This past year marks the first full year dedicated to implementing and working towards these 2030 goals. Staying on course, we had similar priorities as in 2022: growing impactful business, ensuring FMO’s foundations are solid, and organizational development.

The main objective of the Access to Energy Fund (AEF) is to finance private sector companies and projects aimed at providing access to renewable energy services in emerging markets and developing countries. This is achieved most efficiently through investing in both on-grid projects and off-grid companies. 2023 was a successful year in terms of new commitments. FMO, through AEF, contracted a considerable number of new loans and equity investments, totaling up to EUR 47.7 million. On the other hand, however, the existing AEF portfolio suffered after several difficult years with Covid, inflation, devaluation of some of the currencies, and sovereign debt issues at the level of the utilities. Consequently, we had to provision loans and decrease the fair value of some of the equity investments – resulting in a loss of EUR 25 million in 2023.

Looking ahead

Staying the course, in 2024 we will focus on the three same priorities as in 2023, continuing our work towards our 2030 goals. With regard to growing impactful business, we aim to further increase new investments in Reduced Inequalities and Green. We will take the next steps in market creation, supporting the new generation of entrepreneurs. FMO’s Public Funds and facilities will be fundamental to reach these goals.

With the fragile global economic and political situation in some of our markets, we do realize our financial result can be volatile and further growth to maximize our impact will be challenging. But given the immense climate challenge that lies ahead and the huge investments that are needed to support job creation and overall economic development in emerging markets, we see it as our role to be countercyclical and focus on the long term. We invest when others shy away, always with our mission in mind: enabling entrepreneurs to increase inclusive and sustainable prosperity.

The Hague, 25 April 2024

On behalf of the Management Board
Fatoumata Bouaré, Chief Finance & Operations Officer
Franca Vossen, Chief Risk Officer
Huib-Jan de Ruijter, Co-Chief Investment Officer
Michael Jongeneel, Chief Executive Officer
Peter Maila, Co-Chief Investment Officer

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AT A GLANCE

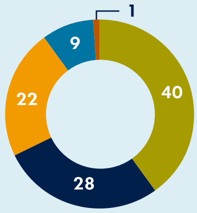
The Access to Energy Fund (AEF) was set up to actively support the creation of access to sustainable energy in developing countries by providing risk bearing funding; equity, local currency/subordinated loans, guarantees and, to a limited extent, grants.

Achievements portfolio as per 31-12-2023

Total committed portfolio

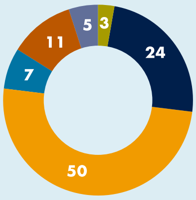
€195mln

Portfolio by product
(in % as of 31 Dec 2023)



- Loans
- Direct equity
- Fund investments
- Mezzanine
- Guarantees

Portfolio by customer
(in % as of 31 Dec 2023)



- Hydro Energy
- Mixed Renewable
- Solar Energy
- Wind Energy
- Financial Institutions
- Non Renewable Energy

€25.2mln
Public co-investments

€22.7mln
Private co-investments

107.6%
Revolvability

43%
MFA focus countries

(excluding new investments 2023)

2,646,941
Beneficiaries reached

7,490
Direct jobs supported

2,240
Direct jobs supported women

853MW
Installed capacity

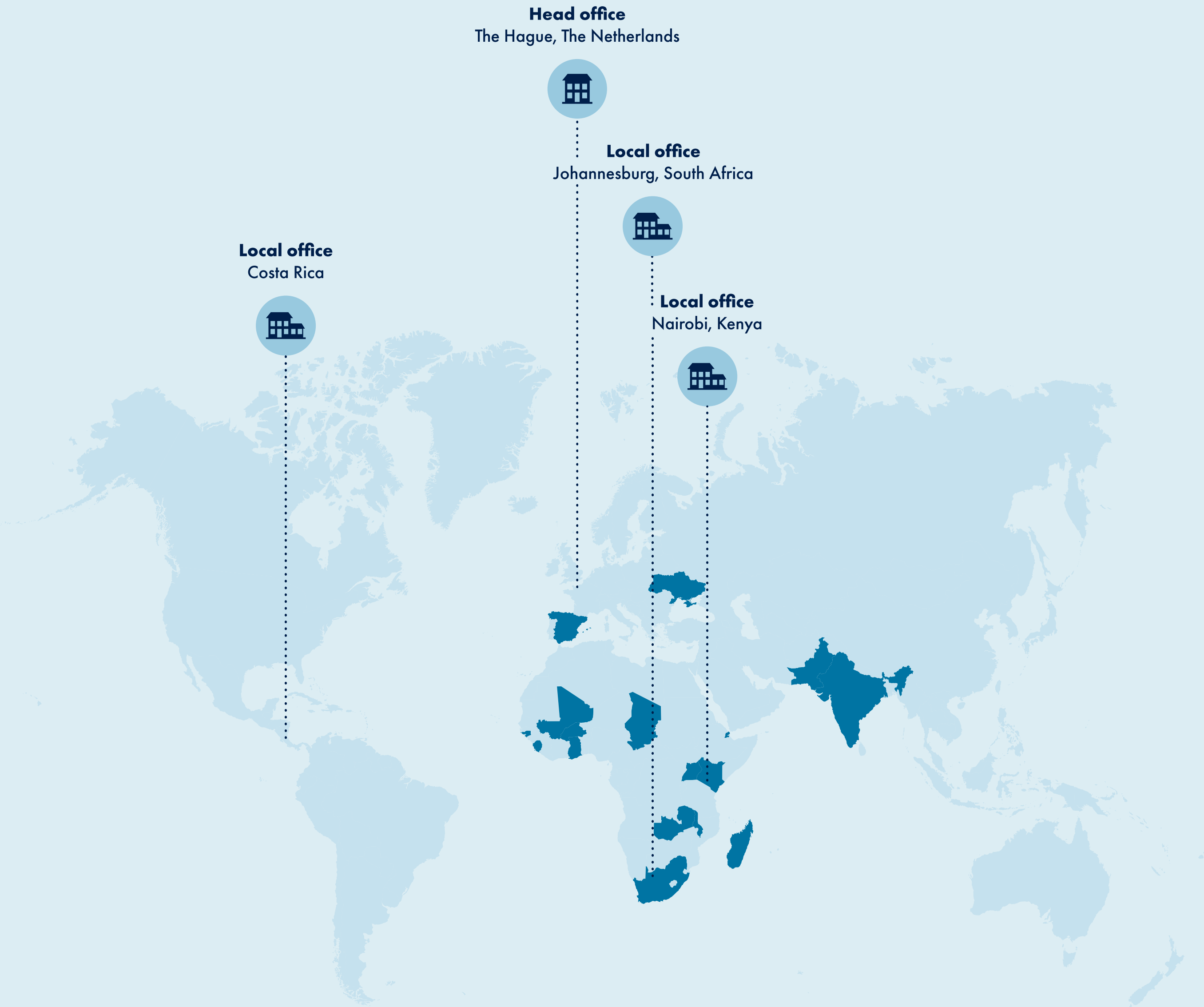
322,144
Indirect jobs supported

95,118
Indirect jobs supported women

12,677,426
tCO_2eq/yr
GHG Avoidance

1 The figures provide a glance at the achievements of the AEF portfolio. Installed capacity, GHG avoidance and 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 AEF's investment as agreed with the Dutch government. 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 2023, as the most recent impact data available from clients pertains to the reporting year that concluded in 2022.

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 2023.



Total committed portfolio by region (per 31 December 2023)

Latin America & the Caribbean	Africa	Europe & Central Asia	Asia	Non-specific region
€0mln	**€167mln**	**€2mln**	**€22mln**	**€4mln**

Total committed portfolio

€195mln

PERFORMANCE ON OUR STRATEGY

Highlights

In 2023 AEF contracted a total of EUR 47.7 million in new commitments. The financing will further help to provide access to renewable energy, to both on-grid projects and off-grid energy companies.

In 2023 the Ministry of Foreign Affairs transferred to FMO the last EUR 10 million that was available under the existing AEF-grant agreement. As the need to provide people with renewable energy, and the goal of SDG 7 is still of utmost importance, FMO requested for additional funding. We thank the Ministry of Foreign Affairs for approving a EUR 60 million top-up, to be disbursed between 2024 and 2028.

While 2023 was one of the best AEF years in terms of new commitments, it appeared also a difficult year for some of the existing clients. Due to interest increases and other macro-economic developments, some countries faced an increase of their sovereign debt and devaluations of their local currencies. Within the energy sector, for some of the utilities – which are most often state-owned entities – this resulted in liquidity constraints. For the AEF-portfolio these macro-economic events led to a decrease in the value of the AEF equity portfolio and to provisioning of some of the loans. This is next to the regular risks of financing renewable energy projects and companies in some of the most vulnerable countries.

One example of a new facility contracted in 2023: through AEF and Building Prospects, FMO provided a senior secured true Kenian Shilling loan, equivalent of USD 20 million, to Kenya's largest Solar Home System company Sun King. The solar home systems are sold through both PAYGO and cash sales, to households without access to (reliable) electricity. The purpose of the facility is to finance the company's existing and growing book of customer receivables, without constraining its on-balance sheet borrowing capacity. Due to the characteristics of the financing, the loan cannot be hedged. Using AEF (and BP) provides the flexibility to the financing structure, while preventing the company, and ultimately the households, bearing the currency risk.

Production

Production 2023
Africa - Nithio FI B.V. – Equivalent of USD 10 mln debt (in KES, NGN or USD) Nithio finances energy access companies in sub-Sahara Africa, primarily Solar systems on a PAYGO model, and including smaller (locally owned) borrowers. FMO provides an AEF-loan of USD 10 million, that can be drawn in Kenian Shilling (KES), Nigerian Naira (NGN) or US dollars. The investment is in line with FMO energy inclusive business and green initiatives for distributed energy.
Sierra Leone - Planet Solar Energy Limited – USD 9.9 mln equity Planet Solar (Sierra Leone) has developed five solar PV power plants across 4 distinct sites; total project cost USD 80 million. FMO co-invests with Frontier Energy, a fund manager focused exclusively on investments in renewable energy projects in West and East Africa. The country risk, off-taker risk and the weak grid are the main reasons to use AEF. Ongoing market reforms, governance improvements and grid refurbishments and extensions have been -and are- supported by the World Bank, FCDO (UK government) among others.
India and Nigeria - Husk Power Systems – USD 2mln equity Since 2019 FMO, through Building Prospects, is a shareholder in Husk Power. Husk Power designs, builds and operates mini-grids in rural areas of India and Nigeria, providing reliable electricity to MSMEs and households on a pre-paid smart metering platform. The additional equity helps Husk Power to scale up and increase the number of mini-grids in both India and Nigeria over the next few years.
Senegal - Walo Storage S.A.S.U. – EUR 8 mln debt FMO provides a EUR 19 million loan to Walo, of which EUR 8 million through AEF. The loan has enabled the development and construction of a 10 MW / 20 MWh battery storage facility and a 16 MW solar power plant in Bokhol, Senegal. Senegal is a frontrunner in West Africa with an installed solar and wind energy capacity of up to 345 MWp, representing 17% of the total installed capacity. Solar and wind have become the lowest cost power options for the country and are fundamental for Senegal's ambitions to reach affordable energy for all by 2030. A large portion of renewable power, together with a lack of back-up reserve capacity, leads to increased network frequency instability and many black outs. The Walo project will be a backbone in the stabilisation of the grid in North Senegal and facilitates a larger share of (intermittent) renewable energy in the total generation mix.

Kenya - Sun King Financing Limited – KES equivalent of USD 10 mln debt

Sun King's core product is the provision of access to energy services through both PAYGO and cash sales, to households without access to (reliable) electricity. FMO provides USD 20 million in KES (50% AEF and 50% Building Prospects) and takes part in a larger USD120mln facility to a special purpose vehicle (securitisation). The total facility is financed with a group of Development Finance Institutions (e.g. BII, Norfund) and several Kenyan commercial banks. The purpose of the facility is to finance Sun King's existing and growing book of customer receivables, without constraining its on-balance sheet borrowing capacity.

Kenya - Buen Manejo del Campo S.A. de CV – USD 4 mln debt

Buen Manejo del Campo, operating under the name Sistema.bio, designs, manufactures, sells and finances biodigesters to small and medium sized farms. The biodigesters are prefabricated and modular. Sistema.bio operates in Mexico, Kenya, India, Nicaragua, and Colombia. Sistema.bio is an existing relation, having obtained two earlier AEF-facilities, in 2019 and 2020. In 2023 FMO refinanced the existing loans and increased the amount to USD 7 million (of which 3 million through DFCD and 4 million AEF). The aim of new loan is to enable the company to continue its expansion in India and Kenya and provide it with sufficient working capital for the next four years.

Asia – Southeast Asia Clean Energy Fund II – USD 3.5 mln equity

SEACEF provides catalytic capital to developers and early-stage companies focused on renewable energy ("RE"), energy efficiency ("EE"), e-mobility, and electrical grid solutions in Southeast Asia. Focus countries are Vietnam, Philippines and Indonesia. FMO is part of the fund's first close, and providing USD 13.5 million, of which USD 10 million through Building Prospects and USD 3.5 million through AEF.

Africa – d.Light – USD 750k mezzanine

d.Light is an existing client and provides access to energy appliances (cookstoves, solar home systems) through both PAYGO and cash sales, to households without access to (reliable) electricity. The company is active in Sub-Saharan Africa (primarily Kenya, Uganda, Tanzania and Nigeria), as well as Asia (India). FMO provided a USD 1.5 million (50% Building Prospects and 50% AEF) as a top up in mezzanine finance, for working capital.

Exits and Sales

No exits or sales were made in 2023.

Production capacity development

Contracts CD 2023

Planet Solar Energy (SL) Limited - EUR 60.000 Technical Assistance

The objective is to provide technical advice to Planet Solar and strengthen its capacity to effectively manage contextual risks, stakeholder engagement, livelihood restoration, community development and gender-based violence (GBV) prevention/redress, thereby building and sustaining a solid base of broad community support.

d.Light Design Inc. - EUR 112.500 Technical Assistance

COVID-19 has had a direct impact on global supply chains, resulting in the need to review d.Light's inventory management and make improvements. Through this project, FMO supports its client in optimising its inventory planning process.

Ziz Energie - EUR 22.680 Technical Assistance

IBIS Environmental Social Consulting is engaged to provide capacity building services in the areas of environmental and social risk management, and environmental and social governance (ESG) for an off-grid energy company in Chad, ZIZ Energie Ltd.

INTERNATIONAL PRINCIPLES

Our impact goes beyond our investments. To embrace our mission fully, we are committed to doing business in a responsible and sustainable way, guided by global standards and guidelines. These commitments are not prescribed by law but have been made on a voluntary basis by FMO N.V.

2X Global FMO is a member of 2X Global, a field building organization for gender finance. Since 2018 FMO has also been a participant in the 2X Challenge, now an initiative of 2X Global. The 2X Challenge is a collective commitment of DFIs to mobilise gender lens investment in developing country markets.	Member
Accelerating Investment in Adaptation and Resilience We are a signatory member to the Adaptation and Resilience Investors Collaborative, an international partnership of development finance organizations. We have committed to substantially increase investments in climate adaptation and resilience to support vulnerable developing and emerging countries.	Signatory
Client Protection Principles FMO has adopted the CPP which set the minimum standards that end-customers should expect to receive when doing business with a financial service provider.	Adopter
Consultative Group to Assist the Poor We are part of the CGAP global partnership to test, learn and share knowledge intended to help build inclusive and responsible financial systems.	Member
COP26 Joint Statement on Public Finance We commit to supporting the clean energy transition and end new direct public support for the international unabated fossil fuel energy sector by the end of 2022, except in limited and clearly defined circumstances that are consistent with the 1.5°C warming limit and the goals of the Paris Agreement.	Signatory
Corporate Governance Development Framework We adopted the Corporate Governance Development Framework as a common approach to corporate governance risks and opportunities in DFI investment operations.	Adopter
Dutch Climate Accord We signed the financial sector commitment to fight climate change and support the Dutch Climate Accord. In 2022, we published our Climate Action Plan, which is available on our website.	Signatory
EDFI Principles for Responsible Financing of Sustainable Development FMO upholds the EDFI Principles for Responsible Financing of Sustainable Development.	Signatory
EDFI statement on climate and energy finance We commit to this statement where EDFI group outlines shared commitments to phase out fossil fuels and mobilise private sector climate finance, aligning with Paris Agreement and high disclosure standards.	Signatory
Equator Principles We have been implementing the Equator Principles (EP) since 2006. This risk management framework provides financial institutions with a minimum standard for due diligence and monitoring to determine, assess and manage environmental and social risks in projects. Our annual EP report is available online. 1	Signatory
European Microfinance Platform We are part of the e-MFP network to foster activities that increase global access to affordable, quality, sustainable and inclusive financial services for the un(der)banked through knowledge-sharing, partnership development and innovation.	Member
Financial Action Task Force We use the FATF framework to combat money laundering and terrorism financing, as well as the proliferation of weapons of mass destruction.	Adopter
Global Impact Investing Network We support the GIIN because it is dedicated to increasing the scale and effectiveness of impact investing through knowledge sharing, best practice exchanges, and tools and resources production.	Member
Global Private Capital Association We are a member of the GPCA. This aims to catalyze the development of private equity and venture capital industries in emerging markets through research, conferences, networking, and advocacy.	Member

Global Reporting Initiative (GRI) — Adopter

We report according to the standards defined by the GRI to help businesses and governments understand and communicate about their impact on critical sustainability issues.

IFC Performance Standards — Adopter

Our E&S approach is guided by the IFC Performance Standards of Environmental & Social Sustainability . This framework helps us understand, avoid and mitigate E&S risks and impacts, for example through stakeholder engagement and disclosure obligations of the customer in relation to project-level activities.

ILO Standards — Adopter

We follow the set of ILO legal instruments that set out basic principles and rights at work.

IFRS Foundation - Integrated Reporting Framework — Adopter

We follow the Integrated Reporting framework to produce our annual report. In line with this, we link our strategy and performance to the external environment and value creation in the longer term.

Natural Capital Finance Alliance — Signatory

We closely follow the developments of the NCFA initiative to integrate natural capital considerations into loans, public and private equity, and fixed income and insurance products.

Netherlands Advisory Board on Impact Investing — Member

FMO is an active member of the Netherlands Advisory Board (NAB) on Impact Investing - a foundation that is part of the Global Steering Group for impact investment and aims to accelerate the growth and improve the effectiveness of the Dutch impact investing market.

OECD Guidelines for Multinational Enterprises — Adopter

We follow OECD Guidelines on responsible business conduct, notably human rights, labor rights and the environment.

Operating Principles for Impact Management — Signatory

In 2019, FMO became a signatory to and advisory board member of the Operating Principles for Impact Management, a global initiative led by the IFC to increase the transparency and accountability of impact investing. FMO publishes a report every year to disclose how it has interpreted and applied these nine principles. These reports are available on our website.

Partnership for Carbon Accounting Financials — Signatory

We are one of the early adopters of PCAF, an industry-led global partnership to develop and implement a harmonized approach to assess and disclose GHG emissions of loans and investments. This facilitates transparency and accountability of the financial sector to the Paris Agreement.

Principles of Repsonsible Investment — Signatory

FMO applies the six principles of the PRI: incorporating ESG into investment practices (Principle 1 and 2), disclosing on ESG issues (Principle 3), supporting acceptance and effective implementation of the principles (Principle 4 and 5), and reporting on progress (Principle 6). FMO's latest report is available on the PRI website.

Sustainable Development Goals Charter — Signatory

We joined the SDG Charter Network to foster cooperation between business, civil society and local governments in the Netherlands, in order to achieve the SDGs at home and abroad.

Task Force on Climate-Related Financial Disclosures | TCFD — Signatory

We have been reporting in line with TCFD guidelines since 2019, disclosing climate related risks and opportunities for FMO, as well as our work to embed climate related risks within FMO's risk framework. Please refer to the latest TCFD report available on our website for more information.

The Paris Development Banks Statement on Gender Equality and Women's Empowerment — Signatory

This statement calls for accelerating the realization of gender equality and the empowerment of all women and girls through the international financial system. We recognize our substantive role in the achievement of the SDGs.

UN Guiding Principles on Business and Human Rights — Adopter

We integrate the set of guidelines defined by the UN for states and companies to prevent, address and remedy human rights abuses in business operations.

UNEP FI / EBF Working Group on Banking and Taxonomy — Member

We are part of the UNEP Finance Initiative / European Banking Federation Working Group that assesses how the EU Taxonomy on Sustainable Activities can be implemented by banks and applied to selected banking products.

	UNEP FI | Principles for responsible banking FMO reports every year on how it has progressed towards implementing these principles. These reports are available on our website	Signatory

1 After participating as an active member for more than 18 years in the Equator Principles, FMO has decided to discontinue its membership. More details can be found on the FMO website.

LIST OF ABBREVIATIONS

AC	Amortized Cost
AEF	Access to Energy Fund
B-CD	Capacity Development Program
CD	Capacity Development
CIO	Climate Investor One
CIP	Clearance in Principle
COVID	Coronavirus disease
DA	Development Accelerator
DAC	Development Assistance Committee
DFCD	Dutch Fund for Climate and Development
DFI	Development Finance Institution
DGIS	Directorate-General for International Cooperation
ECL	Expected Credit Loss
EEGF	Energy Entrepreneurs Growth Fund
ESG	Environmental, Social and Governance
E&S	Environmental and Social
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden
FOM	Faciliteit Opkomende Markten
FOM-OS	Fonds Opkomende Markten - Ontwikkelingssamenwerking
FP	Financial Proposal
FV	Fair Value
FVOCI	Fair Value Through Other Comprehensive Income
FVPL	Fair Value Through Profit or Loss
FX	Foreign Exchange
GCF	Green Climate Fund
GDP	Gross Domestic Product
GHG	Green House Gas
IASB	International Accounting and Standards Board
IFRS	International Financial Reporting Standards
IFC	International Finance Corporation
IPP	Independent Power Producer
FRC	Financial Risk Committee
LCY	Local Currency
LGD	Loss Given Default
MB	Management Board
MFA	Ministry of Foreign Affairs
MW	Mega Watt
NPL	Non-Performing Loans - loans in default
OCI	Other Comprehensive Income
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PD	Probability of Default
PDF	Partnership Development Facility
PEII	Pioneer Energy Investment Initiative
PIM	Public Investment Management team within FMO
PV	Photovoltaic System
SDGs	Sustainable Development Goals
SPPI	Solely Payments of Principal and Interest
SSA	Sub-Saharan Africa
tCO2eq	Tonnes of CO2 equivalent
YE	Year End

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

Annual accounts

Statement of financial position

At December 31

	Notes	2023	2022
Assets			
Banks	(1)	13,119	17,472
Current account with FMO	(2)	31	406
Loan portfolio	(3)		
- of which: at Amortized cost		36,004	45,112
- of which: at Fair value through profit or loss		13,889	15,141
Equity investments	(4)	53,085	48,845
Investments in associates	(5)	12,102	12,227
Other financial assets at FV		12,301	16,436
Other receivables	(6)	575	303
Total assets		**141,107**	**155,942**
Liabilities			
Accrued liabilities	(7)	523	341
Provisions	(8)	662	463
Total liabilities		**1,185**	**804**
Fund capital			
Contribution DGIS previous years		140,880	135,880
Contribution DGIS current year		10,000	5,000
Total contribution DGIS	**(9)**	**150,880**	**140,880**
Translation reserve		803	1,190
Other reserves		7,491	7,491
Undistributed results previous years	(9)	5,576	19,378
Net profit/(loss)		-24,828	-13,801
Total fund capital		**139,922**	**155,138**
Total liabilities and fund capital		**141,107**	**155,942**
Irrevocable facilities	**(15)**	**55,520**	**35,784**
Total subsidy allocated to AEF		210,900	150,880
Total subsidy withdrawn from DGIS for AEF		150,880	140,880
"Subsidy available AEF"		**60,020**	**10,000**

Statement of comprehensive income

At December 31

	Notes	2023	2022
Income			
Interest income from financial instruments measured at AC		2,647	3,461
Interest income from financial instruments measured at FVPL		862	396
Interest expenses from financial instruments measured at AC		-	-28
Total net interest income	**(10)**	**3,509**	**3,829**
Fee and commission income	(11)	11	718
Results from equity investments	(12)	-7,995	-5,215
Results from financial transactions	(13)	-11,367	4,152
Other income		256	-
Total income		**-15,586**	**3,484**
Expenses			
Remuneration FMO		-3,471	-3,933
CD expenses		-	-4,498
Evaluation expenses		-3	-174
Total expenses	**(14)**	**-3,474**	**-8,605**
Impairments on			
Loans	(3)	-5,821	-5,511
Commitments		-214	-144
Guarantees		3	-134
Total impairments		**-6,032**	**-5,789**
Share in result of associates	**(5)**	**264**	**-2,891**
Net profit/(loss)		**-24,828**	**-13,801**
Other comprehensive income			
Translation reserve		-387	1,099
Other comprehensive income		**-387**	**1,099**
Total comprehensive income		**-25,215**	**-12,702**

Statement of changes in fund capital

At December 31

	Contributed Fund capital	Translation reserve	Other reserves	Undistributed results previous years	Net profit	Total fund capital
Net balance at January 1, 2022	**135,880**	**91**	**7,491**	**3,558**	**15,820**	**162,840**
Transfer profit/(loss) PY to Undistr. Results PY	-	-	-	15,820	-15,820	-
Contribution DGIS	5,000	-	-	-	-	5,000
Translation reserve	-	1,099	-	-	-	1,099
Results current year	-	-	-	-	-13,801	-13,801
Net balance at December 31, 2022	**140,880**	**1,190**	**7,491**	**19,378**	**-13,801**	**155,138**
Balance at January 1, 2023	**140,880**	**1,190**	**7,491**	**19,378**	**-13,801**	**155,138**
Transfer profit/(loss) PY to Undistr. Results PY	-	-	-	-13,802	13,801	-1
Contribution DGIS	10,000	-	-	-	-	10,000
Translation reserve	-	-387	-	-	-	-387
Results current year	-	-	-	-	-24,828	-24,828
Net balance at December 31, 2023	**150,880**	**803**	**7,491**	**5,576**	**-24,828**	**139,922**

Statement of cash flows

At December 31, 2023

	Notes	2023	2022
Cash flow from operating activities			
Inflows			
Interest received on loans		2,780	2,941
Repayments on loans	(3)	8,177	11,331
Sale of loans to FMO	(3)	-	-
Sale and return of equity instruments to parties other than FMO		437	630
Sale of equity instruments to FMO		-	13,899
Repayments on development contributions		462	-
Dividends and fees received		31	474
Other received amounts		386	6
Outflows			
Disbursements on loans	(3)	-9,727	-23,225
Investments in equity instruments & associates	(4), (5)	-12,673	-3,246
Disbursements on development contributions		-136	-342
Investments in other assets at fair value		-582	-1,136
Management fees FMO		-3,471	-3,933
Other paid amounts		-131	-202
Net cash from operating activities		**-14,447**	**-2,803**
Cash flow from financing activities			
Inflows			
Contribution DGIS current year	(9)	10,000	5,000
Net cash from financing activities		**10,000**	**5,000**
Net change in cash & cash equivalent		**-4,447**	**2,197**
Position of cash at January 1 [1)]		17,878	15,969
Foreign exchange translation		-282	-288
Position of cash at end of period [1)]		**13,150**	**17,878**

1 Cash includes current account with FMO.

Summary of material accounting policies

General information

The Access to Energy Fund (AEF), the Fund, started in 2007 by the Dutch Ministry of Foreign Affairs to support the creation of sustainable access to energy in developing countries by providing risk bearing funding; equity, subordinated loans, local currency loans and convertible development contributions. FMO executes the Fund at the risk and expense of the Dutch State. The total subsidy granted to date amounts to €210.9 million (€150.9 million drawn) and the anticipated end date of the Fund is December 2030. The fund capital is 75% revolvable.

Basis of preparation

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

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

- Equity investments and other financial assets that are measured mandatorily at fair value through profit and 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 AEF.

Issued but not yet adopted standards

AEF has assessed the amendments and new standards and does not expect them to have a significant impact on these financial statements.

Significant estimates, assumptions and judgements

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

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

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

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

Foreign currency translation

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

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

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

When preparing the annual accounts, the Fund's share in associates is translated at the exchange rates at the reporting date, while income and expense items are translated at weighted average rates for the period. Differences resulting from the use of closing and weighted average exchange rates, and from revaluation of an entity's opening net asset value at closing rate, are recognized directly in the translation reserve within the Fund's capital. These translation differences are maintained in the translation reserves until disposal of the associate.

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.

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 and 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 measured at FVOCI only if it meets both of the following conditions and is not measured as at FVPL:

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

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

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

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

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

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

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

Contractual cashflow assessment
For the purpose of the contractual cash flow assessment, related to solely payments of principal and interest (SPPI), ‘principal‘ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund has considered the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund has considered among others:

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

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

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

Cash and cash equivalents
Cash and cash equivalents consist of balances with banks, current account maintained with FMO that usually mature in less than three months from the date of acquisition. 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.

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 including incremental direct transaction costs incurred. Subsequently, the loans are measured at AC using the effective interest rate method.

- Loans mandatorily measured at FVPL which do not comply with the classification requirements for AC as indicated in the section Financial assets – classification. These are measured at fair value with changes recognized immediately in the statement of profit or loss.

Equity investments

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

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

Other financial assets at FV

Other financial assets reflect the Dutch State's investment in the Ventures Program. The Venture 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 the asset is classified as “Other financial assets at fair value”.

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

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

Financial assets – Impairment

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

No impairment loss is recognized on equity investments.

Impairment stages: loans and banks

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

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

ECL measurement

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

ECL measurement Stage 1 and Stage 2

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

- PD: the Probability of Default is an estimate of the likelihood of default over a given time horizon. The Fund uses an 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 Funds loss arising in the case of a default at a given time. It is based on the difference between the contractual cash flows due and any future cashflows or collateral that the Fund would expect to receive;
- Z-factor: the Z-factor is a correction factor to adjust the client PDs for current and expected future conditions. The Z-factor adjusts the current PD and PD two years into the future. GDP growth rates per country from the IMF, both current and forecasted, are used as the macro-economic driver to determine where each country is in the business cycle. Client PDs are subsequently adjusted upward or downward based on the country where they are operating.

Macro economic scenarios in PD estimates

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

The three scenarios applied are:

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

ECL measurement Stage 3

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

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

Staging criteria and triggers

Financial instruments classified as low credit risk

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

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

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

Significant increase in credit risk (Stage 2)

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

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

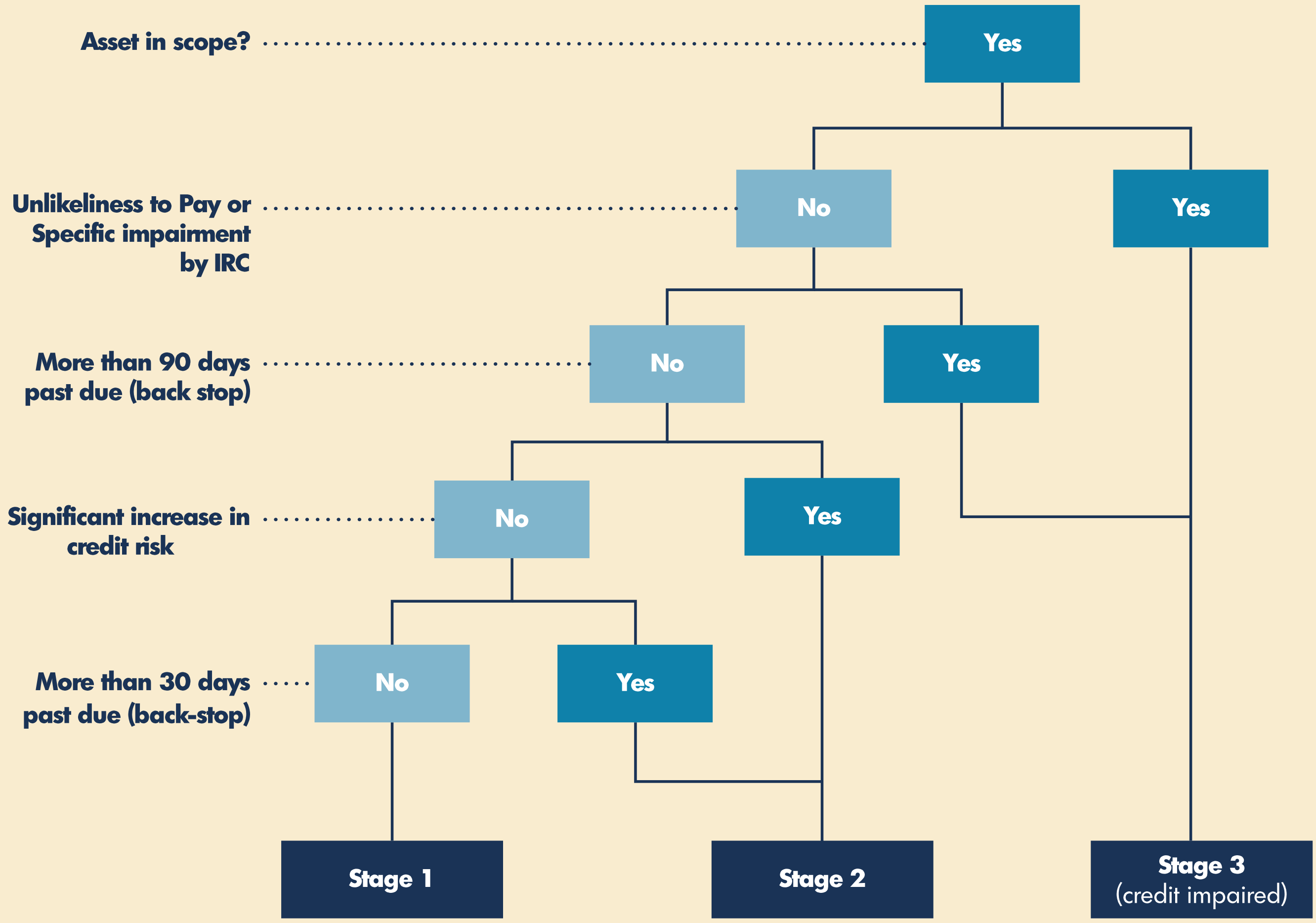
Definition of default (Stage 3)

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

- The client is past due more than 90 days on any material obligation to the Fund, including fees (excluding on-charged expenses);

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

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



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

Written-off financial assets

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

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

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

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

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

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

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

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

Investment in associates
Equity investments in companies in which the Fund has significant influence (‘associates’) are accounted for under the equity accounting method. Significant influence is normally evidenced when the Fund has from 20% to 50% of a company’s voting rights unless:

- The Fund is not involved in the company’s operational and/or strategic management by participation in its Management, Supervisory Board or Investment Committee; and
- There are no material transactions between The Fund and the company; and
- The Fund makes no essential technical assistance available

Investments in associates are initially recorded at cost and the carrying amount is increased or decreased after the date of acquisition to recognize the Fund’s share of the investee’s results or other results directly recorded in the equity of associates.

Investments in associates are reviewed and analyzed on at least a semi-annual basis. A net investment in an associate is impaired or impairment losses occur where there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the net investment and the loss event has an impact on the estimated future cash flows from the net investment that can be reliably estimated. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is considered as the primary objective evidence of impairment, in addition to other observable loss events. The Fund considers a difference between fair value and its cost of more than 10% as significant and greater than one year as prolonged. In the event of an impairment on one of these investments, the impairment is recognized in the profit and loss account under 'Share in the results on associates'.

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.

Contributed Fund Capital

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

Translation reserve

The assets, liabilities, income and expenses of foreign operations and associates are translated using the closing and weighted average exchange rates. Differences resulting from the translation are recognized in the translation reserve.

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.

Profit and Loss

Net interest income: interest income and expense

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

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

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

Fee and commission income and expense

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

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

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

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

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

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

Taxation

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

Statement of cash flows

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

Undrawn loan commitments

The Fund issues loan commitments.

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

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECL allowances are disclosed in Note 16.

Notes to the annual accounts

1. Banks

	2023	2022
Banks	13,119	17,472
Balance at December 31	**13,119**	**17,472**

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

2. Current accounts

	2023	2022
Current account with FMO (receivable)	31	406
Balance at December 31	**31**	**406**

The cash on current accounts can be freely disposed of and are classified as Stage 1.

3. Loan portfolio

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

	Loan portfolio measured at AC	Loan portfolio measured at FVPL	Total 2023
Balance at January 1	55,107	15,141	70,248
Disbursements	4,842	4,885	9,727
Loan consolidation	-	-	-
Interest capitalization	-	299	299
Repayments	-6,727	-1,450	-8,177
Write-offs / disposed	-8,660	-4,301	-12,961
Changes in amortizable fees	-233	6	-227
Changes in fair value	-	-445	-445
Changes in accrued income	9	91	100
Exchange rate differences	-1,388	-337	-1,725
Balance at December 31	**42,950**	**13,889**	**56,839**
Impairment	-6,946	-	-6,946
Net balance at December 31	**36,004**	**13,889**	**49,893**

	Loan portfolio measured at AC	Loan portfolio measured at FVPL	Total 2022
Balance at January 1	36,314	26,436	62,750
Disbursements	20,524	2,701	23,225
Loan consolidation	-	-	-
Interest capitalization	774	463	1,237
Conversion from loan to development contributions	-	-4,176	-4,176
Repayments	-3,748	-7,583	-11,331
Changes in amortizable fees	8	-7	1
Changes in fair value	-	-3,727	-3,727
Changes in accrued income	602	-875	-273
Exchange rate differences	633	1,909	2,542
Balance at December 31	**55,107**	**15,141**	**70,248**
Impairment	-9,995	-	-9,995
Net balance at December 31	**45,112**	**15,141**	**60,253**

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

	2023					
	Stage 1	Stage 2	Stage 3	Fair value	Total 2023	Total 2022
Energy	10,180	18,523	7,301	10,555	46,559	57,441
Multi-Sector Fund Investments	-	-	-	3,334	3,334	2,643
Net balance at December 31	**10,180**	**18,523**	**7,301**	**13,889**	**49,893**	**60,253**

	2023					
	Stage 1	Stage 2	Stage 3	Fair value	Total 2023	Total 2022
Africa	10,180	17,361	6,948	11,998	46,487	56,076
Asia	-	1,162	353	-	1,515	1,643
Latin America & the Carribbean	-	-	-	-	-	-
Europe & Central Asia	-	-	-	-	-	439
Non - region specific	-	-	-	2,190	2,190	2,095
Net balance at December 31	**10,180**	**18,523**	**7,301**	**14,188**	**50,192**	**60,253**

	2023	2022
Gross amount of loans to companies in which AEF has equity investments	7,649	9,468
Gross amount of subordinated loans	25,037	27,161

For more details on non-performing loans, we refer to section 'Credit Risk' within the Risk Management chapter

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

Changes in loan portfolio measured at AC in 2023	Stage 1		Stage 2		Stage 3		Total	
	Gross amount	ECL allowance	Gross amount	ECL allowance	Gross amount	ECL allowance	Gross amount	ECL allowance
At December 31, 2022	7,352	-365	27,573	-3,133	20,182	-6,497	55,107	-9,995
Additions	4,842	-59	-	-	-	-	4,842	-59
Exposures derecognised or matured / lapsed (excluding write-offs and modifications)[1]	-727	4	-1,687	121	-103	9	-2,517	134
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-398	105	398	-105	-	-
Modifications of financial assets (including derecognition)	-	-	-4,210	-	-	-	-4,210	-
Changes in risk profile not related to transfers	-	59	-	234	-	-6,185	-	-5,892
Amounts written off	-	-	-	-	-8,660	8,660	-8,660	8,660
Changes in amortizable fees	-275	-	23	-	20	-	-232	-
Changes in accrued income	88	-	49	-	-129	-	8	-
Foreign exchange adjustments	-754	15	-164	10	-470	181	-1,388	206
At December 31, 2023	**10,526**	**-346**	**21,186**	**-2,663**	**11,238**	**-3,937**	**42,950**	**-6,946**

Changes in loan portfolio measured at AC in 2022	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, 2021	10,219	-263	18,346	-918	7,749	-3,102	36,314	-4,283
Additions	6,753	-515	13,657	-363	114	-26	20,524	-904
Exposures derecognised or matured / lapsed (excluding write-offs and modifications)1	-	46	-3,548	11	-200	-	-3,748	57
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-9,019	248	9,019	-248	-	-	-	-
Transfers to Stage 3	-	-	-10,739	766	10,739	-766	-	-
Modifications of financial assets (including derecognition)	-778	-	778	-	774	-	774	-
Changes in risk profile not related to transfers	-	131	-	-2,362	-	-2,445	-	-4,676
Amounts written off	-	-	-	-	-	-	-	-
Changes in amortizable fees	-48	-	30	-	26	-	8	-
Changes in accrued income	78	-	224	-	300	-	602	-
Foreign exchange adjustments	147	-12	-194	-19	680	-158	633	-189
At December 31, 2022	**7,352**	**-365**	**27,573**	**-3,133**	**20,182**	**-6,497**	**55,107**	**-9,995**

1 Movements in ECL related to partial repayments are included in the row "Changes in risk profile not related to transfers".

Total impairments on loans in the profit and loss account	2023	2022
Additions / exposure derecognised or matured/lapsed (excluding write - offs)	75	-847
Changes in risk profile (including changes in accounting estimates)	-5,892	-4,676
Other	-4	12
Balance at December 31	**-5,821**	**-5,511**

The table below show the values of the IMF GDP forecasts used in each of the economic scenarios for the ECL calculations. 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	2023	2024
Burkina Faso	4.4%	6.4%
Sub-Saharan Africa	3.3%	4.0%
Mali	4.5%	4.8%
Uganda	4.6%	5.7%
Kenya	5.0%	5.3%
Pakistan	-0.5%	2.5%
India	6.3%	6.3%

The following tables outline the impact of multiple scenarios on the ECL allowance:

ECL allowance

December 31, 2023	Total unweighted amount per ECL scenario	Probability	Loan Portfolio	Guarantees	Total
ECL Scenario:					
Upside	6,652	2%	131	2	133
Base case	7,608	50%	3,728	76	3,804
Downside	9,039	48%	8,846	192	9,038
Total	**-**	**100%**	**12,705**	**270**	**12,975**

December 31, 2022	Total unweighted amount per ECL scenario	Probability	Loan Portfolio	Guarantees	Total
ECL Scenario:					
Upside	9,376	2%	185	2	188
Base case	10,459	50%	5,152	77	5,229
Downside	12,226	48%	5,776	92	5,868
Total		**100%**	**11,113**	**172**	**11,285**

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

December 31, 2023

ECL allowance - Stage 2 trigger assessment	Loan portfolio	Guarantees	Loan commitments	Total
More than 30 days past due	-	-	-	-
Deterioration in credit risk rating - financial difficulties	-2,664	-	-193	-2,857
Total	**-2,664**	**-**	**-193**	**-2,857**

December 31, 2022

ECL allowance - Stage 2 trigger assessment	Loan portfolio	Guarantees	Loan commitments	Total
More than 30 days past due	-	-	-	-
Forbearance	-	-	-	-
Deterioration in credit risk rating - financial difficulties	-3,133	-	-273	-3,406
Total	**-3,133**	**-**	**-273**	**-3,406**

Refer to 'Accounting Policies' chapter on macro-economic scenarios on PD estimates.

4. 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 are measured at FVPL.

	Equity measured at FVPL
Net balance at January 1, 2023	**48,845**
Purchases and contributions	12,672
Conversion from loans or development contributions	-
Return of Capital	-437
Changes in fair value	-7,995
Other	-
Net balance at December 31, 2023	**53,085**

	Equity measured at FVPL
Net balance at January 1, 2022	74,830
Purchases and contributions	3,246
Conversion from loans or development contributions	-
Return of Capital	-14,529
Changes in fair value	-5,211
Other	**-9,491**
Net balance at December 31, 2022	**48,845**

The following table summarizes the equity investments segmented by sector:

	2023	2022
Energy	53,085	48,845
Multi-Sector Fund Investments	-	-
Net balance at December 31	**53,085**	**48,845**

5. Investments in associates

The movements in net book value of the associates are summarized in the following table:

	2023	2022
Net balance at January 1	12,227	14,018
Purchases and contributions	-	-
Reclassification to/ from loans	-	-
Sales	-	-
Share in net results	264	-2,891
Exchange rate differences	-389	1,100
Net balance at December 31	**12,102**	**12,227**

The Fund invested in JCM Salima UK Ltd (“Salima”), a company incorporated in the U.K. and 75% owner of JCM Matswani Solar Corp Ltd, a Malawi Special Purpose Vehicle (the “Project Company”) established for the development of a 60 MWac solar PV plant located in the Salima district of Malawi (the “Project”). Salima is incorporated in the UK and is registered at 3 More London Riverside, London, United Kingdom, SE1 2AQ. AEF's share and voting rights in "Salima" is 31%.

Investments in associates are valued based on the equity accounting method.

The following table summarizes the associates segmented by sector.

	2023	2022
Energy	12,102	12,227
Net balance at December 31	**12,102**	**12,227**

The following table summarizes the share in the total assets, liabilities, total income and total net profit/loss of the associates:

Associate	Carrying amount	Economic ownership %	Total assets	Total liabilities	Total income	Total profit/loss
JCM Salima UK Ltd.	12,102	31%	12,102	-	-	-

6. Other receivables

	2023	2022
Fee receivables	575	303
Balance at December 31	**575**	**303**

7. Accrued liabilities

Accrued liabilities consist of accrued costs related to capacity development expenses.

	2023	2022
Bank suspense account	117	6
Accrued costs capacity development	406	335
Balance at December 31	**523**	**341**

8. Provisions

The amounts recognized in the balance sheet are as follows:

	2023	2022
Allowance for guarantees	152	155
Allowance for loan commitments	510	308
Balance at December 31	**662**	**463**

9. Contributed capital and reserves

	2023	2022
Contributed Fund Capital		
Contribution DGIS previous years	140,880	135,880
Contribution DGIS current year	10,000	5,000
Balance at December 31	**150,880**	**140,880**

Undistributed results	2023	2022
Balance at January 1	5,577	19,378
Net profit/(loss)	-24,828	-13,801
Balance at December 31	**-19,251**	**5,577**

10. Net interest income

Interest income

	2023	2022
Interest income related to banks	**274**	**-**
Interest on loans measured at AC	2,373	3,461
Total interest income from financial instruments measured at AC	**2,647**	**3,461**
Interest on loans measured at FVPL	862	396
Total interest income from financial instruments measured at FVPL	**862**	**396**
Total interest income	**3,509**	**3,857**

Interest expenses

	2023	2022
Interest expenses related to banks (assets)	-	-28
Total interest expense	**-**	**-28**

11. Net fee and commission income

	2023	2022
Prepayment fees	-	419
Administration fees	20	284
Other fees (like arrangement, cancellation and waiver fees)	-9	15
Net fee and commission income	**11**	**718**

12. Results from equity investments

	2023	2022
Results from equity investments		
Unrealized results from FX conversions - cost price	-1,717	2,617
Unrealized results from FX conversions - capital results	350	530
Unrealized results from capital results	-6,628	-8,359
Results from Fair value re-measurements	**-7,995**	**-5,212**
Results from sales		
Realized results	-	7,105
Release unrealized results	-	-7,108
Net results from sales	**-**	**-3**
Total results from equity investments	**-7,995**	**-5,215**

13. Results from financial transactions

	2023	2022
Results on sales and valuations of FVPL loans	-4,746	-3,727
Results on sales and valuations of AC loans	-	-
Foreign exchange results	-1,904	2,066
Other changes [1]	-4,717	5,813
Total results from financial transactions	**-11,367**	**4,152**

1 Other changes relate to results on FMO's Venture Program.

14. Expenses

The amount for Remuneration FMO is the management fee paid by the fund to FMO.

Capacity Development expenses relate to development contributions or contributions paid to beneficiaries in terms of the fund's objectives.

Evaluation costs relate to expenses made during frequent investigations and controls of existing investments and costs for the due diligence of new projects.

	2023	2022
Remuneration FMO	-3,471	-3,933
CD expenses		-4,498
Evaluation expenses	-3	-174
Total expenses	**-3,474**	**-8,605**

The amount for CD expenses in 2022 is related to one existing client exposure. In previous years it was classified as a loan, in line with asset recognition criteria, but in 2022 it was reclassified to a development contribution. The reclassification is due to the fact that in 2022 it became clear that not all asset recognition criteria were met anymore. As development contributions have to be recognized as an expense when the Fund incurs an irrevocable obligation to disburse the amount, the development contribution was expensed in current year, regardless the fact that the contracting and disbursements took place in prior years.

15. Off-Balance Sheet information

To meet the financial needs of borrowers, the Fund enters into various irrevocable commitments (loan commitments, equity and development contributions). Provisions for loan commitments are calculated according to ECL measurement methodology applied for on balance loan portfolio.

Nominal amounts for irrevocable facilities are as follows:

Irrevocable facilities	2023	2022
Contractual commitments for disbursements of:		
Loans	34,427	16,760
Development contributions	-	244
Equity investments and associates	19,303	16,990
Contractual commitments for financial guarantees given	1,790	1,790
Total irrevocable facilities	**55,520**	**35,784**

The movement in exposure for the loan commitments and ECL allowance is as follows:

Movement of loans commitments in 2023	Stage 1		Stage 2		Stage 3		Total	
	Nominal amount	ECL allowance	Nominal amount	ECL allowance	Nominal amount	ECL allowance	Nominal amount	ECL allowance
At January 1, 2023	3,335	-35	3,858	-273	-	-	7,193	-308
Additions	30,230	-326	4,942	-113	-	-	35,172	-439
Exposures derecognised or matured (excluding write-offs)	-4,842	34	-5,062	116	-261	22	-10,165	172
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-1,061	125	1,061	-125	-	-
Changes to models and inputs used for ECL calculations	-	1	-	-50	-	103	-	54
Amounts written off	-	-	-	-	-	-	-	-
Foreign exchange adjustments	-977	9	-40	2	-	-	-1,017	11
At December 31, 2023	**27,746**	**-317**	**2,637**	**-193**	**800**	**-**	**31,183**	**-510**

Movement of loans commitments in 2022	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, 2022	20,012	-148	1,817	-11	-	-	21,829	-159
Additions	5,867	-185	955	-1	774	-	7,596	-186
Exposures derecognised or matured (excluding write-offs)	-5,974	261	-15,730	358	-774	-	-22,478	619
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-16,527	129	16,527	-129	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-89	-	-489	-	-	-	-578
Amounts written off	-	-	-	-	-	-	-	-
Foreign exchange adjustments	-43	-3	289	-1	-	-	246	-4
At December 31, 2022	**3,335**	**-35**	**3,858**	**-273**	**-**	**-**	**7,193**	**-308**

16. Analysis of financial assets and liabilities by measurement basis

The summary of accounting policies describes how the classes of 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 under IFRS and by balance sheet heading.

December 31, 2023	**FVPL - mandatory**	**Amortized cost**	**Total**
Financial assets measured at fair value			
Loan portfolio	13,889	-	13,889
Equity investments	53,085	-	53,085
Other financial assets at FV	12,301	-	12,301
Total	**79,275**	**-**	**79,275**
Financial assets not measured at fair value			-
Banks	-	13,119	13,119
Loan portfolio	-	36,004	36,004
Current accounts	-	31	31
Other receivables	-	575	575
Total	**-**	**49,729**	**49,729**
Financial liabilities not measured at fair value			
Provisions	-	662	662
Accrued liabilities	-	523	523
Total	**-**	**1,185**	**1,185**

December 31, 2022	**FVPL - mandatory**	**Amortized cost**	**Total**
Financial assets measured at fair value			
Loan portfolio	15,141	-	15,141
Equity investments	48,845	-	48,845
Other financial assets at FV	16,436	-	16,436
Total	**80,422**	**-**	**80,422**
Financial assets not measured at fair value			
Banks	-	17,472	17,472
Loan portfolio	-	45,112	45,112
Current accounts	-	406	406
Other receivables	-	303	303
Total	**-**	**63,293**	**63,293**
Financial liabilities not measured at fair value			
Provisions	-	463	463
Accrued liabilities	-	341	341
Total	**-**	**804**	**804**

Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on lowest level input that is significant to the fair value measurement as a whole, as follows:
Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
Level 3 – Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

Valuation process

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

The fair value methodology and governance over it's 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 IRC. The IRC approves the fair values measured including the valuation techniques and other significant input parameters used.

Valuation technique

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

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

Valuation techniques include:

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

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

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

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

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

	2023		2022	
At December 31	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Banks	13,119	13,119	17,472	17,472
Loan portfolio	36,004	33,841	45,112	42,682
Total non fair value financial assets	**49,123**	**46,960**	**62,584**	**60,154**

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, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value				
Loans portfolio	-	-	13,889	13,889
Equity investments	-	-	53,085	53,085
Other financial assets at FV [1]			12,301	12,301
Total financial assets at fair value	**-**	**-**	**79,275**	**79,275**

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

December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value				
Loans portfolio	-	-	15,141	15,141
Equity investments	-	-	48,845	48,845
Total financial assets at fair value	**-**	**-**	**63,986**	**63,986**

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

	Loans portfolio	Equity investments	Total
Balance at January 1, 2023	15,141	48,845	63,986
Total gains or losses			
-In profit and loss (changes In fair value)	-445	-6,627	-7,072
Purchases/disbursements	5,365	12,672	18,037
Conversion from loan to development contributions	-	-	-
Sales/repayments	-1,901	-437	-2,338
Interest Capitalization	299	-	299
Write-offs	-4,301		-4,301
Accrued income	91	-	91
Exchange rate differences	-360	-1,368	-1,728
Other	-	-	-
Balance at December 31, 2023	**13,889**	**53,085**	**66,974**

	Loans portfolio	Equity investments	Total
Balance at January 1, 2022	26,436	74,830	101,266
Total gains or losses	-3,727	-8,360	-12,087
Purchases/disbursements	2,701	3,246	5,947
Conversion from loan to development contributions	-4,176	-	-4,176
Sales/repayments	-7,583	-14,529	-22,112
Interest Capitalization	463	-	463
Accrued income	-882	-	-882
Exchange rate differences	1,909	3,149	5,058
Other	-	-9,491	-9,491
Balance at December 31, 2022	**15,141**	**48,845**	**63,986**

Type of debt investment	Fair value at December 31, 2023	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Loans	12,512	Discounted cash flow model	Based on client spread	A decrease/increase of the used spreads with 1% will result is a higher/lower fair value of approx €0.2m.
	-	ECL measurement	Based on client rating	not applicable
	1,377	Credit impairment	n/a	n/a
Debt Funds	-	Net Asset Value	n/a	n/a
Total	**13,889**			

The amount for loans based on a valuation with the Discounted cash flow model includes one development contribution which is recognized as a loan, for an amount of €0.5 million (2021: €3.9 million). Due to the absence of future cashflows, interest rates and a maturity, the value of the development contribution is based on the disbursed amount and revaluation for foreign exchange adjustments.

Type of equity investment	Fair value at December 31, 2023	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity based on the significant unobservable inputs
Private equity fund investments	14,963	Net Asset Value	n/a	n/a
Private equity direct investments	1,130	Recent transactions	Based on at arm's length recent transactions	n/a
	19,663	Book multiples	1.0 – 1.0	A decrease/increase of the book multiple with 10% will result in a lower/higher fair value of €2 million.
	1,530	Earning Multiples	Depends on several unobservable data such as EBITDA multiples (range 1.0 - 10.0)	A decrease/increase of the used unobservable data with 10% will result in a lower/higher fair value of €0 million.
	15,799	Discounted Cash Flow (DCF)	Based on discounted cash flows	A decrease/increase of the used unobservable data with 10% will result in a lower/higher fair value of €2 million.
Total	**53,085**			

17. 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 Access to Energy Fund, according to the Dutch Government's development agenda. DGIS is the main contributor to AEF, providing funding upon FMO's request (2023: €10.0 million; 2022: €5.0 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 programmes and funds such as MASSIF, Building Prospects, Access to Energy, FOM and the Land Use Facility of the Dutch Fund for Climate and Development (DFCD). These 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 AEF. The management fee amounts up to €3.7 million in 2023 (2022: €3.9 million). In 2023 AEF has sold no loan exposure (2022: €0.0 million) and no equity exposure (2022: €0.0 million) to FMO.

18. Subsequent events

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

Risk management

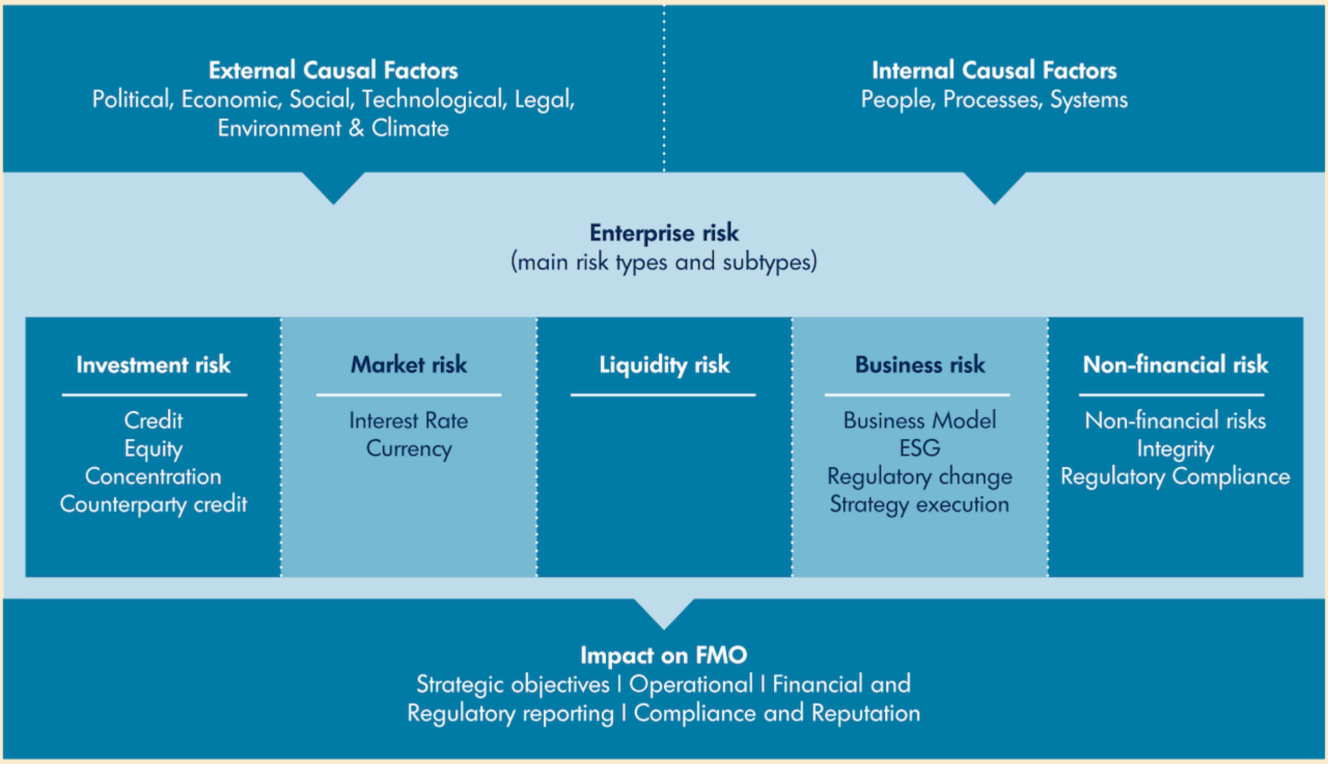
Organization of risk management

For FMO, acting in its role as Fund Manager (hereafter 'FMO') to be able to carry out the Fund's strategy, it is essential to have an adequate risk management system in place to identify, measure, monitor and mitigate financial risks. AEF (hereafter 'the Fund') has a pre-defined risk appetite translated into limits for group, customer, country, region and currencies exposures. Limit usages are monitored on a monthly basis 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 and ESG 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, customers are subject to a periodic customer review, which are in general executed annually. Exposures requiring specific attention are reviewed by the Financial Risk Committee (FRC). The large and higher risk exposures are accompanied by the advice of the Credit department. If the financial risk committee concludes that a customer faces challenges in meeting payment obligations, those with loans are transferred to the Special Operations department, while those where fund has equity exposure are transferred to the Private Equity department. There, they undergo intense monitoring as part of distressed asset management.

Risk Taxonomy Framework FMO



Risk appetite and governance

The Fund actively seeks to take risk stemming from debt and equity investments in private institutions in developing countries.

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 ≥75%. The Fund's is based on a 100% contribution from the Dutch government. Total contribution to AEF from the Dutch government is €150.8 million at 31 December 2023 (31 December 2022: €140.8 million). Total fund capital – which is the sum of the contribution by the government, undistributed results from previous years, results from the current year, development contributions, and evaluations costs – decreased to €137.4 million in 2023 (2022: €155.1 million).

Financial risk

Credit risk

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

Risk appetite and governance
Adverse changes in credit quality can develop within FMO'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 FMO's customers. This is further supported by credit risk models that are used for risk quantification, calculations of expected credit loss allowance, and the determination of economic capital use per transaction. Funding decisions depend on the risk profile of the customer and financing instrument. As part of regular credit monitoring, FMO customers are subject to annual reviews at a minimum. Customers that are identified as having financial difficulties fall under an intensified monitoring regime to proactively manage loans before they become non-performing, including quarterly portfolio monitoring meetings. For distressed assets, the Special Operations department actively manages workout and restructuring.

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

Exposures and credit scoring
The Fund offers loans in emerging market countries. Diversification within the Fund's portfolio is ensured through limits on individual counterparties (single client limit of €10 million), sectors and maximum tenor 20 years in debt transactions.

The following table shows AEF's total gross exposure to credit risk at year-end. The exposures, including derivatives, are shown gross, before impairments and the effect of mitigation using third-party guarantees, master netting, or collateral agreements. Regarding derivative financial instruments, only the ones with positive market values are presented. The maximum exposure to credit risk increased during the year to €112.3 million at year-end 2023 (2022: €112.9 million).

Maximum exposure to credit risk

	2023	2022
On balance		
Banks	13,119	17,472
Loans to the private sector		
- of which: Amortized cost	43,637	55,571
- of which: Fair value through profit or loss	19,426	20,396
Current account with FMO	31	406
Other receivables	575	303
Total on-balance	**76,788**	**94,148**
Off-balance		
Irrevocable facilities	36,217	18,794
Total off-balance	**36,217**	**18,794**
Total credit risk exposure	**113,005**	**112,942**

Credit risk from loans arises from a combination of counterparty risk, country risk and product specific risks. These types of risk are assessed during the credit approval and credit review process and administrated via internal scorecards. The lending process is based on formalized and strict procedures. Decisions on authorizations depend on both the amount of economic capital and the risk profile of the financing instrument. For distressed assets, the Special Operations department applies an advanced workout and restructuring approach.

In measuring the credit risk of the portfolio at counterparty level, the main parameters are the credit quality of counterparties and the expected recovery ratio in case of defaults. Counterparty credit quality is measured by scoring counterparties on various dimensions of financial strength. Based on these scores, FMO assigns ratings to each counterparty on an internal scale from F1 (lowest risk) to F20 (default), equivalent to a scale from AAA to C ratings.

Credit quality analysis

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

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

Loan portfolio at December 31, 2023 **Indicative counterparty credit rating scale of S&P**	**Stage 1**	**Stage 2**	**Stage 3**	**Fair Value**	**Total**
F1-F10 (BBB- and higher)	-	-	-	585	585
F11-F13 (BB-,BB,BB+)	-	-	-		-
F14-F16 (B-,B,B+)	10,842	6,174	-	10,731	27,747
F17 and lower (CCC+ and lower)	-	15,301	11,320	8,110	34,731
Sub-total	**10,842**	**21,475**	**11,320**	**19,426**	**63,063**
Less: amortizable fees	-316	-289	-82	-	-687
Less: ECL allowance	-346	-2,663	-3,937	-	-6,946
Less: Fair value adjustments	-	-	-	-5,537	-5,537
Carrying value	**10,180**	**18,523**	**7,301**	**13,889**	**49,893**

Loan commitments at December 31, 2023 **Indicative counterparty credit rating scale of S&P**	**Stage 1**	**Stage 2**	**Stage 3**	**Other 1)**	**Total**
F1-F10 (BBB- and higher)	-	-	-	-	-
F11-F13 (BB-,BB,BB+)	9,042	-	-	93	9,135
F14-F16 (B-,B,B+)	18,704	-	-	3,151	21,855
F17 and lower (CCC+ and lower)	-	2,637	800	-	3,437
Sub-total	**27,746**	**2,637**	**800**	**3,244**	**34,427**
Less: ECL allowance	-317	-193	-	-	-510
Carrying value	**27,429**	**2,444**	**800**	**3,244**	**33,917**

Loan portfolio at December 31, 2022 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+)	-	-	-	-	-
F14-F16 (B-,B,B+)	7,401	7,266	-	11,632	26,299
F17 and lower (CCC+ and lower)	-	20,626	20,278	8,764	49,668
Sub-total	**7,401**	**27,892**	**20,278**	**20,396**	**75,967**
Less: amortizable fees	-49	-319	-96	-	-464
Less: ECL allowance	-365	-3,133	-6,497	-	-9,995
Plus: Fair value adjustments	-	-	-	-5,255	-5,255
Carrying value	**6,987**	**24,440**	**13,685**	**15,141**	**60,253**

Loan commitments at December 31, 2022 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Other 1)	Total
F1-F10 (BBB- and higher)	-	-	-	-	-
F11-F13 (BB-,BB,BB+)	-	-	-	-	-
F14-F16 (B-,B,B+)	3,335	120	-	5,732	9,187
F17 and lower (CCC+ and lower)	-	3,738	-	4,079	7,816
Sub-total	**3,335**	**3,858**	**-**	**9,811**	**17,004**
Less: ECL allowance	-35	-273	-	-	-308
Carrying value	**3,300**	**3,585**	**-**	**9,811**	**16,696**

1 Other loan commitments include off balance items for which no ECL allowance is calculated.

Non-performing exposures

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

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

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

The Fund's NPL ratio decreased from 32.3% (2022) to 23.7% (2023).

Loans past due and impairments 2023

	Stage 1	Stage 2	Stage 3	Fair value	Total
Loans not past due	10,842	20,094	518	19,426	50,880
Loans past due:					
-Past due up to 30 days	-	1,381	-	-	1,381
-Past due 30-60 days	-	-	-	-	-
-Past due 60-90 days	-	-	6,377	-	6,377
-Past due more than 90 days	-	-	4,425	-	4,425
Subtotal	**10,842**	**21,475**	**11,320**	**19,426**	**63,063**
Less: amortizable fees	-316	-289	-82	-	-687
Less: ECL allowance	-346	-2,663	-3,937	-	-6,946
Less: fair value adjustments	-	-	-	-5,537	-5,537
Carrying value	**10,180**	**18,523**	**7,301**	**13,889**	**49,893**

Loans past due and impairments 2022

	Stage 1	Stage 2	Stage 3	Fair value	Total
Loans not past due	7,401	20,626	114	20,396	48,537
Loans past due:					
-Past due up to 30 days	-	7,266	9,189	-	16,455
-Past due 30-60 days	-	-	-	-	-
-Past due 60-90 days	-	-	6,484	-	6,484
-Past due more than 90 days	-	-	4,491	-	4,491
Subtotal1	**7,401**	**27,892**	**20,278**	**20,396**	**75,967**
Less: amortizable fees	-49	-319	-96	-	-464
Less: ECL allowance	-365	-3,133	-6,497	-	-9,995
Plus: fair value adjustments	-	-	-	-5,255	-5,255
Carrying value	**6,987**	**24,440**	**13,685**	**15,141**	**60,253**

1 Gross outstanding + accrued interest

Stage 3 loans - ECL distributed by regions and sectors

At December 31, 2023	Energy	Total
Africa	3,786	3,786
Asia	48	48
Europe & Central Asia	103	103
Total	**3,937**	**3,937**

Stage 3 loans - ECL distributed by regions and sectors

At December 31, 2022	Energy	Total
Africa	6,394	6,394
Europe & Central Asia	103	103
Total	**6,497**	**6,497**

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 the Accounting Policies chapter.

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 2023, there were three write-offs for a total amount of €13.7 million (2022: € 0 million).

The following table provides a summary of the Fund's forborne assets, both classified as performing and non - performing.

	2023		
	Loans to the private sector (Amortised Cost)	**Loans to the private sector (Fair value)**	***Total***
Performing	32,317	15,739	48,056
of which: performing but past due > 30 days and <=90 days	-	-	-
of which: performing forborne	4,425	1,645	6,070
Non Performing	11,320	3,686	15,006
of which: non performing forborne	4,425	1,645	6,070
of which: impaired	4,425	-	4,425
Gross exposure	43,637	19,425	63,062
Less: amortizable fees	-687	-	-687
Less: ECL allowance	-6,946	-	-6,946
Less: fair value adjustments	-	-5,536	-5,536
Carrying amount at December 31	**36,004**	**13,889**	**49,893**
			-

			2022
	Loans to the private sector (Amortised Cost)	**Loans to the private sector (Fair value)**	***Total***
Performing	35,293	16,115	51,408
of which: performing but past due > 30 days and <=90 days	-	-	-
of which: performing forborne	-	-	-
Non Performing	20,278	4,281	24,559
of which: non performing forborne	13,680	-	13,680
of which: impaired	13,680	-	13,680
Gross exposure	55,571	20,396	75,967
Less: amortizable fees	-464	-	-464
Less: ECL allowance	-9,995	-	-9,995
Plus: fair value adjustments	-	-5,255	-5,255
Carrying amount at December 31	**45,112**	**15,141**	**60,253**

At December 31, 2021	**Performing**	*of which: performing but past due > 30 days and <=90 days*	*of which: performing forborne*	**Non Performing**	*of which: non performing forborne*	*of which: impaired*	**Sub Total**	Less: amortizable fees	Less: ECL allowance	Plus: fair value adjustments	**Carrying value**
Loan portfolio measured at AC	29,004	-	8,898	7,773	7,773	7,773	36,777	-464	-4,282	-	32,031
Loan portfolio measured at FVPL	27,934	-	-	-	-	-	27,934	-	-	-1,498	26,436
Total	**56,938**	**-**	**8,898**	**7,773**	**7,773**	**7,773**	**64,711**	**-464**	**-4,282**	**-1,498**	**58,467**

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 the Fund's stake cannot be sold for a reasonable price and in a sufficiently liquid market.

Risk appetite and governance

The Fund has a long-term view on its equity portfolio, usually selling its equity stake within a period of five to ten years. The Fund can accommodate an increase in the average holding period of its equity investments and so wait for markets to improve again to realize exits. There are no deadlines regarding the exit date of equity investments. Equity investments are assessed by the Investment Committee in terms of specific obligor as well as country risk. The Investment Review Committee assesses the valuation of the majority of equity investments quarterly. The performance of the equity investments in the portfolio is periodically analyzed during the fair value process. Based on this performance and the market circumstances, exits are pursued in close cooperation with our co-investing partners. The total outstanding equity portfolio including associates on December 31, 2023, amounts to €65.2 million (2022: €61.1 million).

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 and governance

Diversification within the fund's emerging market portfolio is ensured through stringent limits on individual counterparties (single and group risk limits).

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.

FMO recognizes that the impact of country risk differs across the financial products it offers. AEF has several investments which cover multiple countries, which are labeled as regional investments. Noteworthy changes in country ratings include upgrade of the Global region to F14 (2022: F15) and downgrade of the country rating for Pakistan to F18 (2022: F17).

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

Indicative external rating equivalent 2023	AEF (%)	FMO-A (%)
F9 and higher (BBB and higher ratings)	1.0	3.8
F10 (BBB-)	0.7	7.2
F11 (BB+)	0.0	2.9
F12 (BB)	0.0	8.6
F13 (BB-)	0.0	18.5
F14 (B+)	3.1	13.1
F15 (B)	10.2	17.9
F16 (B-)	34.9	13.9
F17 and lower (CCC+ and lower ratings)	50.1	14.1
Total	**100.0**	**100.0**

Overview country ratings

Indicative external rating equivalent 2022	AEF (%)	FMO-A (%)
F9 and higher (BBB and higher ratings)	0.0	3.9
F10 (BBB-)	0.5	6.4
F11 (BB+)	0.0	2.6
F12 (BB)	0.0	10.9
F13 (BB-)	0.0	8.6
F14 (B+)	0.0	13.7
F15 (B)	29.5	29.6
F16 (B-)	28.2	8.8
F17 and lower (CCC+ and lower ratings)	41.8	15.5
Total	**100.0**	**100.0**

Gross exposure of loan portfolio distributed by region and sector

	Energy	Multi-Sector Fund Investment	Total
At December 31, 2023			
Africa	52,469	4,424	56,893
Asia	1,785	-	1,785
Latin America & the Caribbean	-	-	-
Europe & Central Asia	114	-	114
Non-region specific	4,271	-	4,271
Total	**58,639**	**4,424**	**63,063**
At December 31, 2022			
Africa	64,735	2,812	67,547
Asia	1,904	-	1,904
Latin America & the Caribbean	-	-	-
Europe & Central Asia	4,395	-	4,395
Non-region specific	2,121	-	2,121
Total	**73,155**	**2,812**	**75,967**

Single and group risk exposures
In the fund risk appetite, the maximum customer exposure for AEF is set at €10 million.

Counterparty credit risk
Counterparty credit risk in the treasury portfolio stems from bank account holdings and placements in money market funds 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 to the credit exposure of that obligor. Depending on the obligor's short and long-term rating, limits are set for the total and long-term exposure. The Fund pursues a conservative investment policy.

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

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

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

Interest rate risk in the banking book
Definition
Interest rate risk is the risk of potential loss due to adverse movements in interest rates. Changing interest rates mainly influence the fair value of fixed interest balance sheet items. Given the balance sheet and capital structure of the Fund interest rate risks are considered limited.

Interest re-pricing characteristics December 31, 2023	<3 months	3-12 months	1-5 years	>5 years	Non-interest-bearing	Total
Assets						
Banks	13,119	-	-	-	-	13,119
Loan portfolio	-	-	-	-	-	-
-of which: Amortized cost	4,771	-	5,741	25,493	-	36,004
-of which: Fair value through profit or loss	-	1,853	9,661	2,375	-	13,889
Equity investments	-	-	-	-	53,085	53,085
Investments in associates	-	-	-	-	12,102	12,301
Current accounts with FMO	-	-	-	-	31	31
Other Financial Assets at FV	-	-	-	-	12,301	12,102
Other receivables	-	-	-	-	576	576
Total assets	**17,890**	**1,853**	**15,401**	**27,868**	**78,095**	**141,107**
Liabilities and Fund capital						-
Accrued liabilities	-	-	-	-	523	523
Current accounts with FMO	-	-	-	-		-
Provisions	-	-	-	-	662	662
Fund Capital	-	-	-	-	139,922	139,922
Total liabilities and Fund capital	**-**	**-**	**-**	**-**	**141,107**	**141,107**
Interest sensitivity gap 2023	**17,890**	**1,853**	**15,401**	**27,868**	**-63,012**	**-**

Interest re-pricing characteristics December 31, 2022	<3 months	3-12 months	1-5 years	>5 years	Non-interest-bearing	Total
Assets						
Banks	17,472	-	-	-	-	17,472
Loan portfolio						
-of which: Amortized cost	3,264	-	14,258	27,590	-	45,112
-of which: Fair value through profit or loss	-	-	5,915	9,226	-	15,141
Equity investments						
-of which: Fair value through OCI	-	-	-	-	-	-
-of which: Fair value through profit or loss	-	-	-	-	48,845	48,845
Investments in associates	-	-	-	-	12,227	12,227
Current accounts with FMO	-	-	-	-	406	406
Other Financial Assets at FV	-	-	-	-	16,436	16,436
Other receivables	-	-	-	-	303	303
Total assets	**20,736**	**-**	**20,173**	**36,816**	**78,217**	**155,942**
Liabilities and Fund capital						-
Accrued liabilities	-	-	-	-	341	341
Current accounts with FMO	-	-	-	-	-	-
Provisions	-	-	-	-	463	463
Fund Capital	-	-	-	-	155,138	155,138
Total liabilities and Fund capital	**-**	**-**	**-**	**-**	**155,942**	**155,942**
Interest sensitivity gap 2022	**20,736**	**-**	**20,172**	**36,816**	**-77,725**	

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. The Fund also reviews currency risk in terms of impact on the capital ratios.

Risk appetite and governance

The Fund offers debt, equity and guarantee instruments in denominated in USD, EUR and in emerging market currencies, while the main source of funding to the Fund, subsidies received from Dutch Ministry of Foreign Affairs is in EUR. Due to its commitment to the implementation of the Fund's development agenda and impact objectives, the Fund does not exclusively look for investments that counter-balance this currency risk exposure in its portfolio; the Fund also does not use derivatives and other financial instruments to hedge against the currency risk. The Fund does not take active positions in any currency for the purpose of making a profit.

Exposures

Individual and total open currency positions were within risk appetite in 2023. The table below illustrates that the currency risk sensitivity gap per December 2023 is almost completely part of fund's equity investments and investments in associates.

Currency risk exposure (at carrying values)

December 31, 2023	EUR	USD	KES	Other	Total
Assets					
Banks	10,439	2,681	-	-1	13,119
Loans to the private sector					-
-of which: Amortized cost	24,850	7,914	3,240	-	36,004
-of which: Fair value through profit or loss	1,646	12,243	-	-	13,889
Equity investments	11,195	41,890	-	-	53,085
Investments in associates	12,102	-	-	-	12,102
Current account with FMO	31	-	-	-	31
Other receivables	186	389	1	-	576
Other Financial Assets at FV	-	12,301	-	-	12,301
Total assets	**60,648**	**77,219**	**3,240**	**-**	**141,107**
Liabilities and Fund capital					-
Accrued liabilities	523	-	-	-	523
Current accounts with FMO					-
Provisions	662	-	-	-	662
Fund Capital	139,922	-	-	-	139,922
Total liabilities and Fund capital	**141,107**	**-**	**-**	**-**	**141,107**
Currency sensitivity gap 2023		**77,219**	**3,240**	**-1**	
Currency sensitivity gap 2023 excluding equity investments and investments in associates		**35,329**	**3,240**		

Currency risk exposure (at carrying values)

December 31, 2022	EUR	USD	KES	TZS	Other	Total
Assets						
Banks	8,576	8,896	-	-	-	17,472
Loans to the private sector						-
-of which: Amortized cost	23,778	12,620	5,678	3,036	-	45,112
-of which: Fair value through profit or loss	1,769	13,372	-	-	-	15,141
Equity investments	-	-	-	-	-	-
-of which: Fair value through OCI						-
-of which: Fair value through profit or loss	9,187	39,658	-	-	-	48,845
Investments in associates	-	12,227	-	-	-	12,227
Current account with FMO	406	-	-	-	-	406
Other receivables	24	279	-	-	-	303
Other Financial Assets at FV	16,436	-	-	-	-	16,436
Total assets	**60,176**	**87,052**	**5,678**	**3,036**	**-**	**155,942**
Liabilities and Fund capital						-
Accrued liabilities	341	-	-	-	-	341
Current accounts with FMO						-
Provisions	384	79	-	-	-	463
Fund Capital	155,138					155,138
Total liabilities and Fund capital	**155,863**	**79**	**-**	**-**	**-**	**155,942**
Currency sensitivity gap 2022		**86,973**	**5,678**	**3,036**	**-**	
Currency sensitivity gap 2022 excluding equity investments and investments in associates		**35,088**	**5,678**	**3,036**	**-**	

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

	December 31, 2023	
Change of value relative to the euro	**Sensitivity of profit & loss account**	**Sensitivity of fund capital**
USD value increase of 10%	7,722	-
USD value decrease of 10%	-7,722	-
KES value increase of 10%	324	
KES value decrease of 10%	-324	

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

	December 31, 2022	
Change of value relative to the euro	**Sensitivity of profit & loss account**	**Sensitivity of fund capital**
USD value increase of 10%	8,697	-
USD value decrease of 10%	-8,697	-
KES value increase of 10%	568	-
KES value decrease of 10%	-568	-
TZS value increase of 10%	304	-
TZS value decrease of 10%	-304	-

The sensitivities employ simplified scenarios. The sensitivity of profit and loss account and shareholders' equity to possible changes in the main foreign currencies is based on the immediate impact on the financial assets and liabilities held at year-end. This includes the effect of hedging instruments.

Business Risk

Environmental, social and governance risk

Definition

Environmental & Social (E&S) risk refers to the risk posed by (potential) adverse impact of the FMO investments on the environment, their employees and workers, communities, and other stakeholders which may affect FMO's customers. Corporate Governance (CG) risks refer primarily to risk to customers' business and - as a result - to FMO.

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

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

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

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

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

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

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

Financial economic crime risk

Definition
Financial Economic Crime Risk is the risk that FMO, its subsidiaries, investments, customers and/or employees are involved or used for any non-violent crime that has a financial component, even though at times such transactions may be hidden or not socially perceived as criminal.

During 2023, FMO continued to enhance the maturity of its financial economic crime (FEC) framework through building the team, strengthening our policies and procedures and continuous monitoring of performance.

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. FMO Fund's customers are included in FMO's procedures to mitigate the financial economic crime risk.

In January 2023, FMO received the results of DNB's assessment of the effectiveness and efficiency of FMO's sanctions screening systems. Based on the results of the examination, DNB assessed that the overall functioning of these screening systems is currently 'sufficient'. FMO is also conducting training programs for its employees to raise awareness on sanctions. Further, FMO continues to remind its customers of the importance of sanctions compliance.

Also, in 2023, FMO has reviewed its Systematic Integrity Risk Analysis (SIRA) framework based on lessons learned from past SIRAs. This review resulted in an adjusted approach for 2023 and 2024: The (companywide) SIRA will be data driven and will enable FMO to identify its top integrity risks, level of risk mitigation and need for follow up actions.

FMO continues to work on strengthening the risk culture and creating awareness on FEC, (intended) unusual transactions and anti-bribery and corruption practices. In 2023, all FMO employees were required to complete the compliance e-learning that addresses personal integrity topics, such as bribery and corruption. In addition, new investment staff were also required to complete the KYC e-learning as part of their onboarding. All new investment staff were also required to undertake additional training related to the FEC program and remediation project.

In August of 2023, it was reported that, as a result of late notifications of unusual transactions to the Financial Intelligence Unit (FIU) in 2021 and 2022, DNB decided on enforcement measures. DNB is currently re-assessing these measures upon request of FMO (by means of objection). FMO's related Financial Economic Crime (FEC) framework enhancement program – which involved a full KYC file remediation – was finalized at the end of 2021. During 2023, FMO focused on continuous improvement of its FEC framework, through (amongst others) periodic review of policies and procedures, training, and monitoring of performance.

General Data Protection Act (GDPR)

The follow-up GDPR project, which was initiated in January 2023, has been finalized. Additional technical and organizational controls have been implemented to further strengthen personal data security. To keep risk awareness on top of mind, several training sessions were organized, for departments across the three lines. This will continue in 2024.

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Independent auditor's report

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

Report on the audit of the financial statements for the year ended 31 December 2023 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 December 2023 of Access to Energy Fund I (hereinafter: AEF-I or The Fund), based in The Hague.

In our opinion the accompanying financial statements give a true and fair view of the financial position of AEF-I as at 31 December 2023, and of its result and its cash flows for the year ended 31 December 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

The financial statements comprise:

- The Statement of Financial Position as at 31 December 2023
- The Statement of Comprehensive Income for the year ended 31 December 2023
- The Statement of Changes in Fund Capital
- The Statement of Cash Flows for the year ended 31 December 2023
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

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

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

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

Report on other information included in the annual report

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

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

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

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

Management is responsible for the preparation of the other information.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

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

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

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a fund to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

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

Amsterdam, 25 April 2024

Ernst & Young Accountants LLP

signed by J.G. Kolsters

Colophon

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

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