FMO
Entrepreneurial
Development
Bank

Access to Energy Fund

Annual Report 2024

Government of the Netherlands

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

Front photo is from AEF client Scatec Ukraine, a 54 MWp photovoltaic solar power project south of Kyiv.

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

LETTER FROM THE MB OF THE FUND MANAGER

Stepping up

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

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

The strengths of partnerships

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

The 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. The AEF portfolio therefore consists of both off-grid companies and on-grid projects. Also, with the public funds, FMO aims to mobilize FMO’s own funding (FMO-A), and therefore, where applicable, AEF can be provided in combination with FMO-A-funding.

In 2024, AEF concentrated on portfolio management and - next to the Venture investments - contracted two new debt clients: Hydrobox and Camco REPP 2. Both investments focus on renewable energy in rural Africa.

Looking ahead

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

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

FMO, we believe that doing makes the difference, and that amidst the global turmoil, stepping up is a must.

The Hague, 25 April 2025

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

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AT A GLANCE

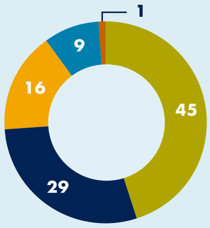
The Access to Energy Fund (AEF) was set up to actively support the creation of access to sustainable energy in developing countries by providing risk bearing funding; equity, local currency/subordinated loans, guarantees and, to a limited extent, grants.

Achievements portfolio as per 31-12-2024

Total committed portfolio

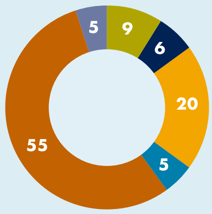
€190mln

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



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

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



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

€8.3mln
Public co-investments

€2.4mln
Private co-investments

98.8%
Revolvability

45%
MFA focus countries

(excluding new investments 2024)

1,935,837
Beneficiaries reached

54,128
Direct jobs supported

18,600
Direct jobs supported women

474MW
Installed capacity

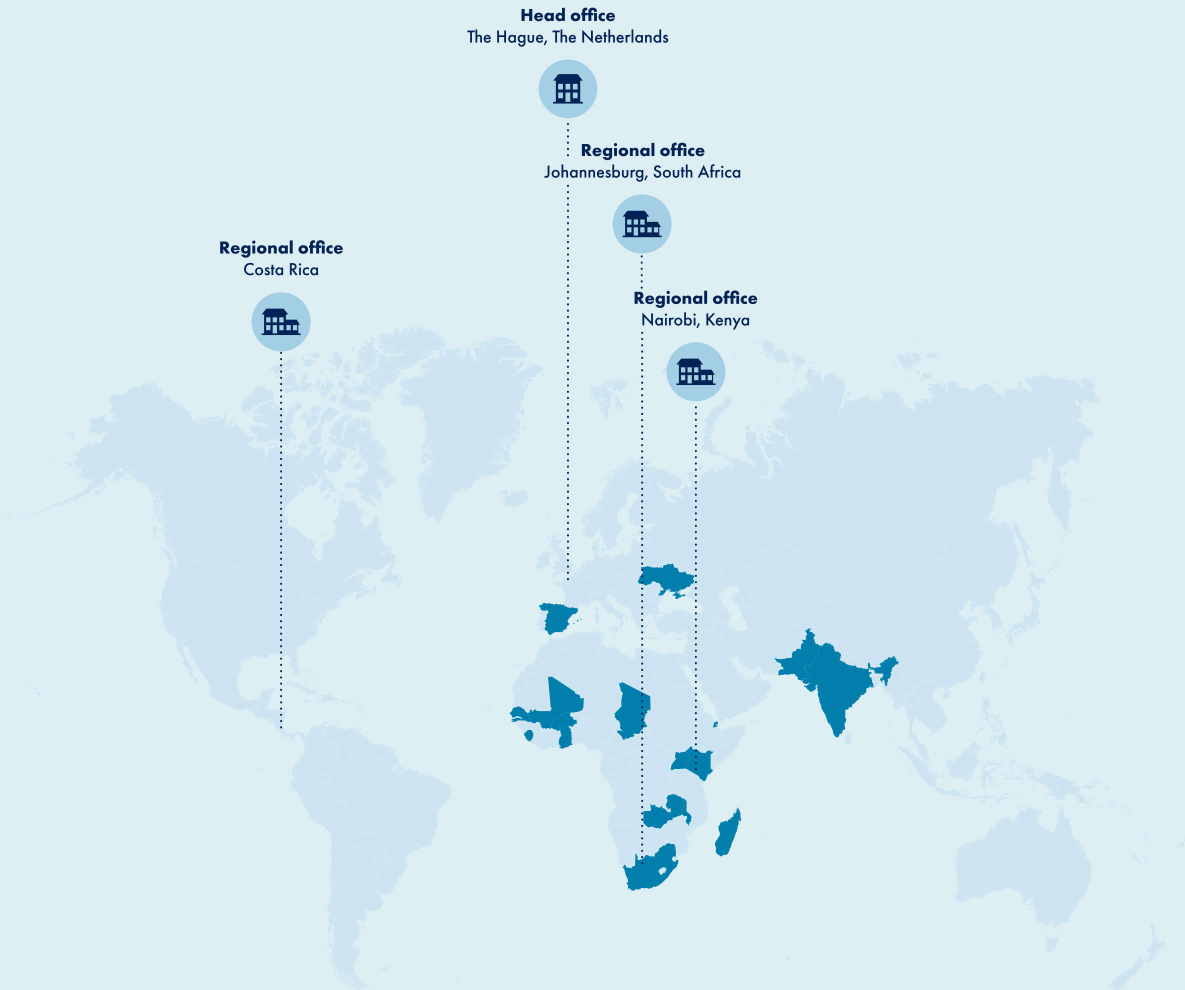
375,514
Indirect jobs supported

145,018
Indirect jobs supported women

13,571,459
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 2024, as the most recent impact data available from clients pertains to the reporting year that concluded in 2023.

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



Total committed portfolio by region (per 31 December 2024)

Latin America & the Caribbean	Africa	Europe & Central Asia	Asia	Non-specific region (global)
€0mln	€161 mln	€2mln	€17mln	€10mln

Total committed portfolio

€190mln

PERFORMANCE ON OUR STRATEGY

Highlights

In 2024 AEF contracted a total of €17 million in new commitments. In addition, AEF also supported several projects with technical assistance contributions.

During the year there have been close interactions between the Ministry of Foreign Affairs and FMO to update the AEF grant agreement. Both parties wished to align the various grant agreements (MASSIF, BP, and AEF) provided by the Ministry to FMO. The changes do not affect the mandate or the size of the Access to Energy Fund, nor will it have implications for the clients. We thank the Ministry for the constructive discussions and look forward to our continued cooperation. At the same time, the Ministry disbursed €9.1 million to FMO under the existing grant agreement.

AEF experienced some further deterioration in the portfolio. Some of this was due to macro-economic challenges in countries such as Madagascar, Mali, Burkina Faso. FMO also had to write off the loan to C-Quest Capital, a clean cooking company active in several countries, amongst which some Least Developed Countries (LDCs) like Malawi. The effect is that for the 3rd year in a row, AEF is loss-making, reducing the revolvability percentage to 98.8%, considerably lower than the 107.6% per end of 2023.

It is good to realize that the losses in recent years have been partly the result of investments in high-risk, high-impact sectors such as clean cooking and solar home systems. It has proven difficult for the off-grid sector to find the right balance between economic viability, scaling of the sector and the high-impact nature of these investments. FMO is currently evaluating what the next steps could be to continue supporting this important sector that allow low-income, rural populations access to a renewable and sustainable energy source.

FMO is proud to have contracted a new transaction with Hydrobox in 2024. A $7 million loan will be used to finance a portfolio of micro hydro-power plants and mini-grids in rural Kenya. Hydrobox will sell electricity under a so-called Anchor, Business & Household Customer ("ABC") model, where ~70% of the generation will be sold to commercial and industrial ("C&I") clients and the remainder to small businesses and households. The goal is to connect people and businesses to a grid that have previously never enjoyed access to any, or reliable, energy, improving their livelihoods and supporting sustainable business. Hydrobox also partners with different organizations to offer additional services that benefit the communities, creating more impact while diversifying revenue. These services include lease-to-own appliances to promote productive use of electricity and business incubation support.

Following on to the existing Ventures Program ("FVP 1.0") for which AEF has provided part of the funding, Ventures 2.0 (FVP2), the new FMO Ventures Program, has gone live in October 2024 denoting another $200 million program to be invested over 5 years in early-stage startup or scale-up companies with a tech component in the sectors of FinTech, AgriTech and CleanTech. AEF has agreed to a €10 million contribution overall to FVP2, expected to be deployed. MASSIF and Building Prospects also contribute to FVP2 funding.

In 2018, AEF provided equity to Scatec in Ukraine, for the construction of a utility scale solar plant. The plant's operations started in December 2020. Unfortunately, since the war, the plant's productivity has decreased due to curtailments, as a result of damage to the national grid. At the time of writing, the project has no war damage, the project region is quiet, and some 400km from the warfront. Also, the Ukrainian hryvnia (UAH) cannot be converted to hard currency anymore. In 2024, AEF assisted Scatec with an €125,000 Development Contribution (grant). The war has resulted in the mobilization of many male specialists, particularly in critical sectors such as electro-technical fields, as they are drafted into the armed forces. This sudden loss of skilled labor has created a significant gap in the workforce, posing a key risk to the continuous operation of energy plants and the overall energy infrastructure. Scatec addresses the shortage of electro-technical specialists by focusing on training and certifying women to fill these essential roles. By equipping women with the technical and managerial skills required to work in energy production and infrastructure management, the project not only ensures operational continuity but also promotes the economic empowerment of women in Ukraine.

We look forward to engaging with new and existing clients again in 2025 and continue supporting AEF's purpose by providing reliable energy access for those who are currently unconnected and improving their livelihood as a result.

Production

Production 2024	
HydroBox	**Hydrobox Infrastructures SEZ - $7 million debt** Hydrobox is a mini-grid developer focused on developing small run-of river hydro mini-grids in Kenya under the Anchor, Business & Household Customer ("ABC") model. Under this model, around 70% of the electricity generation is sold to rural C&I (commercial and industrial) clients, and the remainder to small rural companies and households. FMO's loan is financing the construction of eight hydro power plants forming five mini grids totaling 2.3MW.
camco A BRIGHTER FUTURE, TODAY	**Camco REPP 2 - $10 million debt** Camco REPP 2 is a newly created, 20-year, fund providing debt and hybrid instruments to renewable energy projects and companies in Sub-Saharan Africa, focusing on least developed countries (LDCs). FMO provided USD 30 mln of senior unsecured debt for the first close: the equivalent of USD 10 mln in an unhedged local currency tranche from AEF, plus USD 20 mln from FMO's own balance sheet. The first-close fund size is around USD 100 mln and the final target fund size will be USD 250 mln. Camco is investing the funding into different projects and companies in the renewable energy sector, including smaller Independent Power Producers, mini-grids, isolated grids and energy access companies.
HUB2	**Connekt 4 SAS - €0.12 million - Ventures Program 2** Hub2 is a finech company that provides mobile wallet accessibility and payment services in Francophone Africa. Hub2's solution contributes to the payment landscape in Africa, thereby promoting financial inclusion and stimulating economic growth. Hub2 will be able to benefit from being introduced to FMO's network of (micro)finance institutions and FinTechs across Africa as well as to potential future investors.
EAF	**EA Foods Limited - $0.13 million - Ventures Program 2** EA Foods Limited ("East Africa Foods", "EAF") is a food logistics and distribution company in Tanzania, leveraging technology to optimize the fresh fruit and vegetable supply chain. EAF sources produce from over 8,800 smallholder farmers and supplies primarily to informal retailers, shops, restaurants, and supermarkets in larger cities. The Company is developing an integrated platform that optimizes the supply chain for selected crops that are both high in demand and domestically grown, thus improving quality and reducing food waste. The investment proceeds will support the Company's growth needs, helping to fund its operations and capital investments in logistics infrastructure and software development.
TAGADDOD	**Tagaddod B.V. - $0.07 million - Ventures Program 2** Tagaddod B.V. is an Egyptian start-up that collects and filters used cooking oil from restaurants, households, and factories through a fully digitized process and supplies it to global sustainable fuel producers. The investment will enable the Company to further expand their digitized sourcing process for Used Cooking Oil and other Waste Oils. Ultimately, this will support reducing and recycling waste products for a more sustainable fuel production, whilst providing additional revenue for restaurants, households and aggregators.
TECHCOOP COOPERATION & GROWTH	**TechCoop Investment & Technology PTE. LTD. - $0.29 million - Ventures Program 2** TechCoop Investment & Technology Pte. Ltd. is a technology-enabled agricultural B2B platform in Vietnam that aims to digitize transactions, bridge the working capital gap, and connect and provide access to the market across the agricultural supply chain. TechCoop provides integrated trade, digital trade credit, and advisory solutions to Vietnam's agricultural small- and medium-sized enterprises (SMEs) and farmer cooperatives across export-driven supply chains. The investment proceeds will be used to support the Company's growth, helping fund the scaling of its operations and further software and product development for the cross-border digital platform, enabling the successful export of agricultural SMEs and farmer cooperatives.

Exits and Sales

No exits or sales were made in 2024.

Production capacity development

Contracts CD 2024	
Nithio	**Nithio Finance Inc. - €137,756 Development Contribution Grant** Nithio is an Artificial Intelligence-enabled energy financing platform whose mission is to standardize credit risk assessments and therefore drive more capital into the renewable energy sector. It does so by investing directly into off-grid solar companies. The fund is operational since 2021 and finances energy access companies in Sub-Saharan Africa (primarily PAYGO solar). FMO assisted Nithio to launch an innovative, data-driven Gender-Lens Financing window to incentivize solar companies to reach more female customers.
JCM POWER	**JCM Salima UK Ltd. - €39,861 Development Contribution Grant** FMO assisted JCM to assess how local ownership of renewable energy projects can serve as long-lasting sustainable impact in the host country. The consultant for this project is collecting best practices from emerging markets to identify how the use of e.g. trusts and other mechanisms to contribute to the goal of localizing ownership in the energy sector.
Scatec	**Scatec Ukraine - €101,500 Development Contribution Grant** Scatec Ukraine is a 54 MWp photovoltaic solar power project south of Kyiv and existing client of FMO (AEF). In 2024 AEF assisted with the development and implementation of a training program for women in Ukraine (see above). This capacity development project is designed to address the critical shortage of electro-technical specialists in Ukraine's energy sector due to the ongoing war. It supports gender equality, ensures business continuity, and addresses critical workforce shortages in Ukraine's energy sector.

LIST OF ABBREVIATIONS

AC	Amortized Cost
AEF	Access to Energy Fund
CD	Capacity Development
CIO	Climate Investor One
CIP	Clearance in Principle
DFCD	Dutch Fund for Climate and Development
DFI	Development Finance Institution
DGIS	Directorate-General for International Cooperation
ECL	Expected Credit Loss
ESG	Environmental, Social and Governance
E&S	Environmental and Social
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden
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
NPE	Non-Performing Exposure - loans in default
OCI	Other Comprehensive Income
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PD	Probability of Default
PIM	Public Investment Management team within FMO
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

Statement of financial position

At December 31, 2024

	Notes	2024	2023
Assets			
Banks	(1)	2,313	13,119
Short-term deposits		12,931	-
Current account with FMO	(2)	82	31
Loan portfolio	(3)		
- of which: at Amortized cost		42,422	36,004
- of which: at Fair value through profit or loss		11,618	13,889
Equity investments	(4)	45,244	53,085
Investments in associates	(5)	12,900	12,102
Other financial assets at FV		10,939	12,301
Other receivables	(6)	195	575
Total assets		**138,644**	**141,107**
Liabilities			
Accrued liabilities	(7)	530	523
Provisions	(8)	628	662
Other liabilities		13	-
Total liabilities		**1,171**	**1,185**
Fund capital			
Contribution DGIS previous years		150,880	140,880
Contribution DGIS current year		9,100	10,000
Total contribution DGIS	**(9)**	**159,980**	**150,880**
Translation reserve		1,643	803
Other reserves		7,491	7,491
Undistributed results previous years	(9)	-19,252	5,576
Net profit/(loss)		-12,389	-24,828
Total fund capital		**137,473**	**139,922**
Total liabilities and fund capital		**138,644**	**141,107**
Irrevocable facilities	**(15)**	**56,702**	**55,520**
Total subsidy allocated to AEF		210,880	210,900
Total subsidy withdrawn from DGIS for AEF		159,980	150,880
"Subsidy available AEF"		**50,900**	**60,020**

Statement of comprehensive income

At December 31, 2024

	Notes	2024	2023
Income			
Interest income from financial instruments measured at AC		2,734	2,647
Interest income from financial instruments measured at FVPL		1,464	862
Interest expenses from financial instruments measured at AC		-	-
Total net interest income	**(10)**	**4,198**	**3,509**
Fee and commission income	(11)	19	11
Results from equity investments	(12)	-8,774	-7,995
Results from financial transactions	(13)	-420	-11,367
Dividend income		141	-
Other income		3	256
Total income		**-4,833**	**-15,586**
Expenses			
Remuneration FMO		-3,624	-3,471
CD expenses		-711	-
Evaluation expenses		-125	-3
Other operating expenses		-250	-
Total expenses	**(14)**	**-4,710**	**-3,474**
Impairments on			
Loans	(3)	-2,861	-5,821
Commitments		54	-214
Guarantees		9	3
Total impairments		**-2,798**	**-6,032**
Results on associates			
Share in result of associates	(5)	-48	264
Net profit/(loss)		**-12,389**	**-24,828**
Other comprehensive income			
Translation reserve		840	-387
Other comprehensive income		**840**	**-387**
Total comprehensive income		**-11,549**	**-25,215**

Statement of changes in fund capital

At December 31, 2024

	Contributed Fund capital	Translation reserve	Other reserves	Undistributed results previous years	Net profit	Total fund capital
Net 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**
Balance at January 1, 2024	**150,880**	**803**	**7,491**	**5,576**	**-24,828**	**139,922**
Transfer profit/(loss) PY to Undistr. Results PY	-	-	-	-24,828	24,828	-
Contribution DGIS	9,100	-	-	-	-	9,100
Translation reserve	-	840	-	-	-	840
Results current year	-	-	-	-	-12,389	-12,389
Net balance at December 31, 2024	**159,980**	**1,643**	**7,491**	**-19,252**	**-12,389**	**137,473**

Statement of cash flows

At December 31, 2024

	Notes	2024	2023
Cash flow from operating activities			
Inflows			
Interest received on loans		3,050	2,780
Repayments on loans	(3)	5,076	8,177
Sale of loans to FMO	(3)	-	-
Sale and return of equity instruments to parties other than FMO		579	437
Sale of equity instruments to FMO		-	-
Repayments on development contributions		-	462
Dividends and fees received		164	31
Other received amounts		329	386
Outflows			
Disbursements on loans	(3)	-8,830	-9,727
Investments in equity instruments & associates	(4), (5)	-1,517	-12,673
Investments in other assets at fair value		-	-582
Disbursements on development contributions		-535	-136
Management fees FMO		-3,624	-3,471
Other financial assets investment		-1,456	
Other paid amounts		-672	-131
Net cash from operating activities		**-7,436**	**-14,447**
Cash flow from financing activities			
Inflows			
Contribution DGIS current year	(9)	9,100	10,000
Net cash from financing activities		**9,100**	**10,000**
Net change in cash & cash equivalent		**1,664**	**-4,447**
Position of cash at January 1 [1)]		13,150	17,878
Foreign exchange translation		513	-282
Position of cash at end of period [1)]		**15,327**	**13,150**

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 received to date amounts to €160 million and the anticipated end date of the Fund is December 2030. The program is 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.

These 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 or loss;
- A part of the loan portfolio is mandatorily measured at fair value (refer to business model assessment and contractual cash flow assessment in this chapter below).

The material accounting policies adopted are set out below.

Adoption of new standards, interpretations and amendments

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

Issued but not yet adopted standards

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

Significant estimates, assumptions and judgements

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

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

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

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

Foreign currency translation

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

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

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

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.

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

Amortized cost and gross carrying amount

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

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

Financial assets – Classification

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

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

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

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

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

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

All financial assets not classified and measured 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 cash flow assessment

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

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

Initial measurement of financial instruments

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

Reclassification

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

Cash and cash equivalents

Cash and cash equivalents consist of balances with banks, current account maintained with FMO 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 plus 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 Ventures Program is a structured entity and is a co-investment between FMO, the Dutch Government and the European Commission. Following the specific conditions the investment of the State Funds 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 Fund's loss arising in the case of a default at a given time. It is based on the difference between the contractual cash flows due and any future cashflows or collateral that the Fund would expect to receive;
- Z-factor: the Z-factor is a correction factor to adjust the client PDs for current and expected future conditions. The Z-factor adjusts the current PD and PD two years into the future. GDP growth rates per country from the IMF, both current and forecasted, are used as the macro-economic driver to determine where each country is in the business cycle. Client PDs are subsequently adjusted upward or downward based on the country where they are operating.

Macro economic scenarios in PD estimates

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

The three scenarios applied are:

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

ECL measurement Stage 3

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

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

Staging criteria and triggers

Financial instruments classified as low credit risk

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

No material significant increase in credit risk since origination (Stage 1)
All loans which have not had a significant increase in credit risk since contract origination are allocated to Stage 1 with an ECL allowance recognized equal to the expected credit loss over the next 12 months. The interest revenue of these assets is based on the gross amount.

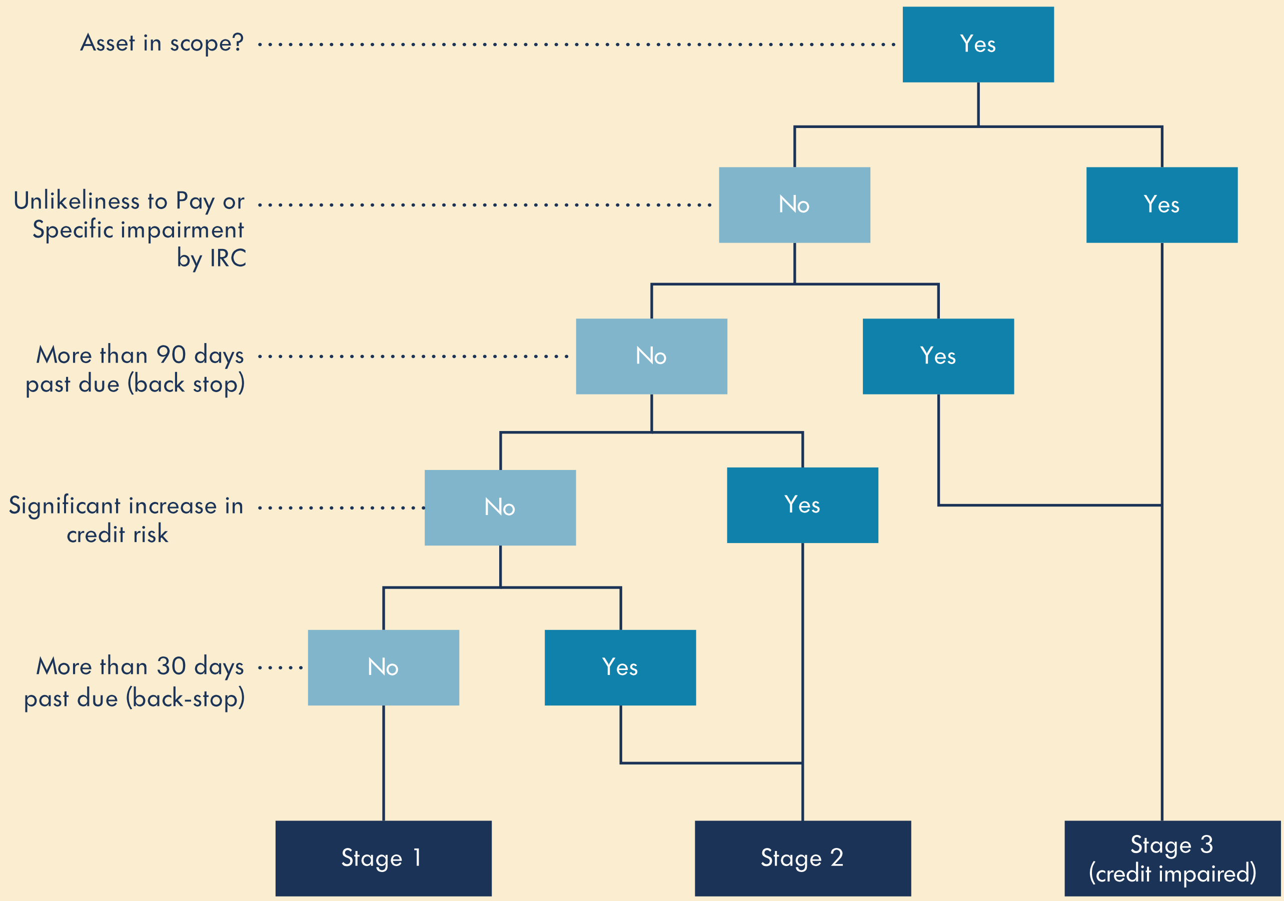
Significant increase in credit risk (Stage 2)
IFRS 9 requires financial assets to be classified in Stage 2 when their credit risk has increased significantly since their initial recognition. For these assets, a loss allowance needs to be recognized based on their lifetime ECLs. The Fund considers whether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

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

Definition of default (Stage 3)
A financial asset is considered as default when any of the following occurs:

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

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



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

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

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

Written-off financial assets

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

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

Modification of financial assets

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

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

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

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

Modification of contractual terms versus forbearance

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

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

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.

Fund Capital

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

Contributed Fund Capital

The contributed capital contains the subsidies provided by the Dutch State to finance 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.

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

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 15.

Notes to the annual accounts

1. Banks

	2024	2023
Banks	2,313	13,119
Balance at December 31	**2,313**	**13,119**

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

2. Current accounts

	2024	2023
Current account with FMO (receivable)	82	31
Balance at December 31	**82**	**31**

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 2024
Balance at January 1	42,950	13,889	56,839
Disbursements	8,830	-	8,830
Loan consolidation	1,166	-1,166	-
Interest capitalization	-	1,447	783
Repayments	-2,846	-2,229	-5,075
Write-offs / disposed	-4,141	-1,438	-5,579
Changes in amortizable fees	18	-	18
Changes in fair value	-	1,015	1,015
Changes in accrued income	122	-610	176
Exchange rate differences	1,926	710	2,636
Balance at December 31	**48,025**	**11,618**	**59,643**
Impairment	-5,603	-	-5,603
Net balance at December 31	**42,422**	**11,618**	**54,040**

	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**

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

	2024					
	Stage 1	**Stage 2**	**Stage 3**	**Fair value**	**Total 2024**	**Total 2023**
Energy	10,940	23,325	8,157	8,226	50,648	46,848
Multi-Sector Fund Investments	-	-	-	3,392	3,392	3,334
Net balance at December 31	**10,940**	**23,325**	**8,157**	**11,618**	**54,040**	**50,182**

	2024					
	Stage 1	**Stage 2**	**Stage 3**	**Fair value**	**Total 2024**	**Total 2023**
Africa	10,940	22,141	7,847	8,815	49,743	46,482
Asia	-	1,184	310	-	1,494	1,515
Latin America & the Carribbean	-	-	-	-	-	-
Europe & Central Asia	-	-	-	-	-	-
Non - region specific	-	-	-	2,804	2,804	2,185
Net balance at December 31	**10,940**	**23,325**	**8,157**	**11,618**	**54,040**	**50,182**

	2024	**2023**
Gross amount of loans to companies in which AEF has equity investments	-	7,649
Gross amount of subordinated loans	20,291	25,037

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 2024	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	Gross amount	**ECL allowance**	**Gross amount**	**ECL allowance**	**Gross amount**	**ECL allowance**	**Gross amount**	**ECL allowance**
At December 31, 2023	10,526	-346	21,186	-2,663	11,238	-3,937	42,950	-6,946
Additions	6,296	-178	2,534	-297	-	-	8,830	-475
Exposures derecognised or matured / lapsed (excluding write-offs and modifications)[1]	-242	2	-473	247	-2,131	6,946	-2,846	7,195
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	35	-	-35	-	-	-	-	-
Transfers to Stage 3	-5,190	-	-	-	5,190	-	-	-
Modifications of financial assets (including derecognition)	-1,417	-	2,583	-	-	-	1,166	-
Changes in risk profile not related to transfers	-	358	-	-208	-	-9,436	-	-9,286
Amounts written off	-	-	-	-	-4,141	4,141	-4,141	4,141
Changes in amortizable fees	-59	-	29	-	48	-	18	-
Changes in accrued income	180	-	151	-	-209	-	122	-
Foreign exchange adjustments	996	-21	301	-30	629	-181	1,926	-232
At December 31, 2024	**11,125**	**-185**	**26,276**	**-2,951**	**10,624**	**-2,467**	**48,025**	**-5,603**

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**

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	2024	2023
Additions / exposure derecognised or matured/lapsed (excluding write - offs)	6,720	75
Changes in risk profile (including changes in accounting estimates)	-9,286	-5,892
Recoveries (written off loans)	361	
Other	-656	-4
Balance at December 31	**-2,861**	**-5,821**

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	2024	2025
Burkina Faso	5.5%	5.8%
Kenya	5.0%	5.0%
Mali	3.8%	4.4%
Uganda	5.9%	7.5%
Senegal	6.0%	9.3%
Pakistan	2.4%	3.2%
India	7.0%	6.5%

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

ECL allowance

December 31, 2024	Total unweighted amount per ECL scenario	Probability	Loan Portfolio	Guarantees	Total
ECL Scenario:					
Upside	5,186	2%	102	2	104
Base case	6,231	50%	3,044	72	3,116
Downside	7,693	48%	3,600	92	3,693
Total	**-**	**100%**	**6,746**	**166**	**6,913**

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**

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

December 31, 2024

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	-2,951	-	-	-2,951
Total	**-2,951**	**-**	**-**	**-2,951**

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**

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, 2024	**53,085**
Purchases and contributions	1,512
Conversion from loans or development contributions	-
Return of Capital	-579
Changes in fair value	-8,774
Other	-
Net balance at December 31, 2024	**45,244**

	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**

The following table summarizes the equity investments segmented by sector:

	2024	2023
Energy	45,244	53,085
Net balance at December 31	45,244	53,085

5. Investments in associates

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

	2024	2023
Net balance at January 1	12,102	12,227
Purchases and contributions	6	-
Reclassification to/ from loans	-	-
Sales	-	-
Share in net results	-48	264
Exchange rate differences	840	-389
Net balance at December 31	**12,900**	**12,102**

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.

	2024	2023
Energy	12,900	12,102
Net balance at December 31	**12,900**	**12,102**

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	12,895	31%	12,895	-	-	-
Scatec Solar Ukraine B.V.	5	40%	-	-	-	-

6. Other receivables

	2024	2023
Fee receivables	195	575
Balance at December 31	**195**	**575**

7. Accrued liabilities

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

	2024	2023
Bank suspense account	-54	117
Accrued costs capacity development	584	406
Balance at December 31	**530**	**523**

8. Provisions

The amounts recognized in the balance sheet are as follows:

	2024	2023
Allowance for guarantees	143	152
Allowance for loan commitments	485	510
Balance at December 31	**628**	**662**

9. Contributed capital and reserves

	2024	2023
Contributed Fund Capital		
Contribution DGIS previous years	150,880	140,880
Contribution DGIS current year	9,100	10,000
Balance at December 31	**159,980**	**150,880**

Undistributed results	**2024**	**2023**
Balance at January 1	-19,252	5,576
Net profit/(loss)	-12,389	-24,828
Balance at December 31	**-31,641**	**-19,252**

10. Net interest income

Interest income

	2024	2023
Interest income related to banks	**136**	**274**
Interest on loans measured at AC	2,598	2,373
Total interest income from financial instruments measured at AC	**2,734**	**2,647**
Interest on loans measured at FVPL	1,278	862
Interest on short-term deposits	**186**	**-**
Total interest income from financial instruments measured at FVPL	**1,464**	**862**
Total interest income	**4,198**	**3,509**

11. Net fee and commission income

	2024	2023
Prepayment fees	-	-
Administration fees	15	20
Other fees (like arrangement, cancellation and waiver fees)	4	-9
Net fee and commission income	**19**	**11**

12. Results from equity investments

	2024	2023
Results from equity investments		
Unrealized results from FX conversions - cost price	3,745	-1,717
Unrealized results from FX conversions - capital results	-1,125	350
Unrealized results from capital results	-11,394	-6,628
Results from Fair value re-measurements	**-8,774**	**-7,995**
Results from sales		
Realized results	-	-
Release unrealized results	-	-
Net results from sales	**-**	**-**
Total results from equity investments	**-8,774**	**-7,995**

13. Results from financial transactions

	2024	2023
Results on sales and valuations of FVPL loans	-424	-4,746
Results on sales and valuations of AC loans	-	-
Foreign exchange results	2,823	-1,904
Other changes [1]	-2,819	-4,717
Total results from financial transactions	**-420**	**-11,367**

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.

	2024	2023
Remuneration FMO	-3,624	-3,471
CD expenses	-711	-
Evaluation expenses	-125	-3
Other operating expenses	-250	-
Total expenses	**-4,710**	**-3,474**

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	**2024**	**2023**
Contractual commitments for disbursements of:		
Loans	39,820	34,427
Development contributions		-
Equity investments and associates	15,092	19,303
Contractual commitments for financial guarantees given	1,790	1,790
Total irrevocable facilities	**56,702**	**55,520**

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

Movement of loans commitments in 2024	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	Nominal amount	**ECL allowance**	**Nominal amount**	**ECL allowance**	**Nominal amount**	**ECL allowance**	**Nominal amount**	**ECL allowance**
At January 1, 2024	27,746	-317	2,637	-193	800	-	31,183	-510
Additions	19,827	-229	3,927	-	7,396	-	31,150	-229
Exposures derecognised or matured (excluding write-offs)	-9,786	103	-10,257	187	-8,196	-	-28,239	290
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-3,617	55	3,617	-55	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-68	-	60	-	-	-	-8
Amounts written off	-	-	-	-	-	-	-	-
Foreign exchange adjustments	2,470	-29	76	1	-	-	2,546	-28
At December 31, 2024	**36,640**	**-485**	**-**	**-**	**-**	**-**	**36,640**	**-485**

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**

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, 2024	FVPL - mandatory	Amortized cost	Total
Financial assets measured at fair value			
Short-term deposits	12,931	-	12,931
Loan portfolio	11,618	-	11,618
Equity investments	45,244	-	45,244
Other financial assets at FV	10,939	-	10,939
Total	**80,732**	**-**	**80,732**
Financial assets not measured at fair value			
Banks	-	2,313	2,313
Loan portfolio	-	42,422	42,422
Current accounts	-	82	82
Other receivables	-	195	195
Total	**-**	**45,012**	**45,012**
Financial liabilities not measured at fair value			
Provisions	-	628	628
Accrued liabilities	-	530	530
Other liabilities	-	13	13
Total	**-**	**1,171**	**1,171**

December 31, 2023	FVPL - mandatory	Amortized cost	Total
Financial assets measured at fair value			
Short-term deposits	-	-	-
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			**0**
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
Other liabilities	-	-	-
Total	**-**	**1,185**	**1,185**

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.

	2024		2023	
At December 31	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Banks	2,313	2,313	13,119	13,119
Loan portfolio	42,422	38,827	36,004	33,841
Total non fair value financial assets	**44,735**	**41,140**	**49,123**	**46,960**

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

December 31, 2024	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Short-term deposits mandatory at FVPL	12,931			12,931
Loans portfolio			11,618	11,618
Equity investments			45,244	45,244
Other financial assets at FV [1]			**10,939**	**10,939**
Total financial assets at fair value	**12,931**	**-**	**67,801**	**80,732**

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

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**

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, 2024	13,889	53,085	66,974
Total gains or losses			-
-In profit and loss (changes In fair value)	1,015	-11,395	-10,380
Purchases/disbursements		1,511	1,511
Conversion from loan to development contributions	-		-
Sales/repayments	-2,229	-579	-2,808
Interest Capitalization	783	-	783
Write-offs	-1,438	-	-1,438
Accrued income	54	-	54
Exchange rate differences	710	2,622	3,332
Other	-1,166	-	-1,166
Balance at December 31, 2024	**11,618**	**45,244**	**56,862**

	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**

Type of debt investment	Fair value at December 31, 2024	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Loans	6,789	Discounted cash flow model	Based on client spread	A decrease/increase of the used spreads with 1% will result is a higher/lower fair value of approx €0.1m.
	-	ECL measurement	Based on client rating	not applicable
	4,829	Credit impairment	n/a	n/a
Debt Funds	-	Net Asset Value	n/a	n/a
Total	**11,618**			

Type of equity investment	Fair value at December 31, 2024	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity based on the significant unobservable inputs
Private equity fund investments	8,089	Net Asset Value	n/a	n/a
Private equity direct investments	1,208	Recent transactions	Based on at arm's length recent transactions	n/a
	11,169	Book multiples	1.0 – 1.0	A decrease/increase of the book multiple with 10% will result in a lower/higher fair value of €1 million.
	1,680	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.
	21,309	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.
	1,789	**Firm offers**	**Based on offers received from external parties**	**n/a**
Total	**45,244**			

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 contributor to AEF, providing funding upon FMO's request (2024: €9.1 million; 2023: €10.0 million).

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

The Dutch development bank FMO supports sustainable private sector growth in developing and emerging markets by leveraging its expertise in agribusiness, food & water, energy, financial institutions and Dutch business focus areas to invest in impactful businesses. FMO is a public-private partnership, with 51% of FMO's shares held by the Dutch State and 49% held by commercial banks, trade unions and other members of the private sector. FMO has a triple A rating from both Fitch and Standard & Poor's. FMO has been entrusted by the Dutch Government to execute the mandates of several programmes such as MASSIF, Building Prospects, Access to Energy and the Land Use Facility of the Dutch Fund for Climate and Development (DFCD). These are under FMO's direct management.

The execution of CIO-AEF-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 €3.6 million in 2024 (2023: €3.5 million).

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.

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. The Fund's is based on a 100% contribution from the Dutch government. Total contribution to AEF from the Dutch government is €160.0 million on 31 December 2024 (31 December 2023: €150.9 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 2024 (2023: €139.9 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 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 €121.7 million at year-end 2024 (2023: €113.0 million).

Maximum exposure to credit risk

	2024	2023
On balance		
Banks	2,313	13,119
Short-term deposits	12,931	
Loans to the private sector		
- of which: Amortized cost	48,720	43,637
- of which: Fair value through profit or loss	16,512	19,426
Current account with FMO	82	31
Other receivables	195	575
Total on-balance	**80,753**	**76,788**
Off-balance		
Irrevocable facilities	41,610	36,217
Total off-balance	**41,610**	**36,217**
Total credit risk exposure	**122,363**	**113,005**

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.

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

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

Credit quality analysis

In addition to on balance loans, irrevocable facilities (off-balance) represent commitments to extend finance to 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, 2024 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Fair Value	Total
F1-F10 (BBB- and higher)	-	-	-	625	625
F11-F13 (BB-,BB,BB+)	-	-	-	-	-
F14-F16 (B-,B,B+)	11,449	1,331	-	4,118	16,898
F17 and lower (CCC+ and lower)	-	25,244	10,595	11,769	47,607
Sub-total	**11,449**	**26,575**	**10,595**	**16,512**	**65,131**
Less: amortizable fees	-324	-299	-73	-	-695
Less: ECL allowance	-185	-2,951	-2,365	-	-5,501
Less: Fair value adjustments	-	-	-	-4,894	-4,894
Carrying value	**10,940**	**23,325**	**8,157**	**11,618**	**54,040**

Loan commitments at December 31, 2024 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Other 1)	Total
F1-F10 (BBB- and higher)	-	-	-	-	-
F11-F13 (BB-,BB,BB+)	-	-	-	-	-
F14-F16 (B-,B,B+)	29,877	-	-	3,180	33,057
F17 and lower (CCC+ and lower)	6,763	-	-	-	6,763
Sub-total	**36,640**	**-**	**-**	**3,180**	**39,820**
Less: ECL allowance	-485	-	-	-	-485
Carrying value	**36,155**	**-**	**-**	**3,180**	**39,335**

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**

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.

NPE is applied at customer level.

Unlikely to pay triggers - specific impairment
(Stage 3)

OR

More than 90 days past due but not impaired
(Stage 3)

OR

Economically performing loans but in probation period due to Regulatory Standards: Initially forborne impaired, but at reporting period not impaired
(Stage 3)

=

Non-Performing exposures

The Fund's NPE ratio increased from 23.7% (2023) to 27.9% (2024).

Loans past due and impairments 2024

	Stage 1	Stage 2	Stage 3	Fair value	Total
Loans not past due	9,250	29,604	4,161	16,512	59,527
Loans past due:					
-Past due up to 30 days	2,199	-3,030	-	-	-831
-Past due 30-60 days	-	-	-	-	-
-Past due 60-90 days	-	-	-	-	-
-Past due more than 90 days	-	-	6,536	-	6,536
Subtotal	**11,449**	**26,574**	**10,697**	**16,512**	**65,232**
Less: amortizable fees	-324	-299	-73	-	-695
Less: ECL allowance	-185	-2,951	-2,467	-	-5,603
Less: fair value adjustments	-	-	-	-4,894	-4,894
Carrying value	**10,940**	**23,324**	**8,157**	**11,618**	**54,040**

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**

1 Gross outstanding + accrued interest

Stage 3 loans - ECL distributed by regions and sectors

At December 31, 2024	Energy	Total
Africa	2,322	2,322
Asia	42	42
Europe & Central Asia	103	103
Total	**2,467**	**2,467**

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**

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 2024, there were three write-offs for a total amount of €5.6 million (2023: €13.0 million).

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

2024	Loans to the private sector (Amortised Cost)	Loans to the private sector (Fair value)	*Total*
Performing	38,023	8,478	46,501
of which: performing but past due > 30 days and <=90 days	-	-	-
of which: performing forborne	694	-	694
Non Performing	10,697	7,279	17,976
of which: non performing forborne	4,148	2,127	6,275
of which: impaired	3,795	-	3,795
Gross exposure	48,720	16,511	65,231
Less: amortizable fees	-695	-	-695
Less: ECL allowance	-5,603	-	-5,603
Less: fair value adjustments	-	-4,893	-4,893
Carrying amount at December 31	**42,422**	**11,618**	**54,040**

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**

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 5 to 10 years. The fund can accommodate an increase in the average holding period of its equity investments and wait for markets to improve before pursuing an exit. The equity investment portfolio consists of direct investments, largely in the financial institutions and energy sectors, co-investments with aligned partners (mainly in cooperation with funds), and indirect investments in private equity funds. Equity investments are approved by the Investment Committee. In close cooperation with the Credit and Finance departments, the Private Equity department assesses the valuation of equity investments on a periodic basis, which are approved by the FRC. Diversification across geographical area, sector, and equity type across the total portfolio is evaluated before new investments are made. Based on this performance and the market circumstances, direct exits are pursued by involving intermediaries. In the case of co-investments, our fund managers initiate the exit process as they are in the lead. Exits are challenging due to the limited availability of liquidity in some markets and the absence of well-developed stock markets. The total outstanding equity portfolio including associates on December 31, 2024, amounts to €58.1 million (2023: €65.2 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

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

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

Country, regional and sector exposures

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

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

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

Overview country ratings

Indicative external rating equivalent 2024	AEF (%)	FMO-A (%)
F9 and higher (BBB and higher ratings)	0.9	4.6
F10 (BBB-)	0.6	8.8
F11 (BB+)	0.0	3.8
F12 (BB)	0.0	11.9
F13 (BB-)	0.0	23.2
F14 (B+)	3.8	9.2
F15 (B)	4.3	10.9
F16 (B-)	43.9	16.4
F17 and lower (CCC+ and lower ratings)	46.5	11.2
Total	**100.0**	**100.0**

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**

Gross exposure of loan portfolio distributed by region and sector

	Energy	Multi-Sector Fund Investment	Total
At December 31, 2024			
Africa	54,501	3,735	58,236
Asia	1,684	-	1,684
Latin America & the Caribbean		-	-
Europe & Central Asia	114	-	114
Non-region specific	5,198	-	5,198
Total	**61,497**	**3,735**	**65,232**
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**

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.

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

Risk appetite and governance

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

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

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

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

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

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

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

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

Exposures

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

Interest re-pricing characteristics

December 31, 2024	<3 months	3-12 months	1-5 years	>5 years	Non-interest-bearing	Total
Assets						
Banks	2,313	-	-	-	-	2,313
Short-term deposits	12,931	-	-	-	-	12,931
Current account with FMO	-	-	-	-	82	82
Loans to the private sector						-
-of which: Amortized cost	6,677	2,145	4,061	29,539	-	42,422
-of which: Fair value through profit or loss	1,557	6,664	3,397	-	-	11,618
Equity investments	-	-	-	-	45,244	45,244
Investments in associates	-	-	-	-	12,900	12,900
Other financial assets at FV	-	-	-	-	10,939	10,939
Other receivables	-	-	-	-	195	195
Total assets	**23,477**	**8,809**	**7,458**	**29,539**	**69,360**	**138,644**
Liabilities and Fund capital						
Accrued liabilities	-	-	-	-	530	530
Provisions	-	-	-	-	628	628
Other liabilities	-	-	-	-	13	13
Fund Capital	-	-	-	-	137,473	137,473
Total liabilities and Fund capital	**-**	**-**	**-**	**-**	**138,644**	**138,644**
Interest sensitivity gap 2024	**23,477**	**8,809**	**7,458**	**29,539**	**-69,284**	

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	-	-	-	-	575	576
Total assets	**17,890**	**1,853**	**15,401**	**27,868**	**78,094**	**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**	**-**

Currency risk

Definition

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

Risk appetite and governance

The Fund offers debt, equity and guarantee instruments in denominated in USD, EUR and 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 2024. The table below illustrates that the currency risk sensitivity gap per December 2024 is almost completely part of fund's equity investments and investments in associates.

Currency risk exposure (at carrying values)

December 31, 2024	EUR	USD	KES	Total
Assets				
Banks	2,372	-59	-	2,313
Short-term deposits	10,026	2,905	-	12,931
Current account with FMO	82	-	-	82
Loans to the private sector				-
-of which: Amortized cost	28,262	8,603	5,557	42,422
-of which: Fair value through profit or loss	1,557	10,061	-	11,618
Equity investments	9,924	35,320	-	45,244
Investments in associates	5	12,895	-	12,900
Other financial assets at FV	10,470	469	-	10,939
Other receivables	45	149	1	195
Total assets	**62,743**	**70,343**	**5,558**	**138,644**
Liabilities and Fund capital				-
Accrued liabilities	530	-	-	530
Provisions	628	-	-	628
Other liabilities	13	-	-	13
Fund Capital	137,473	-	-	137,473
Total liabilities and Fund capital	**138,644**	**-**	**-**	**138,644**
Currency sensitivity gap 2024		**70,343**	**5,558**	
Currency sensitivity gap 2024 excluding equity investments and investments in associates		**22,128**	**5,558**	

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	-	-	575
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**	**-**	**-**	**-1**	**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**		

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

	December 31, 2024	
Change of value relative to the euro	**Sensitivity of profit & loss account**	**Sensitivity of fund capital**
USD value increase of 10%	7,034	-
USD value decrease of 10%	-7,034	-
KES value increase of 10%	556	
KES value decrease of 10%	-556	

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	

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.

Strategic Risk

Environmental, social and governance risk

Definition

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

Risk appetite and governance

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

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

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

Non-financial risk

Operational risk

Definition

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

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

Risk appetite and governance

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

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

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

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

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

Financial economic crime risk

Definition

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

Risk appetite and governance

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

Financial economic crime framework

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

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

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

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

Regulatory compliance risk

Definition

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

Risk appetite and governance

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

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

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

Independent auditor's report

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

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

Our opinion

We have audited the accompanying financial statements for the financial year ended 31 December 2024 of Access to Energy Fund I (hereinafter: AEF-I or The Fund), based in The Hague.

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

The financial statements comprise:

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

Basis for our opinion

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

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

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

Report on other information included in the annual report

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

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

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

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

Management is responsible for the preparation of the other information.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

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

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

Our responsibilities for the audit of the financial statements

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

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

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

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

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

Communication

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

Amsterdam, 25 April 2025

EY Accountants B.V.

signed by P.J.A.J. Nijssen

Colophon

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

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FMO's photo library / Scatec Ukraine

Design
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Production
F19 Digital Reporting, www.f19digitalreporting.com


scatec
scatec