

A photograph of an orangutan with reddish-brown fur clinging to a tree trunk in a lush green forest. The orangutan is looking towards the right of the frame. The background is filled with vibrant green leaves, some in sharp focus and others blurred.

FMO

Entrepreneurial
Development
Bank

Mobilising Finance for Forests

Annual Report 2025



UK Government



Government of the Netherlands

FMO manages the Mobilising Finance for Forests (MFF) programme on behalf of the UK Government (DESNZ, Department for Energy Security and Net Zero) and the Government of the Kingdom of the Netherlands. MFF was established in 2021 by the UK Government and FMO. As of December 31, 2025, the UK Government has committed £200 million to MFF. The Netherlands' Ministry of Foreign Affairs joined MFF as a second funder in 2024 with a \$33.5 million contribution.

The front and back photos are from MFF's investee Terrasos in Colombia. Terrasos structures and operates environmental investments focusing on the Colombian compliance market for biodiversity offsets.

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**The Mobilising Finance for
Forests programme
unlocks private
investments into the
forestry and sustainable
land use sectors to protect
forests and combat
climate change.**

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LETTER FROM THE MANAGEMENT BOARD

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

The strengths of partnerships

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

In parallel, FMO's MASSIF Market Creation Pilot (MASSIF-MCP), supported by the Dutch Ministry of Foreign Affairs, addressed upstream constraints in fragile and underserved markets by strengthening market ecosystems, enhancing investment readiness, and developing investable pipelines in sectors critical to inclusive and sustainable growth. Through catalytic early-stage support, MASSIF-MCP broadened FMO's ability to support Micro, Small and Medium Enterprises (MSMEs) and emerging sectors requiring early and targeted intervention.

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

For MFF, 2025 marked the first full year in which both the UK Government and the Dutch Ministry of Foreign Affairs were invested in the program, making it a pivotal year for putting the multi-funding partner structure into practice. Significant progress was made in aligning expectations, governance, and operational processes across the two partners. Together, these efforts strengthened the program and laid a solid foundation for welcoming additional funding partners in the future.

Looking ahead

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

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



The Hague, 31 March 2026

On behalf of the Management Board:

Franca Vossen, Chief Risk Officer

Huib-Jan de Ruijter, Co-Chief Investment Officer

Michael Jongeneel, Chief Executive Officer, Chief Finance & Operations Officer a.i.



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AT A GLANCE

The Mobilising Finance for Forests programme officially launched in February 2021. It is funded with a £200 million commitment from the UK government. The Netherlands' Ministry of Foreign Affairs joined MFF as a second funder in 2024 with a \$33.5 million commitment. FMO was selected as the delivery partner, and with blended finance, will mobilize private capital to combat deforestation and other environmentally unsustainable land use practices that are contributing to global climate change. By deploying direct and indirect investments, the programme aims to create value from standing forests and from innovative business models that incorporate forest protection and restoration.

The figures below provide a glance at the achievements of the programme. The total hectares of forest under management, farmland under sustainable management and jobs supported are achievements reported by the companies and funds within the MFF portfolio. The figures shown below are total figures for these funds and companies, unattributed to the size of MFF's investment.

Achievements portfolio as per 31-12-2025

Total committed portfolio

\$107.53mln



10

Total Investments



4

Fund Investments



1

Direct Investments



5

Development Contributions



\$500+mln

Private Funding Mobilized



2,682,623

Ha Forest under management



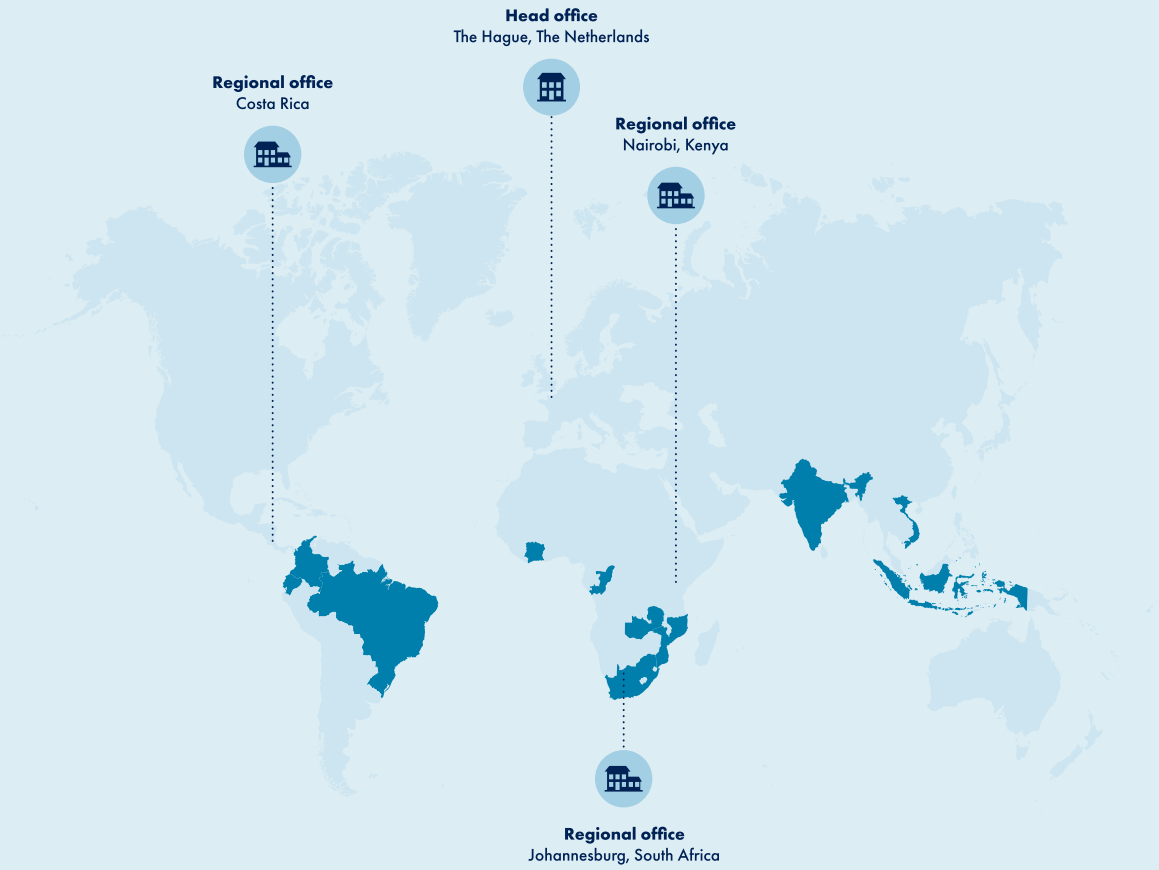
265,478

Farmland under sustainable management



41,539

Direct Jobs



1 Countries where MFF investees are active or where TA has been provided.

PERFORMANCE ON OUR STRATEGY

Highlights

Mobilising Finance for Forests (MFF) continued to make significant progress in 2025 toward its mandate of protecting and restoring tropical forests through the mobilization of private sector investments. Established by FMO and the UK Government in 2021, and strengthened in 2024 by the entry of the Netherlands' Ministry of Foreign Affairs as a second funding partner, the programme is reaching a new level of maturity.

Throughout 2025, MFF focused on developing new pipeline for future years, reinforcing the operational foundations of its multi-funding partner model, and deepening its role as a knowledge leader in the forests and sustainable land use sector. These efforts unfolded against the backdrop of COP30 in Brazil, where global attention centered on the Amazon and the need for urgent action to address deforestation and land degradation.

During the year, two new investments were approved and signed which contributed to MFF surpassing \$100 million deployed to date, a significant milestone in the programme's scaling trajectory.

- The first was EcoEnterprises Fund IV, a women-led, nature positive impact investment fund operating across Latin America and the Caribbean. The fund supports biodiversity enhancing enterprises across sustainable agriculture, regenerative land management, ecotourism, and circular bioeconomy value chains.
- The second new investment was into the Responsible Commodities Facility (RCF), a high-profile initiative supporting deforestation and conversion free soy production in Brazil. MFF provided a \$10 million contribution to the junior tranche of the facility, which enabled the mobilization of roughly \$50 million in additional capital from partners, including UK supermarkets.

Alongside these investments, MFF expanded its portfolio of Development Contributions by supporting CrossBoundary in the establishment of its Fund for Nature. This contribution will enable essential early stage fund development, pipeline preparation, and structuring work of the new blended finance vehicle.

As MFF's activities expanded, 2025 was also an important year for operationalizing the multi-funding partner structure introduced in 2024. Meaningful steps were taken to align expectations, governance, and operational processes across the two funding partners. These efforts collectively strengthened the programme, and prepared the foundation for additional funding partners to join in the future.

Beyond investments, MFF continued to influence the broader forests and sustainable land use sector through its Learning, Convening, and Influencing Platform (LCIP). In 2025, MFF advanced its position as a thought leader by delivering knowledge products such as the [MFF Blueprint](#) and publishing [Investing in Deforestation-Free Supply Chains as a Strategic Imperative](#), a white paper that provided practical guidance on forest-positive commodity sourcing models. MFF expanded its ESG capacity building work, with a full-day technical session targeted at DFIs, drawing on the widely used ESG Guide for Forestry Investments and contributing to stronger environmental and social practices across the sector. MFF also hosted two events for investors on 'financing green / greening finance' in Sao Paulo ahead of COP30. The program further enhanced its engagement with institutional investors through its newly initiated collaboration with Pensions for Purpose, laying the groundwork for deeper mobilization efforts with this group in the coming years.

Looking ahead to 2026, MFF will continue to build on the strong foundations established in 2025, with a particular emphasis on accelerating deployment and mobilization. Through its existing investments, MFF has already mobilized over \$500 million in private capital. Strengthening relationships with institutional investors will remain central to continue this effort, building on the momentum established through engagements with Pensions for Purpose and other market actors.

With a strongly aligned funding partner base, a maturing pipeline, and growing international recognition of the role forests and biodiversity play in meeting global climate commitments, MFF enters 2026 well positioned to scale its impact. The programme remains committed to demonstrating that mobilizing private capital into investments that are positive for forests and biodiversity is both viable and essential for achieving long-term environmental and development outcomes.

Production

EcoEnterprises Fund IV – \$15 million equity investment



EcoEnterprises Fund

EcoEnterprises (“EcoE”, the “Fund Manager” or “FM”) is a women-led fund manager with a 20+ year track record of building investment portfolios with a focus on critical natural ecosystems in Latin America and the Caribbean. EcoEnterprises Partners IV L.P. is a private equity Fund that is targeting a fund size of \$150 million. The Fund will pursue equity and mezzanine debt growth capital opportunities in 15-20 impact-driven and nature-based Small- and Medium-sized Enterprises (SMEs). With this fund participation, MFF will continue supporting a Fund Manager investing in future-proof companies that work on nature-based solutions and sustainable agricultural production. The sector has grown and is at a point of inflection where EcoEnterprises Partners IV will be able to invest slightly larger ticket sizes to more mature companies, promising increasing impact and financial returns.

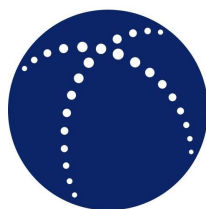
Responsible Commodities Facility - \$10 million debt investment



Responsible Commodities Facility

The Responsible Commodities Facility (“RCF”) promotes the production of deforestation- and conversion-free soy in Brazil’s Cerrado biome by providing lower-interest credit lines as a financial incentive to farmers who commit to zero deforestation (legal and illegal) and conversion of native vegetation. This financial incentive is provided through short-term crop financing for a one-year working capital loan, so farmers can buy inputs during the pre-harvesting season and repay the debt at the end of the season. Provided farmers continue to comply with the environmental conditions of the loan throughout the year, the loans are renewed, thereby maintaining the incentive. By providing \$10 million in the First Loss Tranche of the fund, MFF plays an important catalytic role by enhancing credibility and providing much-needed risk capital to further scale the program and attract additional investors.

CrossBoundary Fund for Nature - \$0.85 million development contribution



CrossBoundary LLC (“CB”) is setting up a new fund, the Fund for Nature (“FFN”), which will provide early-stage financing into high-impact carbon removal projects and other nature-based solutions in emerging markets, with the objective to invest more than 50% in Sub-Saharan Africa. Nature-based solutions are essential infrastructure that support human well-being and life on Earth. They play a critical role in enhancing food security, improving clean water availability, providing resilience to adverse weather events, preserving culture and connection, and mitigating climate change. The repayable development contribution provided by MFF will enable essential early-stage fund development, pipeline preparation, and structuring work of the new blended finance vehicle.



Financial Statements

Statement of financial position

At December 31, 2025

	Notes	2025	2024
Assets			
Current account with FMO	(1)	1,769	3,249
Short-term deposits	(2)	110,354	113,418
Loan portfolio	(3)		
- of which: at amortized cost		2,688	2,611
- of which: at fair value through profit or loss		23,317	22,001
Equity investments	(4)	53,216	21,934
Total assets		191,344	163,213
Liabilities			
Accrued and other liabilities		1,271	3,085
Provisions		6	7
Total liabilities		1,277	3,092
Fund capital			
Contribution DESNZ previous years		178,579	129,100
Contribution DESNZ current year		4,436	49,479
Contribution DGIS current year		20,729	-
Total contribution Funding Partners	(5)	203,744	178,579
Undistributed results previous years		-18,458	-15,118
Net profit/(loss)		4,781	-3,340
Total capital		190,067	160,121
Total liabilities and capital		191,344	163,213



Statement of comprehensive income

At December 31, 2025

	Notes	2025	2024
Income			
Interest income calculated using the effective interest method		348	341
Other interest income		5,558	7,321
Net interest income	(7)	5,906	7,662
Fee and commission income		905	142
Results from equity investments		2,171	-755
Results from financial transactions		1,316	-4,205
Total income		10,298	2,844
Expenses			
Management fees FMO		-3,993	-3,021
Capacity Development expenses		-1,406	-2,809
Evaluation expenses		-195	-127
Total expenses		-5,594	-5,957
Impairment charges on financial assets and loan commitments	(8)	77	-227
Net profit/(loss)		4,781	-3,340
Total comprehensive income/(loss)		4,781	-3,340



Statement of changes in fund capital

At December 31, 2025

	Contributed fund capital	Undistributed results previous years	Net profit/(loss)	Total fund capital
Balance at January 1, 2024	129,100	-9,977	-5,141	113,982
Transfer profit/(loss) PY to Undistr. Results PY	-	-5,141	5,141	-
Contribution DESNZ	49,479	-	-	49,479
Results current year	-	-	-3,340	-3,340
Net balance at December 31, 2024	178,579	-15,118	-3,340	160,121
Balance at January 1, 2025	178,579	-15,118	-3,340	160,121
Transfer profit/(loss) PY to Undistr. Results PY	-	-3,340	3,340	-
Contribution DESNZ	4,436	-	-	4,436
Contribution DGIS	20,729	-	-	20,729
Results current year	-	-	4,781	4,781
Net balance at December 31, 2025	203,744	-18,458	4,781	190,067



Statement of cash flows

At December 31, 2025

	Notes	2025	2024
Cash flow from operating activities			
Inflows			
Interest received on loans		764	719
Interest received on short term deposits		5,141	6,930
Sales and returns of equity instruments	(4)	4,595	1,566
Dividends and fees received		1,046	142
Outflows			
Disbursements on loans	(3)	-	-500
Disbursements on Capacity Development expenses		-3,220	-3,164
Investments in equity instruments	(4)	-33,706	-24,255
Management fees FMO		-3,993	-3,021
Other paid amounts		-336	-127
Net cash flow from operating activities		-29,709	-21,710
Cash flow from financing activities			
Inflows			
Contribution DESNZ current year	(5)	4,436	49,479
Contribution DGIS current year	(5)	20,729	-
Net cash flow from financing activities		25,165	49,479
Net change in cash & cash equivalent		-4,544	27,769
Position at January 1 ¹⁾		116,667	88,898
Position at December 31 ¹⁾		112,123	116,667

1 Cash includes current account with FMO.

Summary of material accounting policies

General information

Mobilising Finance for Forests (MFF), the programme, was established by the UK Government in 2021 to support the combat against deforestation and environmentally unsuitable land use practices. FMO executes the programme at the risk and expense of the UK government. In 2024 the Dutch Government joined as a second funding partner. The objective of this programme aligns with the policy priorities of the Ministry of Foreign Affairs of the Netherlands. The total contribution received to date amounts to \$204 million. The programme's initiation date was 15 February 2021, and the duration is for 17 years. There is an option to extend the lifetime of the programme. This could either be decided when an additional public funding partner joins the programme or in case there is a mutual agreement with the existing funding partners to extend the programme.

Basis of preparation

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

The financial statements are prepared under the historical cost convention, except for:

- Equity investments and short-term deposits that are mandatorily measured at fair value.
- 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, presentation of financial statements, interpretations and amendments

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

Issued but not yet adopted standards

MFF has assessed recently completed amendment and standard development projects expected to be effective from 1 January 2026. Most of these amendments and new standards are not applicable to MFF, and the impact of the relevant amendments and standards are summarised below.

IFRS 18 Presentation and Disclosures in Financial Statements

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

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

The assessment indicates that the impact on MFF is limited to clearly identifying and disclosing the new subtotal and the newly applicable operating and income tax categories in the statement of profit or loss. The cash flow statement is prepared using the direct method, no MPMs are presented in these special-purpose financial statements, and the current level of aggregation and disaggregation is appropriate under the enhanced guidance.

Significant estimates, assumptions and judgements

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

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

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

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

Foreign currency translation

The Programme's financial statements are stated in US Dollar(US\$), which is the presentation and functional currency. All amounts are denominated in thousands of US\$ unless stated otherwise. In accordance with IAS 21, foreign currency transactions are translated to US\$ 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.

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 for 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 amortised cost 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 P&L (FVPL) or fair value through other comprehensive income (FVOCI).

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

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

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not measured 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 measured at AC or FVOCI as described above are measured at FVPL. In addition, on initial recognition the programme 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 programme 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 the management of the programme;
- 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 programme stated objective for managing the financial assets is achieved and how cash flows are realized.

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

Contractual cashflow assessment

For the purpose of the contractual cash flow assessment, related to solely payments of principal and interest (SPPI), 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the programme 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 programme 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 Programme'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 Programme accounts for the Day 1 profit or loss.

Reclassification

Financial assets can be only reclassified after initial recognition in very infrequent instances. This happens if the business model for managing financial assets has changed and this change is significant to the Programme's operations.

Cash and cash equivalents

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

Loans

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

Loans on the statement of financial position of the programme majorly include 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.

- 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, net of 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 Programme include equity investments are measured at FVPL. The Programme 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 mandatorily at fair value with changes recognized immediately in the statement of profit or loss.

Financial assets – Impairment

The programme 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

The programme 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 – Credit-impaired loans: a lifetime expected credit loss is recognized for these loans. In addition, in Stage 3, interest income is accrued on the AC of the loan net of allowances;

ECL measurement

The programme'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 programme uses a scorecard model based on quantitative and qualitative indicators to 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 programme'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 programme would expect to receive;
- Z-factor: the Z-factor is a correction factor to adjust the client PDs for current and expected future conditions. The Z-factor adjusts the current PD and PD two years into the future. GDP growth rates per country from the IMF, both current and forecasted, are used as the macro-economic driver to determine where each country is in the business cycle. Client PDs are subsequently adjusted upward or downward based on the country where they are operating.

Macro economic scenarios in PD estimates

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

The three scenarios applied are:

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

ECL measurement Stage 3

The calculation of the expected loss for Stage 3 is different when compared to the Stage 1 and Stage 2 calculation. Reason for this is that loan-specific impairments provide a better estimate for Stage 3 loans in the programme'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 from "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 programme considers all financial instruments with an investment grade rating (BBB- or better on the S&P scale or F10 or better on programme'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 programme 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:

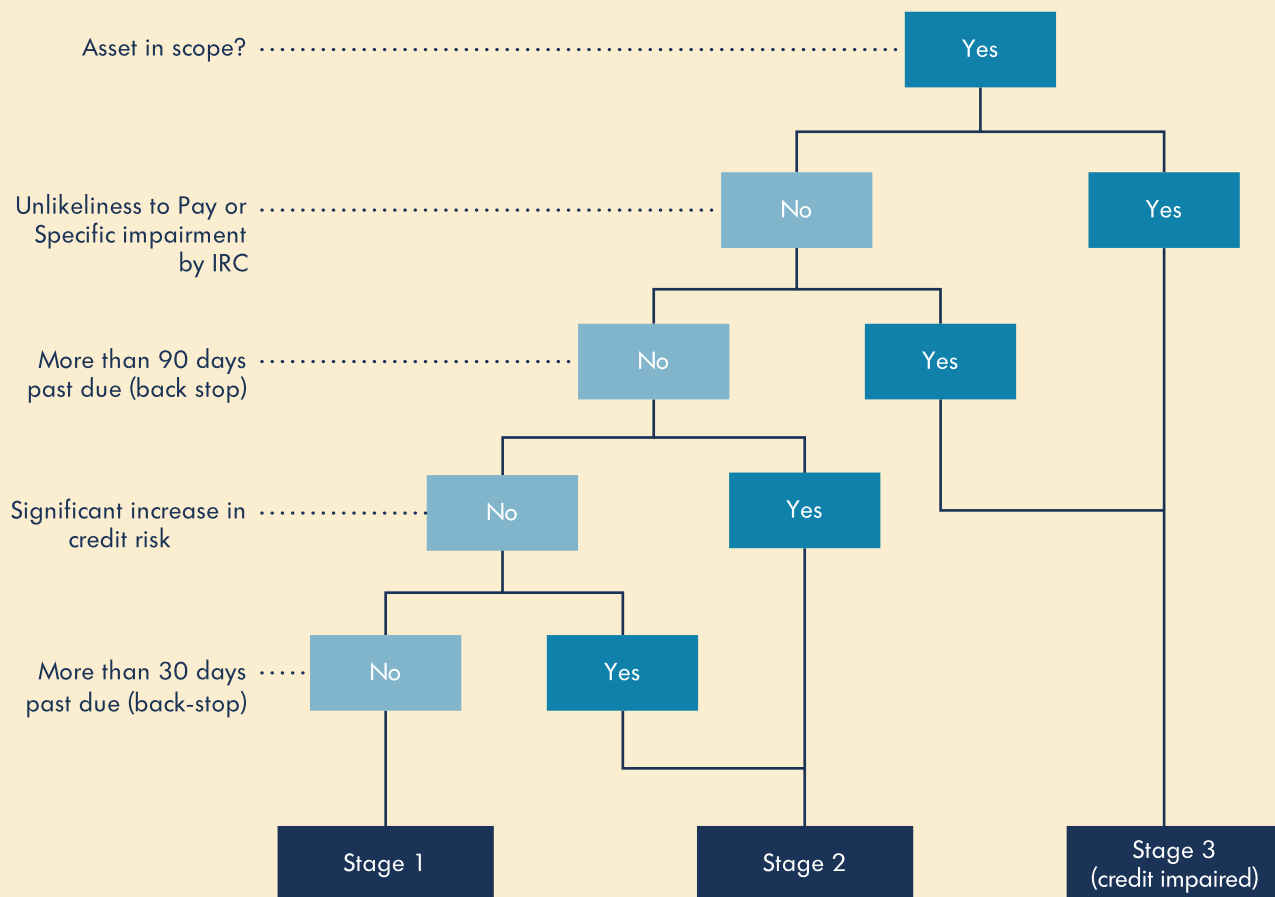
- The fact that an early warning signal has triggered financial difficulty following a transfer to the watchlist;
- The fact that the financial asset is 30 days past due or more on any material obligation to the programme, including fees and excluding on charge expenses (unless reasonable information 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 programme, including fees (excluding on-charged expenses);
- The programme judges that the client is unlikely to pay its credit obligation to the programme 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 programme.



Reversed staging

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

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

Climate and environmental (C&E) risk impact assessment

The programme 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 programme 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 programme'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 programme, the programme 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 programme's current rating model.

Written-off financial assets

A write-off is made when a claim is deemed non-collectible, when the programme 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 programme. 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 statement of profit or loss under 'Impairments'.

Modification of financial assets

The Programme 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 programme enters into arrangements with clients, which implies modifications to existing contractual cash flows or terms and conditions. Such arrangements are usually initiated by the programme 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 programme will evaluate whether the modification event leads to a derecognition of the asset or to a modification accounting treatment. Generally, loans that are sold to a third party or are written off lead to a derecognition. When existing debt is converted into equity, a derecognition of the debt will occur and be recognized again on the statement of financial position as equity. For modifications in interest percentages or tenor changes of existing amortized cost loans do not pass the SPPI test, the loan will also be derecognised and will be recognised as new loans on the programme'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 programme 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. However, when the NPV of the original loan is substantially different than the NPV of the modified loan, the original loan is derecognized and rerecognized on the statement of financial position. The gain or loss following from the derecognition is recognized in line item 'gains and losses due to derecognition'. The programme 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 cashflows or modification 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 programme, 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 programme, generally modifications will follow from financial difficulties of the borrower and will be classified as forborne assets.

Derecognition of financial assets and financial liabilities

Derecognition of financial assets

Derecognition due to substantial modification of terms and conditions

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

Derecognition other than for substantial modification

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

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

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

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

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

A transfer only qualifies for derecognition if either:

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

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

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

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

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

Derecognition of financial liabilities

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

Provisions

Provisions line item include ECL impairments for loan commitments (for ECL methodology, refer to the Impairment section above).

Fund Capital

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

Contributed Capital

The contributed capital contains the subsidies provided by the UK government, and since 2025 the Dutch government, to finance the portfolio of loans and equity investments.

The capital is revolvable when the current value of assets is equivalent or greater than the sum of the capital put into the programme by the funding party.

Undistributed results previous years

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

Net interest income: interest income and expense

Interest income and interest expenses from financial instruments measured at AC are recognized in the statement of profit or loss for all interest-bearing financial instruments on an accrual basis using the 'effective interest' method based on the amortised cost 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 AC of the financial asset. If the financial asset is no longer credit-impaired, the calculation of interest income reverts to the gross basis.

Interest income and interest expenses from financial instruments measured at FVPL reflect fair value gains and losses mainly related to short-term deposits. Moreover, interest income from loans measured at FVPL are also recognized under 'Interest income from financial instruments measured at FVPL'.

Fee and commission income and expense

The Programme 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 statement of profit or loss. 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 programme 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), valuation gains driven by changes in the market. Furthermore, the valuation gains and losses related to loans measured at fair value are recognized in the statement of profit or loss immediately under 'Results from financial transactions'.

Capacity development expenses and contributions

Development contributions to recipients are recognized as an expense in the statement of profit or loss when the programme 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 statement of profit or loss when the programme incurs an irrevocable obligation to disburse the amount.

Taxation

The programme is not subject to income tax in the UK. Further, no corporate tax is calculated in the Netherlands, as the activities are considered not to fall within article 2 paragraph 2 of the Dutch corporate income tax Act. As a result there are not any tax related balances presented in the financial statements.

Statement of cash flows

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

Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Programme 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.

Notes to the financial statements

1. Current account with FMO (asset)

	2025	2024
Cash balances with Banks	2,085	3,561
Balance at December 31	2,085	3,561

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

2. Short-term deposits

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

	2025	2024
Money Market Funds	110,354	113,418
Balance at December 31	110,354	113,418

3. Loan portfolio

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

	Loan portfolio measured at AC	Loan portfolio measured at FVPL	Total 2025
Balance at January 1	2,941	22,001	24,942
Changes in amortizable fees	3	-	3
Changes in fair value	-	1,316	1,316
Changes in accrued income	-2	-	-2
Balance at December 31	2,942	23,317	26,259
Impairment charges	-254	-	-254
Net balance at December 31	2,688	23,317	26,005

	Loan portfolio measured at AC	Loan portfolio measured at FVPL	Total 2024
Balance at January 1	2,426	26,206	28,632
Disbursements	500	-	500
Changes in amortizable fees	3	-	3
Changes in fair value	-	-4,205	-4,205
Changes in accrued income	12	-	12
Balance at December 31	2,941	22,001	24,942
Impairment charges	-330	-	-330
Net balance at December 31	2,611	22,001	24,612

4. Equity investments

The equity investments in developing countries are for the Fund's account and risk. The movement in fair value of the equity are summarized in the following table. Equity investments are measured at FVPL.



Equity measured at FVPL	2025	2024
Balance at January 1	21,934	-
Purchases and contributions	33,706	24,255
Return of Capital	-4,595	-2,321
Changes in fair value	2,171	-
Net balance at December 31	53,216	21,934

Equity portfolio distributed by region and sector	2025	2024
Multi-Sector Fund Investments at December 31		
Latin America & the Caribbean	53,216	21,934
Total	53,216	21,934

The current account which can be freely disposed of.

5. Total capital

	2025	2024
Balance at January 1	178,579	129,100
Contribution DESNZ current year	4,436	49,479
Contribution DGIS current year	20,729	-
Balance at December 31	203,744	178,579

6. Off-Balance Sheet information

To meet the financial needs of borrowers, the programme enters into various irrevocable commitments (loan commitments, equity commitments). Though these obligations are not recognized on the balance sheet, they do result in Credit Risk similar to the loan portfolio. Therefore, provisions are calculated for commitments of AC loans according to the ECL measurement methodology.

Nominal amounts for irrevocable facilities are as follows:

Irrevocable facilities	2025	2024
Contractual commitments for disbursements of:		
Loans	850	850
Equity investments	12,500	19,112
Total irrevocable facilities	13,350	19,962

7. Net interest income

	2025	2024
Interest on loans measured at AC	348	341
Total interest income from financial instruments measured at AC	348	341
Interest on loans measured at FVPL	479	480
Interest on short-term deposits	5,079	6,841
Total interest income from financial instruments measured at FVPL	5,558	7,321
Total interest expenses	-	-
Total net interest income	5,906	7,662

8. Impairment charges on financial assets and loan commitments

	2025	2024
Impairment charges on		
Loans	76	-221
Loan commitments	1	-6
Total impairment charges	77	-227

9. Analysis of financial assets and liabilities by measurement basis

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

December 31, 2025	FVPL - mandatory	Amortized cost	Total
Financial assets measured at fair value			
Short-term deposits	110,354	-	110,354
Loan portfolio	23,317	-	23,317
Equity investments	53,216	-	53,216
Total	186,887	-	186,887
Financial assets not measured at fair value			
Cash balances with Banks	-	2,085	2,085
Loan portfolio	-	2,688	2,688
Total	-	4,773	4,773
Financial liabilities not measured at fair value			
Current accounts	-	316	316
Accrued and other liabilities	-	1,271	1,271
Total	-	1,587	1,587
December 31, 2024	FVPL - mandatory	Amortized cost	Total
Financial assets measured at fair value			
Short-term deposits	113,418	-	113,418
Loan portfolio	22,001	-	22,001
Equity investments	21,934	-	21,934
Total	157,353	-	157,353
Financial assets not measured at fair value			
Cash balances with Banks	-	3,561	3,561
Loan portfolio	-	2,611	2,611
Total	-	6,172	6,172
Financial liabilities not measured at fair value			
Current accounts	-	312	312
Accrued and other liabilities	-	3,085	3,085
Total	-	3,397	3,397

Fair value of financial assets and liabilities

Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;



Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

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

Valuation process

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

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

Valuation techniques

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

If there is no quoted price in an active market, valuation techniques are used that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. These valuation techniques applied by FMO to determine the fair value of its financial instruments, are described below.

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.

Financial instruments measured at fair value

Debt Instruments

Type of loans	Valuation methodology
Fixed rate loans at FVTPL (Level3)	Performing fixed-rate loans are valued using a discounted cash flow (DCF) approach, where contractual cash flows— including any performance-related additional cash flows—are discounted using a curve built from a risk-free base curve (Reuters zero-curve) and an individual credit spread reflecting client-specific credit quality.

Equity Investments

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

Net Asset Value (NAV)

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

Financial assets and liabilities not measured at Fair Value

The table below presents the carrying value and estimated fair value of the financial assets and liabilities that are not measured at fair value.

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



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

At December 31	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
Cash balances with Banks	2,085	2,085	3,561	3,561
Loan portfolio	2,688	2,557	2,611	2,720
Total non fair value financial assets	4,773	4,642	6,172	6,281

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

December 31, 2025	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Short term deposits	110,354	-	-	110,354
Loans to the private sector	-	-	23,317	23,317
Equity investments	-	-	53,216	53,216
Total financial assets at fair value	110,354	-	76,533	186,887
December 31, 2024	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Short term deposits	113,418	-	-	113,418
Loans to the private sector	-	-	22,001	22,001
Equity investments 1)	-	-	21,934	21,934
Total financial assets at fair value	113,418	-	43,935	157,353

1 The amount of Equity investments moved from level 1 to level 3 due to an incorrect classification in 2024.

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

	Loans to the private sector	Equity investments	Total 2025
Balance at January 1	22,001	21,934	43,935
Purchases/disbursements	-	33,706	33,706
Changes in fair value	1,316	2,171	3,487
Return of Value	-	-4,595	-4,595
Balance at December 31	23,317	53,216	76,533

Type of debt investment	Fair value at December 31, 2025	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Loans	23,317	Discounted cash flow model	Based on client spread	A decrease/increase of the used spreads with 1% will result in a higher/lower fair value of approx €0.2m.
Total	23,317			



Type of equity investment	Fair value at Dec 31, 2025	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Private equity fund investments	53,216	Net Asset Value	n/a	n/a
Total	53,216			

10. Related party information

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

UK Government

The Department for Energy Security and Net Zero (DESNZ) of the UK Government has set up the MFF programme. DESNZ is the main contributor to MFF, providing funding upon FMO's request (2025: \$183 million; 2024: \$178.5 million).

Since 2024 the Dutch Government joined as a second contributor to MFF (2025: \$20.7 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 Dutch Government Funds and by the UK Government to execute the mandate of MFF. Currently MASSIF, Building Prospects, Access to Energy – I, the Land Use Facility (of the Dutch Fund for Climate and Development, DFCD) and MFF are under FMO's direct management; the execution of Access to Energy – II and the other facilities of DFCD are performed by third parties on behalf of FMO.

FMO charges a management fee to DESNZ and the Dutch Government. It is reimbursed accordingly from the subsidy amount of MFF. The management fee amounts up to \$4.0 million in 2025 (2024: \$3.0 million).

11. Subsequent events

There has been no significant subsequent event between the balance sheet date and the date of authorization of these accounts which should be reported by the programme.

Risk management

Organization of risk management

For FMO, acting in its role as Programme manager (hereafter 'FMO') to be able to carry out the programme's strategy, it is essential to have an adequate risk management system in place to identify, measure, monitor and mitigate financial and non-financial risks. MFF (hereafter 'the programme') 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 Programme manager reviews each transaction and provides consent to eligible proposals. The Investment Committee, comprising of senior representatives of several departments, reviews financing proposals for new transactions. Each financing proposal is assessed in terms of specific counterparty, product risk as well as country risk. All financing proposals are accompanied by the advice of the Credit department. This department is responsible for credit risk assessment of both new transactions and the existing portfolio. For small exposures, Credit department has the authority to review new transactions.

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

Financial risk

Credit risk

Definition

Credit risk is defined as the risk that the programme 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 MFF mandated investments in emerging markets due to specific customer and product risk, or risks relating to the country in which the customer conducts its business. The main source of credit risk arises from MFF's exposure to investments in emerging markets.

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 programme's customers. Funding decisions depend on the risk profile of the customer and financing instrument. As part of regular credit monitoring, Fund customers are subject to annual reviews at a minimum. Customers that are identified as having financial difficulties fall under an intensified monitoring regime to proactively manage loans before they become non-performing, including quarterly portfolio monitoring meetings. The Special Operations department is responsible for actively managing the restructuring of distressed assets.

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

Exposures and credit scoring

The following table shows MFF's total gross exposure to credit risk at year-end. The maximum exposure to credit risk decreased during the year to \$148.8 million at year-end 2025 (2024: \$152.2 million).



Maximum exposure to credit risk	2025	2024
On balance		
Cash balances with Banks	2,085	3,561
Short-term deposits	110,354	113,418
Loans to the private sector:		
- of which: at Amortized Cost	2,963	2,866
- of which: at Fair value through profit or loss	32,609	31,506
Total on-balance	148,011	151,351
Off-balance		
Irrevocable facilities	850	850
Total off-balance	850	850
Total credit risk exposure	148,861	152,201

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

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

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

The majority of our gross loan portfolio (89 percent) remains in the F17 to F19 ratings categories (2024: 87 percent remains in the F11 to F16 ratings categories).

Credit quality analysis

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

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



**Loan portfolio at December 31, 2025 Indicative
counterparty credit rating scale of S&P**

	Stage 1	Stage 2	Stage 3	Fair Value	Total
F1-F10 (BBB- and higher)	-	2,963	-	-	2,963
F11-F13 (BB-,BB,BB+)	-	-	-	-	-
F14-F16 (B-,B,B+)	-	-	-	1,000	1,000
F17 -F19 (CCC+ , CCC, CCC-)	-	-	-	31,609	31,609
F20 (CC)	-	-	-	-	-
Sub-total	-	2,963	-	32,609	35,572
Less: amortizable fees	-	-21	-	-	-21
Less: ECL allowance	-	-254	-	-	-254
Plus: Fair value adjustments	-	-	-	-9,292	-9,292
Carrying value	-	2,688	-	23,317	26,005

**Loan portfolio at December 31, 2024 Indicative
counterparty credit rating scale of S&P**

	Stage 1	Stage 2	Stage 3	Fair Value	Total
F1-F10 (BBB- and higher)	-	-	-	-	-
F11-F13 (BB-,BB,BB+)	-	-	-	31,506	31,506
F14-F16 (B-,B,B+)	-	-	-	-	-
F17 -F19 (CCC+ , CCC, CCC-)	-	2,954	-	-	2,954
F20 (CC)	-	-	-	-	-
Sub-total	-	2,954	-	31,506	34,460
Less: amortizable fees	-	-23	-	-	-23
Less: ECL allowance	-	-320	-	-	-320
Plus: Fair value adjustments	-	-	-	-9,505	-9,505
Carrying value	-	2,611	-	22,001	24,612

**Loan commitments at December 31, 2025 Indicative
counterparty credit rating scale of S&P**

	Stage 1	Stage 2	Stage 3	Other ¹⁾	Total
F1-F10 (BBB- and higher)	-	100	-	-	100
F11-F13 (BB-,BB,BB+)	-	-	-	-	-
F14-F16 (B-,B,B+)	-	-	-	750	750
F17 -F19 (CCC+ , CCC, CCC-)	-	-	-	-	-
F20 (CC)	-	-	-	-	-
Sub-total	-	100	-	750	850
Less: ECL allowance	-	-6	-	-	-6
Carrying value	-	94	-	750	844

**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+)	-	-	-	724	724
F14-F16 (B-,B,B+)	-	-	-	-	-
F17 and lower (CCC+ and lower)	-	17,166	-	-	17,166
F20 (CC)	-	-	-	-	-
Sub-total	-	17,166	-	724	17,890
Less: ECL allowance	-	-6	-	-	-6
Carrying value	-	17,160	-	724	17,884

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

Non-performing exposures

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



NPE classifications are applied at the customer level, and such situations are considered to have occurred when one or more of the following conditions apply:

- The customer is past due more than 90 days on any outstanding facility;
- An unlikelihood 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

There are no non - performing loans in MFF's loan portfolio.

Concentration risk

Definition

Concentration risk is the risk that the programme'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 programme'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.

Single exposure risk

Single risk refers to an individual client or a group of clients which are so interconnected that while they might be separate legal entities on paper, from the risk perspective, they behave as if they were a single entity. A single risk exposure refers to the sum of all exposures on entities that constitute a single risk.

In the programme risk appetite, the maximum customer exposure for MFF is set at 40% aggregated of funds.

Liquidity risk

Definition

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

Risk appetite and governance

The programme aims to maintain adequate liquidity buffers, enough to support the implementation of the Programme's development agenda and impact objectives while avoiding putting pressure on UK Government subsidy budget allocated to the programme. To realize this ambition, the programme benefits from the experience of FMO's treasury and risk management functions in managing the liquidity risk, which primarily involves periodical forecasting of the programme's liquidity position under normal and stress scenarios. During these periodical exercises, the assumptions underlying the liquidity model are reviewed and changes in expected cashflows, stemming from updated portfolio management strategies and changes in the programme's operating environment, are reflected on the said assumptions. As a result of the forecasting activity, the predicted liquidity shortfall is avoided through arrangements in investments portfolio.

Market risk

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

Interest rate risk

Definition

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

Exposures

The following table summarizes the interest re-pricing characteristics for MFF's assets and liabilities.

Interest re-pricing characteristics

December 31, 2025	<3 months	>5 years	Non-interest-bearing	Total
Assets				
Cash balances with Banks	2,085	-	-	2,085
Short-term deposits	110,354	-	-	110,354
Loan portfolio				
- of which: at Amortized Cost	446	2,242	-	2,688
- of which: at Fair value through profit or loss	-	23,317	-	23,317
Equity investments	-	-	53,216	53,216
Total assets	112,885	25,559	53,216	191,660
Liabilities and capital				
Current accounts with FMO	316	-	-	316
Accrued and other liabilities	-	-	1,271	1,271
Provisions	-	-	6	6
Fund capital	-	-	190,067	190,067
Total liabilities and capital	316	-	191,344	191,660
Interest sensitivity gap 2025	112,569	25,559	-138,128	

Interest re-pricing characteristics

December 31, 2024	<3 months	>5 years	Non-interest-bearing	Total
Assets				
Cash balances with Banks	3,561	-	-	3,561
Short-term deposits	113,418	-	-	113,418
Loan portfolio				
- of which: at Amortized Cost	438	2,173	-	2,611
- of which: at Fair value through profit or loss	-	22,001	-	22,001
Equity investments	-	-	21,934	21,934
Total assets	117,417	24,174	21,934	163,525
Liabilities and capital				
Current accounts with FMO	312	-	-	312
Accrued and other liabilities	-	-	3,085	3,085
Provisions	-	-	7	7
Fund capital	-	-	160,121	160,121
Total liabilities and capital	312	-	163,213	163,525
Interest sensitivity gap 2024	117,123	24,156	-141,279	

Interest rate risk sensitivities

	December 31, 2025	December 31, 2024
PV01, 1 bps instantaneous increase in interest rates	(12)	(13)
PV01, 1 bps instantaneous decrease in interest rates	12	13

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 programme's financial position and future cash flows.

Exposures

The programme offers debt, equity and guarantee instruments denominated in USD. Funding to the programme from UK Government is in GBP converted to USD. In March 2025, the Dutch Government began providing financial contributions to the programme, further strengthening its overall funding base. Subsidies received from the Dutch Government are in USD. Due to its commitment to the implementation of the programmes' development agenda and impact objectives, the programme does not exclusively look for investments that counter-balance this currency risk exposure in its portfolio; the programme also does not use derivatives and other financial instruments to hedge against the currency risk, and avoids bearing the cost of these engineered measures. The programme does not take active positions in any currency for the purpose of making a profit.

Currency risk exposure (at carrying values)

December 31, 2025	USD	Total
Assets		
Cash balances with Banks	2,085	2,085
Short-term deposits	110,354	110,354
Loan portfolio		
- of which: at Amortized Cost	2,688	2,688
- of which: at Fair value through profit or loss	23,317	23,317
Equity investments	53,216	53,216
Total assets	191,660	191,660
Liabilities and capital		
Current account with FMO	316	316
Accrued and other liabilities	1,271	1,271
Provisions	6	6
Fund capital	190,067	190,067
Total liabilities and capital	191,660	191,660
Currency sensitivity gap 2025	-	
Currency sensitivity gap 2025 excluding equity investments	-	

Currency risk exposure (at carrying values)

December 31, 2024	USD	Total
Assets		
Cash balances with Banks	3,561	3,561
Short-term deposits	113,418	113,418
Loan portfolio		
- of which: at Amortized Cost	2,611	2,611
- of which: at Fair value through profit or loss	22,001	22,001
Equity investments	21,934	22,689
Total assets	163,525	164,280
Liabilities and capital		
Current account with FMO	312	312
Accrued and other liabilities	3,085	3,085
Provisions	7	7
Fund capital	160,121	160,876
Total liabilities and capital	163,525	164,280
Currency sensitivity gap 2024	-	
Currency sensitivity gap 2024 excluding equity investments	-	

Strategic Risk

Environmental, social and governance risk

Definition

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

Risk appetite and governance

FMO has a cautious appetite for ESG risk in investments. FMO strives for investments to be brought in line with our ESG risk mitigation requirements in a credible and reasonable period of time. It is understood and accepted that customers/investees need knowledge and resources to implement ESG improvements, so full adherence cannot generally be expected at the start of the relationship. Consequently, the appetite for ESG risk is open during the initial phases of an investment and reduces over time. The appetite for unmitigated ESG risk is minimal for repeat investments. At the portfolio level, FMO also has a cautious appetite for ESG risk. In view of FMO's own capacity to support and monitor customers/ investees in improving their ESG risk mitigation, FMO seeks a manageable mix of customers/investees with (partially) unmitigated ESG risk and customers/ investees with adequate risk mitigation in place.

FMO accepts a limited gap in successful ESG risk management to our standards. This gap acknowledges residual risk posed by contextual and implementation challenges in our markets

As part of its investment process, FMO screens and categorizes all customers on ESG risk according to their gross ESG risk profile, i.e. risk that is inherent to the activity to be financed irrespective of a client's risk management performance.

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

Risk appetite and governance

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

Financial economic crime framework

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

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

FMO continues to work on strengthening the risk culture and creating awareness on FEC, potential unusual transactions and anti-bribery and corruption practices. In 2025, all FMO employees were required to complete the Compliance 'Annual Integrity refresher e-learning that addresses customer and personal integrity topics, such as bribery and corruption.

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



Regulatory compliance risk

Definition

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

Risk appetite and governance

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

To ensure compliance with the EU Banking Supervisory Regulations as implemented by the DNB and the ECB and other laws and regulations applicable to FMO, FMO closely monitors the regulatory developments including the supervisory authority's guidance. Since March 2025, FMO has implemented the regulatory tool "Corlytics" to support the identification and monitoring of regulatory updates that are (potentially) applicable to FMO.

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

Authorization of the financial statements

March 31, 2026

Management board

Franca Vossen, Chief Risk Officer

Huib-Jan de Ruijter, Co-Chief Investment Officer

Michael Jongeneel, Chief Executive Officer



OTHER INFORMATION



Independent auditor's report



Independent auditor's report

To: the management board of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., in their capacity as manager of Mobilising Finance for Forests

Report on the audit of the financial statements 2025

Our opinion

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

What we have audited

We have audited the accompanying financial statements 2025 of Mobilising Finance for Forests, The Hague.

The financial statements comprise:

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

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

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www.pwc.nl



The basis for our opinion

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

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

Independence

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

Responsibilities for the financial statements and the audit

Responsibilities of the management board

The management board is responsible for:

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

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



Our responsibilities for the audit of the financial statements

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

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

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.'s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.



- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Programme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Programme to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Amsterdam, 31 March 2026
PricewaterhouseCoopers Accountants N.V.

Original has been signed by J. Brouwer RA



Colophon

Contact details

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

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